

PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

March 11, 2013

COMMISSIONERS PRESENT

Jim Orvis, President
Mary Lou Block, Vice President
David Preston, Secretary
Bruce Faires
Fred Gouge

STAFF PRESENT

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

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

Commission President Orvis called the regular 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

Item B (Approval of February 25, 2013 Meeting Minutes) was pulled from the agenda.

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

- A. APPROVAL OF AGENDA**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$181,690.56**

COMMISSIONER GOUGE SECONDED THE MOTION, AND THE MOTION CARRIED UNANIMOUSLY.

APPROVAL OF FEBRUARY 25, 2013 MEETING MINUTES (Item B on the Consent Agenda)

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE THE FEBRUARY 25, 2013 MEETING MINUTES AS AMENDED. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one in the audience expressed a desire to address the Commission during this portion of the meeting.

PRESENTATION BY BOB DeWALD, EMPLOYER SUPPORT OF THE GUARD AND RESERVE (ESGR)

Bob DeWald, ESGR State Chair, explained that the ESGR was formed in 1972 by the Department of Defense and is a unique organization of patriotic volunteers. Their goal is to promote a culture in which all American employers support and value the military service of their employees. He noted that their efforts have been particularly important since 2001. He explained that when he retired from the Port of Tacoma several years ago, his wife questioned why he volunteered for so many organizations. He replied that he gets personal satisfaction and knows he is making a contribution. He later learned in his research that people who give of their time, treasure and talent are generally happier people.

Mr. DeWald advised that he was present to explain what the ESGR is and how it can benefit the Port and other employers. He said the ESGR's work is divided into four categories:

- **Employee Outreach** – The ESGR has prepared a patriotic statement of support which they ask employers to sign and display in their places of business. These businesses are listed on the Department of Defense's website as patriotic employers. When employers have service members deployed, copies of the signed statement are sent to those who serve. He explained that since 2001, the United States has relied more heavily on guard and reserve members, and this has been extremely difficult on the service members and their families, as well as their employers. The ESGR works to educate employers about what the employees do while deployed or training by inviting them to visit military facilities such as aircraft, ships, etc. One particularly popular site for employers to visit is the Afghan training village, which is intended to simulate exactly what the troops will experience when deployed. The feedback they receive from employers is one of gratitude for helping them understand the function their employees provide to protect the nation. This helps to create a supportive and understanding atmosphere. They also have an awards program to recognize employers who go above and beyond the call of duty and do more than the federal law requires.
- **Military Outreach.** The ESGR attempts to brief all service members before and after deployment. All service members receive a card explaining both the employer and employee responsibilities.
- **Ombudsman Activities.** The ESGR has trained ombudsman within each community to provide a variety of information and relieve both service member and employer stress.
- **Hero 2 Hired (H2H) Program.** ESGR volunteers spend a significant amount of time at job and resource fairs trying to connect guard and reserve members with employers. Service members are able to visit the H2H program's website and search for job openings. Through this program, service members can explore the types of employment they are best suited for and volunteers can help them transfer their skills into civilian jobs. Volunteers can also perform career assessments to link service members to relevant careers and jobs, help service members learn about different industries, provide educational and training resources, and provide networking opportunities. Employers can list job openings free of charge.

Mr. DeWald summarized his belief that the ESGR is making a difference, but more volunteers are needed. They give their time to make sure employers and their service member employees understand the law and why it is important to cooperate with each other during this difficult period of time.

Mr. McChesney asked how the ESGR program differentiates from programs that serve regular service men and women. He noted that the Port recently hired two people who previously served in the military. Mr. DeWald answered that the ESGR is intended to primarily support members of the National Guard and Reserve, which represents approximately 50% of the armed forces today. Service members on active duty do not have civilian employers, as they are employed by the Department of Defense. He noted that, in recent years, members of the Guard and Reserve have been deployed for longer periods of time, typically up to a year. As the number of deployed troops is reduced in the coming years, the ESGR anticipates that the length of deployment time will also be reduced.

Commissioner Block arrived at 7:17 p.m.

John Natterstad, ESGR North Area Chair (Snohomish, Skagit, Whatcom and Island Counties), pointed out that because Reserve and National Guard members are already trained, they provide an able-bodied armed force at a lower cost to taxpayers. He emphasized the need for more volunteers to keep the program moving forward. He noted that volunteers can do as much or as little as they want. He encouraged the Commissioners to either volunteer their services or recommend other individuals who would be willing to serve.

In addition to the difficulty of finding a job, Mr. McChesney said he has heard that a large number of service members find themselves faced with Post Traumatic Stress Disorder (PTSD) or homelessness. Mr. Natterstad agreed that a high percentage of veterans are unemployed when compared to the rest of the nation, and the military has a number of programs and volunteers to address these issues. Mr. DeWald specifically referred to the Yellow Ribbon Program, which provides services to returning veterans and their families, but noted that it is a challenge getting them to take advantage of the programs offered. He said the suicide rate is rather high amongst service members, particularly amongst the enlisted members. While some suggest that PTSD is the cause, a recent study indicated that the cause is more related to their financial, marital and other problems rather than their experiences in the war zone. He said he hopes more returning young men and women will take advantage of the counseling and therapy programs offered by the military.

Mr. DeWald said that when asked why an employer should hire a person with military experience, employers nationwide shared the following feedback: People with military experience are proven leaders, maintain professionalism, take responsibility, understand diversity, are physically fit and drug free, have a good attitude, remain calm under pressure, exude a first-class image, are on time all the time and have a global perspective. He concluded by sharing a statement he heard from a retired service member, which helped him to decide to become an ESGR volunteer: "Anyone who signs a promissory note to their country that includes their life, deserves support." He emphasized that the need for additional volunteers is great.

Commissioner Faires asked Mr. DeWald to share how the Port could further support the ESGR's efforts. Mr. DeWald reminded the Port that they previously signed a Statement of Support, and they would like them to sign an updated draft of the statement to reiterate their commitment of support. The statement offers a way for the ESGR to stay in touch with employers and make sure they understand the free services that ESGR offers.

Commissioner Gouge announced that Edmonds Community College (ECC) is in the process of starting a program with veterans. He agreed to provide ECC President, Jean Hernandez, contact information for the ESGR representatives.

WI-FI REPORT

Mr. McChesney recalled that in recent years, the Port received requests from both tenants and guest boaters that the Port provide better Wi-Fi service. Last year, the Port entered into an agreement with Frontier to install a Wi-Fi antenna array and provide high-quality Wi-Fi service to tenants and guests. While there were no out-of-pocket costs for the equipment installation, Frontier charges the Port \$850 per month for the service. The Port charges a fee to tenants and guests who want to use the service. He reviewed that since the program started last July, the Port has sold 69 one-day passes, 28 three-day passes, 74 seven-day passes, and 18 tenant subscriptions for total revenue of \$2,491.52. He observed that while the revenues collected do not cover the entire cost for the service, tenants and guests have voiced their appreciation. He reminded the Commission that the Port never anticipated that the service would become a money-making program, but they are hoping to at least break even this year. He summarized that, so far, Port staff is pleased with the support the program has received.

Ms. Kempf advised that customers have indicated they like the fast speed of the Wi-Fi connection. Commissioner Preston asked if staff received any questions or comments about the Port's Wi-Fi capabilities at the Boat Show. Ms. Kempf said she does not know. Jim Blossey, a member of the audience, pointed that when he turned his computer on in the Port Commission Meeting Room, a pop up immediately appeared inviting him to purchase a pass for the Wi-Fi service.

Commissioner Faires said his experience in visiting other marinas is that they offer free Wi-Fi service, but it does not work well. The Port offers a service that works well, but it is not free. He said he suspects that service at other marinas will improve in the future. He asked if staff receives comments from guest moorage customers about

having to pay for the service. Ms. Kempf said some guests have commented, but usually they are okay when they learn that the cost is low. Commissioner Faires said that, in his experience, guest boaters expect the service to be free. He said he is not suggesting the Port offer the service for free now, but it is definitely something they may need to consider in the future. Ms. Drennan pointed out that the current system will not allow the Port to charge tenants for the service and then offer it free to guest boaters. They must charge everyone or no one.

Ernie Collins, Edmonds Yacht Club, pointed out that there are two types of internet users: recreational users and those who work from their boats and need a high-quality service. Recreational users would like to have the service for free, but business users feel the cost is justified in order to have reliable, high-capacity service.

PUBLIC WATERFRONT EVENTS

Mr. McChesney recalled that the Commission previously expressed an interest in having a discussion about public waterfront events, such as the SEA JAZZ Program, which started in 2012. He announced that on March 5th Port staff met with representatives from the Edmonds School District Music Department to discuss the 2013 SEA JAZZ Program. He noted that the Port and the school district representatives learned some things from last year's program, and they plan to have an even better program in 2013. The event is scheduled to kick off on the weekend of the Waterfront Festival, which is June 1st and 2nd. It is anticipated the program will run through September 15th. Last year, the program did not get started until July.

Mr. McChesney advised that, in addition to the Waterfront Festival and SEA JAZZ, other waterfront activities include fish derbies, educational opportunities, photo tours, etc. He observed that, from a public access point of view, the Port could consider a broad range of potential activities throughout the year, but they are limited by seasons, parking and what they are legally allowed to do. Staff plans to continue as they have for this season, but they are open to suggestions from the Commission regarding other activities they should pursue.

Commissioner Orvis asked if the Port provides a cover to protect the musicians from inclement weather during the SEA JAZZ performances. Mr. McChesney replied that they purchased an awning to protect against rain and sun. They also put out a limited number of chairs, recognizing that the performance is not meant to be a concert. He said those who perform appreciate the tips they receive, and they enjoy performing in a non-threatening environment. He reminded the Commission that the Port pledged \$1,000 to the Edmonds School District Music Program in 2012, and he suggests they do the same in 2013. The SEA JAZZ Program benefits both the students and the Port.

Commissioner Orvis suggested that the Port's \$1,000 pledge to the Edmonds School District should be placed on the Commission's Consent Agenda for approval prior to the first SEA JAZZ performance.

Commissioner Gouge said he recently spoke with Francis Chapin, Edmonds Cultural Services Manager, regarding potential waterfront events such as artist weekends. He suggested that Mr. McChesney meet with her to collaborate and formulate additional ideas. He observed that the goal is to get more people involved on the waterfront. Commissioner Orvis pointed out that many activities would take very little effort from the Port. He suggested it would be appropriate for the Commission to designate a location for these types of event, such as the public plaza area or the cobblestone area by Arnies Restaurant. They should also identify some basic rules for use of the space. Allowing artists to set up in these locations would benefit the Port.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reviewed that on March 12, 2012, the Commission authorized him to move forward with a significant repair job for the Harbor Square Building 2 roof. After going through the bid process, the Commission authorized him to enter into a contract with Commercial Industrial Roofing on October 2, 2012 at a total cost of \$39,352.70 plus sales tax. As per the contract, the contractor had 60 days to complete the work, but it has now been over five months and the work has not been finished. Port staff recently requested a termination of the contract so they can reevaluate the situation and consider other options. The contractor has agreed to the termination. Before the Commission is a Termination for Convenience Agreement whereby both parties would agree to terminate the contract. As written, neither party would be required to pay any sum to the other. Each party would absolve the other from any or all claims with regard to the matter. He explained that the Port has an obligation to their current

tenants, and they need to provide a facility that is fully rentable. He asked the Commission to approve the agreement as presented.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE TERMINATION FOR CONVENIENCE AGREEMENT AS PRESENTED. COMMISSIONER PRESTON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Mr. McChesney reviewed that in June of 2010, the Port went out for bid to purchase a new forklift for the dry storage facility. The low bid was a Hoist, and a machine was delivered on August 6, 2010. While performing the walkabout inspection of the machine upon delivery, staff raised some serious quality concerns. They were significant enough that Port staff was not sure they wanted to take delivery of the equipment. Rather than send the equipment back, staff negotiated an agreement that increased the factory warranty from one to three years. Since that time, the Port has experienced a litany of problems with the machine, and nearly all have been related to poor quality. While the repairs were covered under the warranty, they resulted in an unacceptable amount of down time of just over 12 weeks. He advised that, in the near future, staff will recommend that the Port surplus and sell the Hoist machine and go out to bid for another forklift. He noted that the machine has 1,800 hours on it and the factory warranty expires in August of this year.

Mr. McChesney reported that the Edmonds City Council is scheduled to vote on an altered version of the Harbor Square Master Plan on March 19th. At this time, Port staff does not know what changes will be proposed. He reiterated the Port's belief that the plan they submitted to the City is good and represents a reasonable compromise. It gives the community what it needs without destroying values. The Port followed the proscribed process, which included extensive public outreach. They made their case and demonstrated wide public support for the plan. The issue is now out of their hands.

Commissioner Orvis expressed his belief that the City Council has done the community a tremendous disservice by the attitudes they have exhibited. The Planning Board is made up of solid citizens, and City Council Members have treated them with less respect than they should have. He said he is surprised they can get anyone to serve on the Planning Board given how the City Council habitually treats them.

Commissioner Gouge asked what the Port plans to do if the City Council approves a plan that is significantly different than the plan submitted by the Port. Commissioner Faires observed that the Port worked for three years on a master plan, which incorporates additional changes brought forward by the Planning Board. He reminded the Commission that the basic premise of the master plan was that it had to be economically viable. If what comes out of the City Council's process does not meet that minimum standard, then the Port should simply continue to operate Harbor Square in its current state. There is really nothing further to discuss.

Commissioner Block suggested the Commission should at least consider what is offered in the revised plan if it provides some reasonable room to move forward. Commissioner Orvis agreed but said he believes the Port has spent enough of their financial resources on the master plan, and they need to move on.

Commissioner Preston asked if the revised plan would go back before the Planning Board for a public hearing and recommendation before it is approved by the City Council. Mr. McChesney suggested that the process would likely be determined by how extensive the modifications are. Commissioner Faires commented that if the plan is radically different, the City should be required to demonstrate that it is economically viable to the Port and the community before it is adopted.

Port Attorney Brad Cattle recalled that the City Attorney has indicated there is some discretion as to whether or not another public hearing would be required, but he is not familiar with the City's exact process. He questioned how the City Council can continue to recruit capable Planning Board Members given what they have done with their recommendations in past years.

Ernie Collins, Edmonds Yacht Club (EYC), recalled that when the EYC submitted plans for their new club house, they were required to present their proposal to the Edmonds Planning Board for review. When additional modifications were made, they were sent back to the Planning Board for their stamp of approval pertaining to the

modifications. Because the changes to the Harbor Square Master Plan will likely be significant, he suspects the process will be lengthy and difficult.

Commissioner Preston observed that it is easier to shoot down an idea than come up with a new one. It appears that some members of the community and City Council want to deny people the opportunity to move to Edmonds and the opportunity for affordable housing. They also appear to want to deny people the opportunity to enjoy the marsh. Commissioner Orvis added that people throughout the state are very vocal about preserving wetlands. They are in support of increasing density to accomplish this task until it impacts views. Commissioner Block said she is disappointed that opportunities for transit-oriented development were not taken into consideration by the City Council.

Ms. Kempf reported that, as of March 1st, 40 new wet moorage and 5 new dry storage tenants have signed up as a result of the boat show. She noted that they now have two vacant end spaces (70 and 66-foot spaces).

Ms. Kempf announced that the Pacific Coast Congress (PCC) of Harbormasters Conference is scheduled for April 9th through 12th at the Seattle Airport Hilton Conference Center. She advised that Mr. Danberg plans to attend the event. The Commission encouraged Mr. Menard to attend, as well.

Ms. Kempf reported that 54 people attended the recent tenant workshop where representatives from the Clean Boating Foundation made a presentation on non-copper bottom paint. While they did not promote any one paint brand, they reviewed the results of the paints they have tested. They also discussed why this is an important issue. Four paint companies were invited to attend, and Sea Hawk Paint and Pettit Paint sent representatives to answer questions about their products. Jack Bennett, Derema Group, discussed different kinds of anodes, specifically promoting aluminum rather than zinc. It has been suggested that this would help in the boatyard where zinc levels are expected to be the next environmental issue. The aluminum anodes last longer and are more effective than zinc anodes. She noted that the workshop was unintentionally scheduled on the same night as an Edmonds Yacht Club meeting, but the speakers agreed to participate in a future workshop in the fall or next year. Ernie Collins agreed to be the Port's contact with the EYC to coordinate an additional workshop.

Ms. Kempf advised that she was recently notified by Johan Hellman, Assistant Director of the Washington Public Ports Association (WPPA), that legislation related to derelict vessels passed through the Senate and is moving forward. The bill is intended to be consistent with the House version, which means that public marinas would not be responsible for derelict boats that are left in their waters. While this is good news, another amendment has emerged that proposes a \$10,000 fee for the owners of all commercial vessels greater than 65 feet and older than 40 years. This legislation would have a significant impact on many.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Faires reported that the Finance Committee met last week to work on the strategic implications of the revised Cash Flow Analysis. They plan to present a set of recommendations to the Commission on April 8th dealing with future rate increases and perhaps some modifications to the Mission Statement.

Commissioner Block apologized for arriving late to the meeting. She had a flat tire on the way.

Commissioner Preston reported on his attendance at the recent Edmonds City Council Meeting, specifically noting that there were no comments during the open comment period. He also reported that the City Council decided in favor of broadcasting their meetings live as soon as the necessary arrangements can be made.

Commissioner Preston reported that he participated in a walkabout of the Harbor Square Business Complex to view some of the existing problems and the vacant spaces.

Commissioner Gouge reported that he also attended the Finance Committee Meeting where they worked on putting together a pie chart and diagrams to illustrate their recommendations.

Commissioner Gouge commented that many young people in the community are wondering why the Port is not moving forward with redevelopment at Harbor Square. He suggested that they consider becoming City Council

members to facilitate change. He said it is good to see young people becoming interested in what is taking place in downtown Edmonds. They are viewing downtown Edmonds as a great place to raise their families.

Commissioner Orvis reported on his attendance at the Legislature's Port Day in Olympia: He specifically noted the following:

- It has been proposed that additional transportation funding come from a combination of excise and gas taxes over the next several years. People have expressed concern that the new Transportation Secretary is a public transportation enthusiast from out of state. There have been some rumblings about raids or attempted raids on the gas tax revenue to pay for public transportation. However, he did not see any support from the local representatives he met with.
- More money is needed for public transit, and the local representatives he spoke with indicated that funding for public transit needs to come from sales taxes. There may be attempts to increase the sales tax, but at least the transportation taxes would be relatively safe for the time being.
- A lot of federal money has been promised for rail projects, but there are diminishing expectations that the funding will actually be received. Much of the money is earmarked for grade separation along the Interstate 5 corridor. The City of Edmonds has indicated they do not want any of this funding. A lot of the rail work has postponed because there is no pressure for improvements due to the stalled economy.
- A delegation of representatives have indicated they would like to use the transportation dollars earmarked for grade separations to continue improvements on Highway 99 into Edmonds and Lynnwood consistent with those done in the City of Shoreline. This funding will depend on how effective people are on pressing for grade separation.
- The Community Economic Revitalization Board (CERB) has expressed concern that the legislation related to median wage provisions will kill growth in rural areas.
- Discussions regarding the Model Toxic Control Act (MTCA) funds range from "taking it all" to "do not touch it." However, it is anticipated that the money will be taken as the session moves forward. A legislator found that the Department of Ecology has been misusing MTCA dollars to fund their own operations.
- Numerous stormwater projects are on line, and the smaller ones are primarily intended to maintain what has been reclaimed or saved or to clean up small areas. A senator is currently preparing a package of projects, and comments should be submitted as soon as possible.
- The State Treasurer is looking for funds to establish a commission to help small entities that are having financial difficulty recovering. The driver behind the effort will be public facilities districts (PFD). He referred to the Edmonds PFD, which is supposedly working well but cannot pay off its bonds. Most of the PFD's in the state are in a similar situation.
- Legislation that would allow ports to sell surplus property at below market rates to an affordable housing group has been revised. It appears this legislation is targeted at a specific proposal by an affordable housing group who wants to purchase property from the Port of Seattle at below market rate.
- Legislation has been proposed that would require any one who hauls non agricultural goods into the Port of Seattle or Tacoma or any port located in a county with a population greater than 800,000 to join the teamsters union.
- A tourism bill proposes that large ships that were flagged in other states or ports or countries could stay in Washington waters longer than three months without paying sales tax. The purpose of the bill is to encourage boaters to stay in Washington for repairs and maintenance rather than going to Canada or another state for the service. The legislation received a lot of support until the Department of Revenue (DOR) alleged that it would allow foreign flagged boats to skip out on taxes. However, they have no evidence to back up the statement. He was told by representatives from the WPPA that the Northwest Marine Trade Association must actively support the legislation in order for it to be successful. So far, they have declined to do so.

Commissioner Orvis announced that he would attend the Community Transit Breakfast. There is currently a proposal to expand some high capacity lines, and he is interested in finding out where the funding for this project would come from.

Commissioner Orvis announced that the Economic Alliance Snohomish County Military Affairs Committee is scheduled to meet on March 12th to discuss another Base Reallocation and Closure (BRAC) proposal.

Commissioner Block invited the Commissioners to attend the Edmonds Chamber Arts and Cultural Committee Arts Award Ceremony on March 21st at 7:30 p.m. at the Edmonds Conference Center.

ADJOURNMENT

The Commission meeting was adjourned at 8:35 p.m.

Respectfully submitted,

David Preston
Port Commission Secretary