

PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

September 23, 2013

COMMISSIONERS PRESENT

Jim Orvis, President
Mary Lou Block, Vice President
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

COMMISSIONERS ABSENT

David Preston, Secretary

CALL TO ORDER

Commission President Orvis called the regular meeting to order at 7:00 p.m.

ANNOUNCEMENT OF EXECUTIVE SESSION

Commissioner Orvis announced that the Commission would hold an Executive Session immediately following the regular meeting to discuss real estate matters.

PLEDGE OF ALLEGIANCE

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

CONSENT AGENDA

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF SEPTEMBER 9, 2013 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$363,151.41**

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

PUBLIC COMMENTS

Joan Bloom , Edmonds City Council Member, recalled that at the Commission's last meeting she requested that her name be listed as a City Council Member present in the minutes. She thanked the Port Commission for the letter explaining that this was not consistent with the Port's protocol. She said she is just learning her role as a Port Commission Liaison, and she invited the Commissioners to share their thoughts regarding her assignment. She

advised that, as promised at the last meeting, she announced the Sea Jazz performances at a recent City Council Meeting, and she suggested the Commission may want her to continue to announce public events at the Port. As the City Council meetings are televised, these announcements would reach a much broader audience. She advised that she also provides a monthly summary of Port Commission activities to the City Council. She said she would be happy to highlight any particular issue at the request of the Commission.

SEA JAZZ SUMMER MUSIC PROGRAM

Mr. McChesney reviewed that the SEA JAZZ event was created in the summer of 2012, and musicians performed their debut in the Port's public plaza on July 1, 2012. The program continued in 2013, with performances each Sunday afternoon from 1:00 p.m. to 3:00 p.m. and Wednesday evening from 5:00 p.m. to 7:00 p.m. The Port took on the role as the primary sponsor, providing a venue and promotional materials. The Port received assistance and co-sponsorship from the Edmonds Daybreakers Rotary and the Jazz Connection, who then connected with Seattle Teen Music to schedule and produce each performance. Anthony's Homeport Restaurant provided complimentary meals to each performer.

Mr. McChesney reported that this year's SEA JAZZ was even better than the last. There was diverse participation by student musicians who played a large selection of jazz classics with various innovative instrumental interpretations and audience-pleasing solo riffs reminiscent of many great names in jazz. It appears that the program has become increasingly recognized by the public as another good reason to visit the Port of Edmonds marina. He emphasized that the program was never intended to attract large crowds in the manner of a concert-style venue. Instead, it is intended to provide atmosphere and ambience. It is also a great opportunity for talented student musicians to perform in an open plaza setting.

On behalf of the Port, Mr. McChesney thanked Scott Barnes, Edmonds School District Music Director, for managing the program. He also thanked Jon Sherrer, Seattle Teen Music, for managing the weekly lineup and organizing the performance logistics and Ron Keimer, Rotary Daybreakers, who was the inspiration for SEA JAZZ and has continued to provide advice and support.

Mr. McChesney reminded the Commission that it has been their practice to approve a stipend to the Edmonds School District's Music Program in the amount of \$1,000, and he recommended the Commission approve the stipend as proposed.

John Sherrer, Seattle Teen Music, thanked the Commission for another great year of SEA JAZZ. He agreed that the 2013 program was even better than the 2012 program. He noted that of the 70+ musicians who participated in the program, at least 15 are seniors and all are high school graduates who plan to attend college. He commented that it is opportunities like SEA JAZZ that really support and cement these student's futures. Mr. Sherrer reported that there were 33 performances scheduled on the calendar, one of which was prematurely cancelled due to anticipated weather conditions. They also cancelled a performance towards the end of the season due to weather conditions. The students who participated in the 31 performances represented five high schools (Mountlake Terrace, Edmonds-Woodway, Meadowdale, Lynnwood and Kings), which accomplishes the goal of reaching out to more students.

Mr. Sherrer reported that Port staff was great to work with, and the canopies were always up and ready to go. The parents and students felt they were very much appreciated by those in attendance, as well as the Port staff who supported the performances.

Commissioner Faires asked if the program will continue in 2014. If so, he asked how the Port could provide even better support. Mr. Sherrer answered that the Port has already done an excellent job of supporting the program, and they want it to continue in 2014. He particularly noted the great advertisements sent out by the Port. He said he likes that the program provides emotionally-safe events for students to perform because there is no cover charge that tends to set expectations.

Mr. Sherrer said he appreciates the support that Anthony's Homeport Restaurant offered the musicians, as well. Commissioner Gouge pointed out that, with the expansion of the restaurant, more people should be able to enjoy the performances next year.

Commissioner Block thanked Mr. Sherrer for doing his part to make the program a success. She thanked the students, as well. She commented that the SEA JAZZ and Artists in Action Programs add so much to the waterfront and marina. She said Commissioner Preston contacted her earlier in the day, asking her to express his appreciation to everyone involved in both of the programs, as well.

Mr. Sherrer noted that because his son is a jazz musician, he has attended numerous jazz events throughout the country. Through this experience, he has learned that Edmonds is a special community that really nurtures its children and musicians. The Port should be very proud to be part of that effort. He commented that musicians are sometimes marginalized in the schools, and they do not always fit in. Programs like SEA JAZZ help build their confidence.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO REMIT A STIPEND IN THE AMOUNT OF \$1,000.00 TO THE EDMONDS SCHOOL DISTRICT MUSIC PROGRAM IN CONSIDERATION OF SEA JAZZ SUMMER MUSIC PROGRAM AT THE MARINA FOR 2013. COMMISSIONER BLOCK SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

ARTISTS IN ACTION REPORT

Mr. McChesney reviewed that at their April 29th meeting, the Commission discussed a proposal for sponsorship of the annual Edmonds Arts Festival (EAF). They agreed to provide a \$1,000.00 contribution in exchange for a reciprocal engagement of active artists at the marina on Sunday afternoons during the summer of 2013. The payment has already been made and the EAF has fulfilled its obligation. The program was a tremendous success, with painters, sculptures, weavers and other artists demonstrating their skills and creative inspirations along with SEA JAZZ performances on the plaza. The Port received numerous positive comments, and the Port plans to sponsor the program again in 2014. He invited Ken Reid to provide a brief report on the program.

Ken Reid, thanked the Commission for their support of the program and Port staff for all their hard work in helping making it happen. He reviewed that 31 artists participated in the 11 Artist in Action events, and the artists were delighted with their experiences. He explained that arts are an essential component of the community, and it was a pleasure for the artists to work alongside the student musicians. He noted that the event was advertised via a large banner to attract passersby, as well as publications in various media outlets and websites. He concluded that the artists have indicated their desire to participate in the program again in 2014, and the EAF has been contacted by others who want to be included, as well. It has been suggested that perhaps more artists could be invited to participate in each of the events.

Mr. McChesney observed that when he attended the events, he noticed that wind can sometimes be a problem. He asked if there is anything the Port can do to help address this problem. Mr. Reid answered that the EAF provides the canopies for the artists to provide some weather protection, but there is not a lot that can be done to address wind. If the canopies are enclosed, the artists will not be visible the public.

Mr. Reid explained that the Edmonds Arts Festival is a profit-making organization. It works in conjunction with the Edmonds Arts Festival Foundation, which is a non-profit organization that distributes the revenues raised by the Edmonds Arts Festival. The Foundation supports art by providing venues for artists, art classes, scholarships, and money for public art works. It is anticipated that the EAF will provide approximately \$56,000 for the Foundation to distribute during the next year.

Mr. McChesney recalled that when the Port initially made the agreement with the EAF for a \$1,000 contribution, the money was earmarked for the youth. Mr. Reid answered that the Port sponsored the student art exhibit, and the funding was used to provide awards to the student artists.

Mr. McChesney expressed his belief that the program could be expanded to include as many as six artists at each event. Mr. Reid noted that this expansion would require an additional canopy. He questioned if there would be space for two artist canopies, as well as the SEA JAZZ canopy in front of Anthony's Homeport Restaurant.

Commissioner Gouge expressed his belief that a hot shop near the waterfront would be a great addition, perhaps even on Port property. Mr. Reid agreed to pass this request on to the appropriate people with expertise in this type of art.

Commissioner Faires summarized that the 2013 Artists in Action Program went well, but he suspects the various organizations could work together to make it even better in 2014. Commissioner Orvis suggested that a representative from Anthony's Homeport Restaurant should also be invited to participate in the planning process. Mr. Reid said the EAF is particularly interested in how they can make the visiting public more aware of what is taking place along the waterfront. Council Member Bloom agreed to announce next year's program dates at City Council meetings. The Commission also agreed it would be appropriate to announce the event dates at the Edmonds Boat Show and include a schedule in the Destination Port of Edmonds bags.

2014 OPERATING BUDGET – TAX LEVY

Ms. Drennan reviewed that the millage rate for 2013 was approximately \$.1203. Based on the assumption that property values have increased by approximately 10% and the 2014 tax levy is \$400,000, the millage rate would be approximately \$.1093. She referred to the following attachments provided in the Staff Report:

- Port of Edmonds Tax Levy History
- Figure 1 – Edmonds Port District Assessed Value from 1985 to 2014
- Figure 2 – Port of Edmonds Tax Levy Amount from 1985 to 2014
- Figure 3 – Port of Edmonds Tax Levy Rate from 1985 to 2014
- Port of Edmonds Property Tax to Resident.

Ms. Drennan advised that this item was placed on the agenda so the Commissioners can have a policy discussion about property taxes. She noted that the 2014 Draft Operating Budget will be presented to the Commission on October 14th.

Commissioner Gouge asked if the Commission would also vote on a resolution to increase the Port's banking capacity. Ms. Drennan advised that adoption of the final 2014 Operating Budget would include the following resolutions: A resolution to increase the banking capacity by 1%, a resolution to approve the tax levy amount, and a resolution to approve the 2014 Operating Budget.

2014 OPERATING BUDGET – ECONOMIC DEVELOPMENT

Ms. Drennan referred the Commission to the spreadsheet showing actual economic development expenses for 2009, 2010, 2011 and 2012. The spreadsheet also identifies the projected expenses for 2103 and the proposed budget for 2014. She also referred to the Economic Development Guidelines that were approved on August 14, 2006. She noted that, as currently proposed by the Finance Committee, the 2014 economic development budget would be as follows:

- The Port's contribution to Economic Alliance Snohomish County (EASC) would increase from \$3,000 to \$5,000.
- The Destination Port of Edmonds budget would increase from \$7,500 to \$9,500 in order to provide additional materials to give to returning boaters. The advertising revenue was allocated equally in 2013 and 2014 to pay for printing costs.
- The Port will continue to allocate \$1,000 to support the Artists in Action Program, \$2,000 for the SEA JAZZ Program, and \$500 for Bird Fest.
- The Boat Show expense would be transferred to the Marketing Budget in 2014.
- There will be no unallocated economic development funds.

Commissioner Faires reviewed that the Commission has re-categorized the economic development expenses several times. He said he does not anticipate any additional economic development activities in 2014 that would warrant the Port setting aside unallocated funds.

Commissioner Orvis said he proposed the increase in the Port's contribution to the EASC. They are currently moving in a good direction, and the City of Edmonds will reap tremendous benefits from their work to expand the manufacturing sector in Snohomish County. If the EASC continues to increase their activities, the Port may want to consider a higher contribution level in the future. He commented that this may be one way to leverage economic development dollars to benefit the entire community, and particularly the Port District residents. Commissioner Faires said he supports the proposed increase in the Port's EASC contribution. He noted that it may be possible in the future to engage the EASC in activities that are specific to the Port and City of Edmonds and provide a more direct benefit, making it more advantageous for the Port to support the organization.

Commissioner Gouge commented that with Harbor Square being the Port's major economic engine, as well as a significant expense in the coming years, the Port must be careful how they spend their available money to allow sufficient funds to maintain the facility.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that the Harbor Square Building 2 roof project is now complete, and staff will do the final walk through with the contractor on September 27th. He noted that most of the skylights were assembled last week, and the remaining four would be installed before Friday.

Mr. McChesney reported that Port staff is moving forward with a conditions survey of Harbor Square. They have completed a thorough inspection of three buildings (foundation, roof, mechanical and electrical systems, etc.). They are now working to complete their inspection of the remaining two buildings. He suggested the Commission schedule a special workshop in November or early December to review the survey and lay the ground work for a Strategic Plan discussion in January. He reminded the Commission that a fair amount of catch-up work needs to be done at Harbor Square, and the Port is well on its way. However, it will take several years before they can complete all of the necessary upgrades.

Mr. McChesney advised that Anthony's Homeport Restaurant's project to expand the Beach Café into the area previously occupied by the Edmonds Yacht Club is moving forward, and they anticipate the project will be finished in October so the restaurant can open for the holiday season. Because the project includes a new storefront, a section of the trellis was removed to accommodate the work. A representative from Anthony's has raised the idea of not putting the trellis back up so the area can remain open. Awnings would be installed on the front of the buildings instead. He asked the Commission to share their thoughts.

Commissioner Gouge said it would be helpful to have a colored rendering of the proposed awnings before making a final decision. Commissioner Block agreed. Commissioner Orvis noted that people have become comfortable with sitting at the tables that are located under the trellis. Unless Anthony's can provide an aesthetically-pleasing design, he would like them to return the trellis and plants to their original location.

Ernie Collins, Edmonds Yacht Club, recalled that the City of Edmonds raised significant concern when the EYC previously requested changes to the outside finish of the building. He suggested the Port check with City staff to find out if eliminating the trellis would be allowed. Commissioner Block added that the change could be considered major, requiring an additional review by the Architectural Design Board.

Ms. Drennan announced that, as required by State and Federal Law, the Port has sent a standard letter to all its employees to let them know that the Washington Exchange Market Place will be open for enrollment beginning October 1st for insurance effective January 1st. It was pointed out that those who are currently enrolled in the Port's health care plan would not benefit from dropping out and going to the exchange.

Commissioner Orvis added that in the future, there will be a 40% tax on health plans that are considered to be "Cadillac." Ms. Drennan advised that the Cadillac tax would go into effect in 2018, and it may be applicable to the Port if the Port's premium costs exceed a certain value. She noted that the Port's insurance premiums will only increase .8% in 2014.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Faires announced that the Property Committee met on September 5th to discuss a possible agreement with a tenant. He also reported that he attended the September 18th meeting of the Edmonds Economic Development Commission (EDC) at which the Chief Executive Officer of Edmonds Swedish Hospital made a presentation. While the presentation was interesting and qualitative, it did not adequately address the ensuing questions about how proposed plans would impact the economic welfare of the community. Participants at the meeting inquired what the City can do to support the medical community around the hospital.

Commissioner Block announced that she would attend the Washington Public Port Association (WPPA) Environmental Seminar on September 26th and 27th. She invited the Commissioners to advise her of any issues they would like her to raise at the meeting.

Commissioner Orvis referred to a recent article by the new head of the Washington Department of Fish and Wildlife suggesting that the Department of Ecology put pressure on the Legislature to pass a resolution that no discharge should be allowed in Puget Sound. Commissioner Orvis said he is against passing rules that cannot be enforced or that the state has no intention of enforcing. He also suggested that the article vastly overestimated the amount of waste that is dumped into Puget Sound by small boats. Ernie Collins pointed out that the number of boats quoted in the article included the total number of boats registered in the State of Washington.

Commissioner Faires announced that he would meet with Seattle Port Commissioners Tom Albro and Stephanie Bowman to discuss specific economic development activities the Port of Seattle will undertake with smaller ports. The Port of Seattle can now see how their future can be better if they use their resources to support smaller ports.

Commissioner Gouge reported that the Property Committee met to discuss a real estate issue that will be the subject of the Executive Session following the regular meeting.

The Finance Committee scheduled a meeting for October 8th at 10:00 a.m. Commissioner Gouge encouraged Commissioners to forward their comments and suggestions regarding the 2014 Operating Budget to staff as soon as possible so the Finance Committee can review them on October 8th.

Commissioner Orvis received a note from Edmonds City Council Member Petso informing him that she is trying to schedule another discussion about Harbor Square at the City Council's October 1st meeting.

Commissioner Orvis reported that he attended an Edmonds Sea Scout meeting and learned that their summer went well. They did their long cruise on the Yakima Clipper, which is a large boat.

Commissioner Orvis announced that he attended the Senate's Transportation Forum and testified on behalf of the EASC. He informed them that the Edmonds Ferry train crossing is not just an inconvenience; it is very dangerous and it should be a priority to find a way to provide a grade separation. He noted that the problem would only increase with the additional track. At the forum, there was a push to provide a local option for public transportation funding rather than just sales tax revenue. If they are going to spend large amounts of money on light rail, Sound Transit, etc., they need to have some way to get people to the new facilities. He noted that Community Transit has cut back their service, and Metro has plans to do the same. It is important to provide some other way to subsidize public transit, which will never pay for itself.

Commissioner Orvis reported that he attended the EASC's Military Affairs Committee Meeting where the sequester and potential mothballing of carriers was discussed. It was noted that, as long as the number of carriers remains the same, Everett should be okay until 2022. He said the committee is reaching out to other shipyards in an effort to form a unified front. While the State has created a military office, there is no organized lobby in Washington State. Every shipyard is on its own, which does not bode well for military bases or military contractors for Boeing.

Commissioner Orvis asked Mr. McChesney to contact the WPPA to request an agenda for the upcoming winter WPPA Meeting.

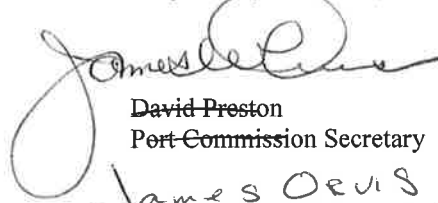
EXECUTIVE SESSION

The regular meeting was adjourned to an Executive Session at 8:03 to discuss the negotiation of a lease, the discussion of which in public would disadvantage the Port. It was noted that there would be no announcement and no action would be taken by the Commission following the Executive Session.

ADJOURNMENT

The regular meeting was reconvened and subsequently adjourned at 8:15 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "David Preston".

David Preston
Port Commission Secretary

James O'Neil
Port Commission President