



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

June 25, 2018

COMMISSIONERS PRESENT

David Preston, President
Steve Johnston, Vice President
Jim Orvis, Secretary
Bruce Faires

STAFF PRESENT

Bob McChesney, Executive Director
Marla Kempf, Deputy Director
Tina Drennan, Finance Manager

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

COMMISSIONERS NOT PRESENT

Angela Harris

CALL TO ORDER

Commissioner Preston called the meeting to order at 7:00 p.m.

EXECUTIVE SESSION

Commissioner Preston announced that the Commission would recess into an Executive Session pursuant to RCW 42.30.110(1)(g) to review the performance of a public employee. He advised that the Executive Session would last approximately 45 minutes, and the Commission would resume the public portion of the meeting after the Executive Session. He further advised that no action would be taken after the Executive Session. The Executive Session was adjourned at 6:45 p.m., and the business portion of the special meeting was 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

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF JUNE 11, 2018 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$132,160.35**
- D. WAIVER OF GUEST MOORAGE FEES FOR WASHINGTON STATE VESSEL WALTER**

COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one in the audience indicated a desire to comment during this portion of the meeting.

APPROVAL OF HARBOR SQUARE HVAC CONTRACT NO. 2018-294 AS COMPLETE

Mr. McChesney reviewed that the Commission was previously briefed on maintenance issues and the need to replace aging HVAC units on a few buildings at Harbor Square. Twelve units were scheduled for replacement in the 2018 budget and \$160,000 was allocated. Staff put the project out to bid on March 21st for 9 units on Building 2 and 3 units on Building 4. The Port entered into a contract with the low bidder, Morgan Mechanical, Inc., for \$146,900 on April 16th. The permitting process for the project took approximately 30 days, and the contractor began work the day following receipt of the permit. The project was substantially complete on June 13th.

Mr. McChesney recommended the Commission approve the contract with Morgan Mechanical, Inc. in the amount of \$146,900 plus sales tax for the Harbor Square Property HVAC Replacement 2018 contract as complete. Approval will trigger the final close out with public works contracting, prevailing wages and other formalities so the Port can release the retainage.

Commissioner Orvis requested an update on the required permits associated with the project. Mr. McChesney explained that there have been some recent Uniform Building Code changes that require new construction to provide screens and safety barriers around rooftop equipment, including HVAC components. Because the Port's project was to replace the existing units on existing buildings, the Port was able to work with the City to avoid this expensive change order. He reminded the Commission that the intent is to replace 12 more HVAC units at Harbor Square in 2019 and an additional 12 in 2020. It is hoped that these future replacements will be exempt from the new requirement, too.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION ACCEPT THE CONTRACT 2018-294 WITH MORGAN MECHANICAL, INC. IN THE AMOUNT OF \$146,900 PLUS SALES TAX FOR THE HARBOR SQUARE PROPERTY HVAC REPLACEMENT 2018 CONTRACT AS COMPLETE. COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

SEA SCOUT CHARTER AND WORKING AGREEMENT

Mr. McChesney reminded the Commission that it is the Port's policy to promote youth in boating, and the primary platform for achieving this objective has been the Sea Scouts. He explained that the Sea Scouts are a division of the Boys Scouts of America, whose mission is to provide youth education and activities based around core values and to develop good character, leadership skills, civic duty, education and vocational aspirations of local youth participants. These types of programs are the foundation for building stable communities and future opportunities.

Mr. McChesney reviewed that the Port has been a local sponsor and the official chartering organization for the Sea Scout Ship 6 since 1994, but the original charter and subsequent evolution of the Port's working relationship with the Sea Scouts is somewhat vague. It seems the concept and intent anticipated the Port would provide certain facilities and services in exchange for specified "in kind" services to be performed by the Ship 6 participants. However, documentation of these in-kind services over the years has been sporadic and incomplete and staff's attempts to obtain documentation from the Sea Scouts as required has been challenging. More recently, the viability of Ship 6 became tenuous when the State Auditor began questioning the Port regarding its contribution to the Sea Scouts and has since required the Port to demonstrate equivalency by adopting a Working Agreement that defines the activities and work contribution the Sea Scouts would be furnishing to the Port in fulfillment of their exchange obligation.

Mr. McChesney reported that, over the past year, there has been a renewed effort to re-energize the Ship 6 program with new participants, including direct leadership and guidance from Commissioner Preston, as consistent with Port's policy. The results have been both positive and encouraging. Part of the re-organization process involves re-chartering Ship 6. In the past, the Port's Executive Director has routinely signed the Charter Agreement without much due consideration or discussion about what level of commitment and attendant obligations and liabilities might apply.

Mr. McChesney referred to a legal analysis provided by the Port Attorney, which affirms the Port may be a chartering organization under certain conditions. Essentially, the Port would be required to "...accomplish specific objectives related to youth character development and career skill development." Further, as it pertains to job training, placement and pre-apprenticeship training as defined under Revised Code of Washington (RCW 53.08.245), the Port would also have to "...do so in conjunction with programs it offers for job training and/or pre-apprenticeship. This

does not have to be hugely sophisticated, but it would need to be a program that justified the money expended by the Port.” The basic question is whether the Commission wants to dedicate the staff time and resources necessary to manage this type of program.

Mr. McChesney continued that, as the analysis developed, there are other important considerations for a prospective chartering organization. For example, the chartering organization must agree to *“assure that adults selected as unit leaders are suitable by, at a minimum, having the appropriate leaders of the chartering organization review and sign each application.”* He questioned if this is a responsibility the Port wants to assume. He summarized that there are basically two issues. The first is how to achieve equivalency in the exchange and obtain the required documentation in a timely and orderly fashion without creating an administrative burden for staff. The Port does not have the staff time or resources to manage the Sea Scouts. The second issue concerns the level of effort and work supervision. In the past, the Port’s involvement with the Sea Scouts has been passive, benign and informal. The Port allowed Ship 6 to moor two sailboats, store a shipping container, and use the Port’s meeting room without cash payment. In exchange, Ship 6 members are supposed to provide “in kind” labor. Because of the loose informality of the relationship, the Port has also provided additional services not contemplated by the working agreement, such as re-positioning their vessels and free haul outs and boatyard days for vessel maintenance. He explained that, in the past, the vessels have been allowed to moor on V Dock, which works well except during the summer months when V Dock is needed for dry storage overflow. Four or five years ago, the two boats were moved to the holding lanes, but this created a logistical problem for the scouts. The intent is to avoid moving the boats back and forth.

Mr. McChesney observed that the current relationship sets up a disconnect for what the Port provides and reasonable expectations for “in kind” services by the Sea Scouts. While the Port recognizes and supports the Sea Scout program for its dedication and commitment to youth development through boating activities, some confusion and questions have been raised recently about the Port’s role as the new leadership takes the helm and Ship 6 finds its sea legs moving forward. He asked the Commission for feedback on whether or not the Port should be the chartering organization and assume all of the responsibilities and potential liabilities that comes with it and if the Commission wants to dedicate the staff time and resources necessary to fulfill all the requirements of the chartering organization. If so, he asked for direction on how the Port could ensure that Ship 6 will abide their obligations and commitments in the absence of direct involvement by the Port.

Mr. McChesney recommended that, at a minimum, the Port should continue to provide support for the Sea Scouts in the form of a revised Working Agreement that defines and specifies the obligations of each party so that the Sea Scouts are providing nearly the same in-kind services to the services they receive from the Port. He referred the Commission to the draft Working Agreement that was attached to the Staff Report

Mr. McChesney introduced Wayne Tedrow and Mike Jones, who have been working closely with Commissioner Preston to reformulate Ship 6. Currently, there is a desire and willingness to do what they can to make Ship 6 a successful Sea Scout program. Commissioner Preston pointed out that this is the first time that two adult scout committee members have attended a Commission meeting. In addition to Mr. Tedrow and Mr. Jones, other adults who have been instrumental in the process were unable to attend.

Wayne Tedrow, Committee Chair for Sea Scout Ship 6, said he is new to the Sea Scout Program, but has spent the last 12 years as the Scout Master for a land troop. This experience gave him a passion for seeing leadership development in youth and the value it brings to the individuals and the community. The youth who come out of the scouting program are well-equipped to serve in the community.

Mr. Tedrow said he recently met with Ms. Kempf to discuss a potential Letter of Agreement. He provided copies of the draft agreement, which is slightly different than the one attached to the Staff Report. He explained that, as per the agreement, the Sea Scouts would perform in-kind activities for the Port of Edmonds during the 3rd and 4th quarters of 2018 in lieu of making monthly payments for moorage space for two vessels, one storage container, moorage for one dinghy and use of Port services. The in-kind services will include providing parking enforcement at the Waterfront Festival, managing the Personal Flotation Device (PFD) Station, supplementing Port staff at the Port’s booth at the annual Seattle Boat Show, providing an instructional class on a maritime subject for Port of Edmonds tenants, providing embarkation and debarkation aid for the Christmas Ships, painting the bottom of the Port’s vessels, and providing diver support for underwater clean up of the marina.

Mr. Tedrow said one significant issue is ownership of assets. He explained that a scout unit, on its own, does not have the ability to own assets. The current vessels are titled with the Mount Baker Council, but the Council is not willing to move forward in that position. Before the program can move forward, he needs direction from the Commission about whether or not the Port is willing to be the chartering organization and owner of the vessel. If not, the Sea Scouts will need to reach out to another organization that is associated with the marina in some way to see if they are willing to take over this responsibility.

Commissioner Orvis observed that scout troops survive on parental support, and that is why churches are so successful as chartering organizations because they have a lot of people who are interested in the troop's success. Becoming a chartering organization and accepting liability requires attention to detail, and troops that are not made up of parents and other interested adults rarely survive. He said he has no objection to the Port serving as the chartering organization, provided there is a strong contingency of parents who are actively pursuing the requirements to keep the unit healthy and viable.

Commissioner Johnston voiced concern about the Port taking ownership of the Ship 6 assets due to liability issues. Commissioner Orvis agreed, but noted that there are a number of ways to address the issue of ownership, recognizing that sales tax will have to be paid when the title is transferred and there will be costs associated with insurance, maintenance, etc.

Mr. Cattle explained that the contractual obligation the chartering organization has to the Boys Scouts of America is where adult supervision will be important. From the State Auditor's point of view, that is where the Port needs to focus on the program expectations. If the Port is to continue as the chartering organization, the program must be focused on training as per RCW 53.08.235 and the Port would need to coordinate with the Sea Scouts to ensure implementation as per the Letter of Agreement. He summarized that the program does not have to be incredibly sophisticated or expend tremendous resources, but it would need to fit under the auspices of economic development and training.

Commissioner Preston commented that the current program would have continued in its existing format if they had not received an offer for a donated vessel. Now that they have a better understanding of the rules, they need to abide by them. The auditor's finding does not concern him because the Sea Scout Program has a curriculum for advancements that meets the RCW requirements, and liability concerns would be addressed via insurance. The main problem is the requirement that the chartering organization must own the equipment. If the Port cannot assume ownership of these assets, they cannot continue as the chartering organization.

Mr. McChesney commented that there are a number of viable Sea Scout programs at other public marinas, but it is not common for ports to become chartering organizations. In some cases, local yacht clubs have assumed this responsibility as a community service.

Commissioner Faires said he very much wants the Port to continue its relationship with the Sea Scouts, but he does not believe it is viable for the Port to continue as the chartering organization on an ongoing basis given the asset ownership requirement. However, the program has been operating at the Port for 25 years, and he supports the Port continuing as the chartering organization for the remainder of the year to allow the Sea Scouts to explore other options. He reminded the Commission that the Edmonds Yacht Club (EYC) has indicated an interest in supporting programs that promote youth in boating. Perhaps the Sea Scouts could partner with both the Port and the EYC to come up with a viable solution that allows the program to continue into the future.

Ms. Drennan reminded the Commission that during the last audit, the State Auditor requested to see the value of the services contributed to the Port by the Sea Scouts and visa versa. She anticipates that the auditor will once again request this information since it was identified as an exit item.

Commissioner Orvis said he is a member of the University of Washington's Mid Shipman Program that operates under the auspice of the Seattle Yacht Club as part of an outreach program to show value to the community. The program has evolved over time, but the Seattle Yacht Club originally provided the initial guidance and the impetus for getting the program started. He agreed that approaching the Edmonds Yacht Club would be a good place to start. While the Port is best at providing moorage, boatyard space, etc., it failed to enforce the in-kind work that was supposed to be provided by the Sea Scouts as compensation.

Mike Jones, Ship 6 Acting Treasurer and Committee Member, commented that the EYC has not been approached pending the outcome of this meeting. He agreed there are some very valid reasons why the Port cannot own the assets and may not be the best choice for a chartering organization. They currently have someone who is willing to donate a vessel to the program with a value of between \$8,000 and \$10,000, and the person donating the vessel will reasonably want to receive a tax deduction. This would only be possible if the chartering organization has non-profit status. He suggested that one solution would be for Ship 6 to form a 501(C)(3) as a separate corporation so it can own the asset and qualify the donation as a tax deduction. Another option would be for the EYC to establish a 501(C)(3) organization as a separate arm of the club to take ownership of the Sea Scout assets. The problem is that the EYC's next meeting is not scheduled until September. He suggested that a reasonable solution would be for the Port to continue as the chartering organization through a certain period of time not to exceed a year. This would allow time to explore other options and solutions to get the Port out of the chartering organization position. He cautioned that if the Port withdraws as the chartering organization now, Ship 6 would cease to exist.

The Commission discussed whether continuing until the existing charter expires at the end of 2018 would give sufficient time to come up with a working solution. Mr. Jones summarized that they would approach the EYC in September with a proposal. However, if the EYC decides against becoming the chartering organization, Ship 6 could decide to create a separate 501(C)(3) organization. In either case, it is important to keep in mind that it takes the Internal Revenue Service between 16 and 20 weeks to give approval. Mr. McChesney acknowledged that it might not be possible to have a 501(C)(3) in place by the end of the year, but they will at least have a workable solution in mind. He suggested the Commission could take action to continue the existing charter until the end of the year and revisit the issue in October before making a final decision.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION CONTINUE AS THE CHARTERING ORGANIZATION FOR THE SEA SCOUT SHIP 6 UNTIL THE END OF 2018, WHICH IS THE EXPIRATION DATE OF THE EXISTING CHARTER. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED 3-0-1, WITH COMMISSIONER PRESTON ABSTAINING BECAUSE HIS SON PARTICIPATES IN THE SHIP 6 PROGRAM.

Commissioner Preston emphasized that there are several adult leaders working to revitalize the program, and they have also received some financial support. He asked that the Port staff and Commissioners offer the program a chance to reboot and not take the problems from the past into the future.

Ms. Drennan advised that the Sea Scouts still need to submit their insurance and registration information for the vessels that are moored in the marina. In addition, the amount currently due will have to come back to the Commission for authorization to write off the past-due amount so the scouts can start with a clean slate.

Mr. McChesney agreed to work with Mr. Tedrow to get the Letter of Agreement finalized.

MOORAGE RATES

Ms. Drennan reviewed that the Commission approves moorage rates on an annual basis as part of the operating budget, and the Cash Flow Model shows that moorage rates need to increase by more than 4% annually in order to meet the future needs of the Port. However, the rates the Port is able to charge are limited by market conditions. Since 2012, the Commission has established moorage rates at Consumer Price Index (CPI) + 1% to account for market conditions and with the thought that because the Port uses the June CPI number prior to budget, the rates are 6 to 18 months behind by the end of the budget year.

As requested by the Commission, Ms. Drennan advised that staff conducted a moorage rate survey on June 18th, and the results were attached to the Staff Report. She summarized that the following marinas were surveyed: Cap Sante, Elliott Bay, Everett, Everett North, La Conner and Shilshole. The Port's rates were consistently higher than Cap Sante, Everett and La Conner but similar to Everett North in the 50-foot rate category. The Port's rates were consistently lower than Elliott Bay and Shilshole. She reviewed that the Port increased its rates by 4% in 2018, and Elliott Bay, Everett and Everett North all increased rates by 3%. Shilshole increased its rates by 6% and La Conner increased its open moorage rates by 13% to 18%.

Ms. Drennan advised that the item was placed on the agenda so the Commission could have a discussion about moorage rates in preparation for budget discussions starting in a few months.

Commissioner Preston asked if staff reached out to Kingston as part of the survey, and Ms. Drennan answered no. It was not on the requested list.

Commissioner Faies recalled that 6.5 years ago, the Commission established a 5-year policy to increase moorage rates by CPI + 1%. They felt the policy made sense and gave the tenants a way to anticipate the increase, and the approach has worked well to date. However, the 5-year time period has expired and it is incumbent upon the Commission to set a new policy, either the same or different, that gives this same level of visibility into the future. He observed that with visibility into the future Cash Flow Forecast going out to 2070 and some anticipated format changes, the Port is in better shape than the Commission anticipated. He suggested the new policy should continue the annual increases of CPI + 1%, with a cap of 3.5 or 4% so that tenants are not hit with large increases in years when inflation is high. He felt that capping the moorage rate increases for the next five years would be a reasonable approach for the tenants and consistent with an emerging Cash Flow Analysis.

Mr. McChesney explained that the architecture of the Cash Flow Model is intact and is working very well. Before staff makes any recommendations to the Commission, they will discuss alternatives with the Finance Committee. The Finance Committee will make a recommendation to the Commission, and the Commission will make the final decision.

Commissioner Orvis reported that at the last Washington Public Port Association (WPPA) meeting, he spent several hours with Port Commissioners who were desperately looking for ways to fund maintenance at their marinas because they had not raised rates sufficiently. Now it is impossible for them to raise the rates high enough or borrow the money needed to maintain the marinas. There are several public ports that have imminent disasters at their marinas because of their lack of ability or willingness to raise moorage rates. While he is not advocating for significant moorage rate increases, he will go uneasily into discussions about putting a cap on the rate increases.

Commissioner Faies observed that the Port of Edmonds has not made that mistake. It has a strong maintenance program and a healthy financial forecast. Because of this good work, there is an opportunity to provide some benefit to the tenants by capping rate increases.

TAX LEVY AMOUNT

Ms. Drennan advised that this item was placed on the agenda so the Commission could have a policy discussion about property taxes. She referred to the Tax Levy History on Page 3 of the Staff Report, which shows the Port of Edmonds' taxable assessed value, actual tax levy amount and actual tax levy rate from 1990 to projected 2019. The millage rate for 2018 was approximately \$0.074. The 2019 property tax valuation is based on the 2018 Assessed Valuation increased by the average increase in the Taxable Assessed Value over the last 10 years, which is 2.04%. She summarized that if the 2019 tax levy is \$400,000, the millage rate would be approximately 0.073%.

Ms. Drennan referred to Page 4 of the Staff Report, noting that Figure 1 shows the assessed value of properties in the Port District from 1990 to 2019, and Figure 2 shows the tax levy amount for that same time period. Figure 3 shows the Port's tax levy rate from 1990 to 2019. Next, Ms. Drennan referred to Page 5, which shows the programs that are supported by the 2018 property taxes: public launcher subsidy (\$50,000), Harbor Square debt service (\$170,000), Commissioners (\$150,000), and public records requests and training (\$30,000). She noted that, in previous years, property taxes have also been used to fund portions of the landscaping program, construction and maintenance of the public plaza and boardwalk, and repairs to the Harbor Square property.

Ms. Drennan advised that Page 6 shows property taxes compared to CPI + 1% increases from 2008 to 2018, and Page 7 shows the value of property taxes in 2008 dollars. Page 8 provides a sample of what a tax bill might look like for Port of Edmonds residents.

Ms. Drennan reminded the Commission that Limited Tax General Obligation (LTGO) bonds are the most cost-effective method of raising government funds, and interest rates are lower than other options because the bonds are backed by the taxing ability of the government entity. At the WPPA Finance Seminar she discussed lowering the

property tax levy with the Port's Bond Counsel, Cynthia Weed, and with Geoff Urbina, Managing Director of KeyBanc Capital Markets. They both agreed that while legally the Port could issue LTGO bonds above its current property tax levy, it would have difficulty marketing and selling them because of the perception of buyers and the market. In order to get the best interest rate, bond investors want to see that the annual tax levy amount is equal to or greater than the annual bond payments.

Ms. Drennan referred to a page from the Port's 2005 LTGO Bond Official Statement, which shows six years of levy history. She explained that a bond investor is going to want to see the actual levy trend to be increasing or stable. If it is not, the Port may have difficulty selling the bonds and/or selling the bonds at the best interest rate.

Commissioner Faires asked if Ms. Drennan has any ability to guess quantitatively the difference in future interest rates if the Port can collect the entire payment from taxes.

Commissioner Orvis said he would like staff to invite a bond advisor to a future meeting to provide a briefing. He said he has a hard time thinking that buyers are stupid enough to avoid purchasing the Port's bonds just because they have not taxed to the level allowed for the past several years. The Port still has the capacity to tax to the higher level if necessary. Ms. Drennan agreed to invite a bond underwriter to explain the situation to the Commission.

Commissioner Faires expressed his belief that the \$400,000 tax levy is justified so far as you buy into the fact that the public should pay for expenses that are not typically incurred by a private corporation. The Harbor Square debt service will go away in 2020, and he suggested that the property tax levy be reduced at that time commiserate with the amount that was needed to pay the Harbor Square debt service. Commissioner Orvis commented that Harbor Square is doing so much better than anticipated and the Port can now afford to reduce property taxes by \$170,000, which is the amount that was earmarked for the debt service. He emphasized that this was a promise the Commission made to the residents.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that the Port's participation at a booth at the Edmonds Arts Festival was successful. The booth and the information provided was nicely done by Ms. Williams. From a public outreach standpoint, it was very effective and a number of people stopped by to talk about the Port and its programs and facilities. People were very complimentary of Sea Jazz, the facilities, landscaping, Puget Sound Express, etc. He recommended they participate in a similar manner at the 2019 festival.

Mr. McChesney reported that he attended the Edmonds Economic Development Commission meeting on June 20th on behalf of Commissioner Faires. Although their recommendation to the City Council regarding the first-floor ceiling height in the BD-1 zone was dismissed, there is still a lot of things they want to get involved with, including the issue of affordable housing.

Mr. McChesney recommended the Port hire the services of a commercial broker to market the vacant parcel on the east side of Admiral Way. He agreed to seek a broker with marine-related experience.

Ms. Drennan announced that the Commissioner's next pay rate adjustment becomes effective on July 1st. The per diem amount will increase from \$114 per day to \$128 per day, but the yearly limit would remain the same. The per month salary will increase from \$254 to \$285.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Johnston reported that he enjoyed the Edmonds Arts Festival and was able to attend the opening ceremony. He also reported that he has been working behind the scenes on a Green Policy Statement, which is scheduled to be presented at the July 9th Environmental Committee meeting.

Commissioner Orvis reported on his attendance at the Economic Alliance of Snohomish County's (EASC) Nominating Committee Meeting. They announced a new approach to filling board positions to ensure that the political entities do not dominate. It was decided that at least 60% of the board should be made up of business representative as opposed to elected officials.

Commissioner Orvis also reported that he attended the Military Affairs Committee where it was reported that Lynnwood has a veteran's resource center, and Habitat for Humanity is building housing for veterans.

Commissioner Orvis asked the status of the stormwater inserts and stormwater deliberations with the City. Mr. McChesney answered that the inserts were put on hold while the Maintenance Manager who designed them was on medical leave for an extended period of time. He is now back on duty and the inserts will be fabricated and installed soon. Regarding deliberations with the City, Mr. McChesney explained that the existing interlocal agreement between the Port and the City gave the City the right to use a 48-inch pipe on Port property for their stormwater service. In exchange, the Port receives a credit on their stormwater bill. Recently, it was discovered that there was a billing error and the City was charging the Port too much.

He said he has spent a lot of time with the Public Works staff, who have been very fair minded and good to work with. What was thought to be a simple billing problem became a regulation problem related to an NPDES Permit requirement. All of the Port's stormwater outfalls are part of the City's permit. Any changes made to the billing system will require changes to the permit. The agreed upon solution was for the City to refund the Port the amount that was overpaid, but the agreement did not address the future or changing the billing scheme for other properties. He summarized that the issue has been resolved as much as possible without opening a hornet's nest that has the potential of more problems than those that would be solved. He said he would report the actual cost savings at a future meeting but estimated it would be about \$2,000 per year.

Commissioner Preston thanked Mr. Cattle for the opinion letter he prepared relative to the Sea Scouts. He also thanked Mr. Tedrow and Mr. Jones for being present to provide information to the Commission. He said he would like to push the vision further to not only how the Port can help and be part of the Sea Scout program, but what else can be done to promote youth in boating.

Commissioner Preston reported on his attendance at the Edmonds Arts Festival where he particularly enjoyed the Port's booth. He said he has some comments and suggestions about what could be done different next year. The location was perfect and the number one thing people were interested in was Sea Jazz. He also reported that he would attend the June 26th Edmonds Yacht Club meeting, which will be the "change of watch."

Commissioner Preston announced that the July 9th Commission meeting was cancelled and the next meeting will be a special meeting on July 30th at 9:00 a.m.

ADJOURNMENT

The Commission meeting was adjourned at 8:32 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "SJA", with a long horizontal flourish extending to the right.

Steve Johnston
Port Commission Vice President