

PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF SPECIAL MEETING

November 12, 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 special 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 was pulled from the consent 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 OCTOBER 28, 2013 MEETING MINUTES
- D. APPROVAL OF PAYMENTS OF \$117,529.69
- E. AUTHORIZATION FOR EXECUTIVE DIRECTOR TO WAIVE VACATION PROVISION

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

APPROVAL OF OCTOBER 24, 2013 MINUTES (Item B on the Consent Agenda)

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE THE MINUTES OF OCTOBER 24, 2013 AS AMENDED. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

At the request of Ernie Collins, Mr. McChesney reviewed the procedures for the public hearing on the draft 2014 Operating and Capital Budgets.

Ernie Collins said that although he serves as the Edmonds Yacht Club's (EYC) liaison to the Port, he was present to share his personal observations and concerns, and not necessarily those of the EYC membership, about the way business is being done at the Port. He said he has fumbled with the idea of how to present his concerns, and felt that the Commission meeting is the right forum. He expressed his belief that two recent issues have not been handled with integrity, candor, good faith and transparency. He recalled that he was personally involved with the EYC's efforts to lease land from the Port to construct a new building. This exercise involved numerous announcements and public disclosures of the EYC's plans prior to cutting a lease agreement. Throughout the lease agreement process, the EYC was required to present various items to the public for discussion and feedback, some of which resulted in changes to their plans. For example, the EYC emphasized the need for an anchor tenant for the new building, and they indicated they were pursuing a restaurant. However, in a subsequent meeting, representatives from the current restaurants on Port property expressed their concern about potential competition and recommended that the EYC not be allowed to site a restaurant in their building. He said that, in recent months, Anthony's has expanded to include a banquet facility, which will compete with the EYC and other similar facilities. He noted that the EYC depends on renting their banquet space to keep the club fiscally sound. He said he was surprised that the EYC did not have a chance to express their concerns before the Port signed the new lease agreement with Anthony's. There was no public involvement whatsoever.

Mr. Collins also voiced concern that the recent lease agreement with Jacobsen Marine appeared to take place in secret, with no public involvement. He recalled that when negotiating its lease with the Port, the EYC had lengthy discussions and negotiations to address overflow parking. The EYC's current agreement might now be in jeopardy as a result of the Port's new lease with Jacobsen Marine, which appears to require that the EYC's overflow parking be moved further north. He said he assumes the Port has reasons for handling the Jacobsen Marine lease the way they did, but he is aggravated and feels it is presumptuous for the Commission to be considering budget approval before the public hearing and when there are still unanswered questions.

Mr. Collins summarized that, in his eyes, the Port's credibility has been diminished and they have shown a lack of courtesy and respect. As a representative of the EYC, he attends all Port Commission meetings and reports back to the EYC membership. They have been questioning him about why he does not know what is going on at the Port, and his reputation is suffering. Commissioner Orvis pointed out that the public hearing for the preliminary 2014 budget would take place prior to the Commission taking formal action to approve it.

PUBLIC HEARING ON PRELIMINARY 2014 OPERATING AND CAPITAL BUDGETS

Guy Schoonmaker, Edmonds, said he was present to expand on his previous suggestion that the Port offer a discount to tenants who prepay one year of moorage. He noted that the Commission expressed some interest in pursuing the concept at their last meeting. He suggested that the Port offer one month moorage free of charge to tenants in good standing with the Port and who have five consecutive years of moorage. He explained that this would not be a comprehensive fee structure and tenants would still be responsible for other charges that apply such as environmental fees. He expressed his belief that a pre-pay discount program would aid the Port in retaining long-term tenants and give newer tenants incentive to remain. The program would also help the Port close the gap on moorage rates and improve its cash flow.

Mr. Schoonmaker said it is apparent that the Port is attempting to promote additional services for tenants by offering various promotions and incentives. He suggested that another idea would be to give out "Port Points" when tenants utilize various Port services. These points could be accumulated and used to pay for various Port charges, including moorage.

AS NO ONE ELSE INDICATED A DESIRE TO ADDRESS THE COMMISSION, THE PUBLIC HEARING WAS CLOSED.

BRIEF DISCUSSION ABOUT THE PRELIMINARY 2014 BUDGET

Mr. McChesney reminded the Commission that this is the third of three public hearings regarding the preliminary 2014 Operating and Capital Budgets. He reviewed that in the spirit of trying to engage the public as much as possible and to provide transparency, the Commission implemented a policy of having three public hearings. Ms. Drennan advised that the Port was recently notified of the exact amount of the 2014 Washington Public Port

Association (WPPA) dues, and the budget was updated accordingly. No other changes were made to the budget since it was last reviewed by the Commission on October 28th.

Mr. McChesney advised that the recommendations put forward by Mr. Schoonmaker were not incorporated into the 2014 budget, but the Commission recognized them as good ideas that could be taken under advisement and studied during the upcoming year in preparation for the 2015 budget process. Commissioner Gouge asked Port Attorney Brad Cattle to provide a legal opinion about the Port's ability to implement a pre-pay or rebate program given the current laws related to the "gifting of public funds."

Mr. McChesney reminded the Commission that the Cash Flow Model that was adopted and recently revised by the Commission recommended a moorage rate increase of 5.25%. He reviewed that, in January, the Commission and staff engaged in a discussion regarding moorage and dry storage rates with representatives from the EYC, as well as other tenants. At that time, it was determined that the moorage rate increase for 2014 would be based on the Consumer Price Index (CPI) plus an additional 1%. As CPI was 1.4%, the effective rate increase for 2014 would be 2.4%. This rate increase was incorporated into the budget, as well as adjustments to other service and fees. He concluded that, from staff's point of view, they have done what they were directed to do and are presenting the budget to the Commission for adoption.

RESOLUTION NUMBER 13-09 – ESTABLISHING THE AMOUNT OF TAX TO BE LEVIED

Mr. McChesney reviewed that the Commission considered the 2014 Tax Levy at the following meetings:

- On September 9, 2013 when they reviewed the Baseline Budget Conditions and the Cash Flow Model.
- On September 23, 2013 when they discussed the Property Tax Levy.
- On October 14, 2013 when they discussed the 2014 Preliminary Budget and conducted the first of three public hearings.
- On October 28th, 2013 when they reviewed the 2014 Preliminary Budget again and conducted the second of three public hearings.

Mr. McChesney explained that the Port may levy a property tax of \$537,032 (2013 highest lawful levy) plus the estimated amount of new construction and less the estimated refunds, for a total of \$538,371. The Tax Levy for 2013 was set at \$400,000, and the proposed Tax Levy for 2014 is \$400,000. The proposed mil rate for 2014 is approximately \$.1094. He recommended the Commission approve Resolution 13-09 – Establishing the Amount of Tax to be Levied.

COMMISSIONER PRESTON MOVED THAT THE COMMISSION APPROVE RESOLUTION 13-09, ESTABLISHING THE AMOUNT OF TAX TO BE LEVIED IN 2014 IN THE AMOUNT OF \$400,000. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

RESOLUTION NUMBER 13-10 – BANKING EXCESS LEVY CAPACITY FOR 2014

Mr. McChesney once again explained that the Port may levy a property tax of \$537,032 (2013 highest lawful levy) plus the estimated amount of new construction and less the estimated refunds. The Port is proposing to levy a tax of \$400,000 for 2014. Washington State Law allows the Port to bank the additional 1% it could have levied, which will allow the total legal levy to grow without assessing the full amount. He noted that this is a typical action and common industry practice for ports to bank unused levy capacity.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE RESOLUTION 13-10, BANKING EXCESS LEVY CAPACITY FOR 2014. COMMISSIONER BLOCK SECONDED THE MOTION.

Commissioner Gouge asked if other ports in the state take advantage of this opportunity, as well. Mr. McChesney again stated that banking excess capacity is a uniform practice of ports throughout the State.

THE MOTION CARRIED UNANIMOUSLY.

RESOLUTION NUMBER 13-11 – ADOPTING THE 2014 BUDGET

Mr. McChesney reviewed that the Port Commission and staff discussed elements of the 2014 Preliminary Budget at the following meetings:

- On August 12, 2013 they reviewed the Marina Marketing Promotions.
- On September 9, 2013 they reviewed the Budget Baseline Conditions and the Cash Flow Model.
- On September 23, 2013 they discussed the Tax Levy and Economic Development Elements.
- On October 14, 2013 they conducted their first review and public hearing on the Preliminary 2014 Budget.
- On October 28, 2013 they conducted their second review and public hearing on the Preliminary 2014 Budget.

Mr. McChesney reminded the Commission that the third of three public hearings was held earlier in the evening, and the public was invited to comment on all elements of the draft budget. He recommended the Commission approve Resolution Number 13-11, Adopting the 2014 Budget.

COMMISSIONER BLOCK MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 13-11, ADOPTING THE 2014 BUDGET. COMMISSIONER GOUGE SECONDED THE MOTION.

Commissioner Faires said he believes the proposed 2014 Budget is good and incorporates the learning curve of previous years, particularly in the context of the effort the Port Commission and staff have made in long-range planning relative to replacing capital assets. However, he suggested that not including any revenue for the Jacobsen Marine lease may prove to be too conservative.

Commissioner Faires commented that, in recent years, the Commission has been working under the philosophy that they want the marina to stand alone from an operational and capital standpoint, and this philosophy was outlined in the Port's Mission Statement. However, after refining the long-term feasibility and learning more about the forces that affect the Port's ability to derive revenue from various sources, the Commission came to the conclusion that the Mission Statement might be overly constraining. The Commission determined that it might not be possible, in the long-term, for the Port to keep the sources of revenue separate. As a result of this decision, the Mission Statement was modified to incorporate the concept of using other revenues to subsidize the marina should it be necessary in the future.

Commissioner Faires summarized that this change became the capstone that defined the 2014 budget. The Commission believes it may not be reasonable or possible, given the current market place, to expect the in-water tenants to pay for the entire capital replacement. This obviates the discussion of whether or not individual budget items are high or low. In the long term, the Commission believes the marina will have to be subsidized any way. The long-term view is that the Port will likely have to use other sources of public money to subsidize the replacement of capital assets in the marina.

Commissioner Gouge pointed out that the Port is already subsidizing some elements of the marina through property taxes. He reminded the Commission that they will soon have a better understanding of what the ongoing maintenance costs at Harbor Square will be. He noted that the boardwalk will need to be replaced in the not too distance future, as well. The Commission will then have to balance the needs of the Port District residents and the tenants when deciding how the property tax revenues will be allocated. He emphasized that, if the 2014 Budget followed the Cash Flow Model, the moorage rate increase would have been 5.25%. He cautioned that the Port has no control over some costs, and they are working to find additional revenue sources. The Jacobsen Marine lease agreement will help, but they must still obtain the necessary permits from the City in order for the project to move forward.

THE MOTION CARRIED UNANIMOUSLY.

ADDITIONAL HARBOR SQUARE PRINCIPAL PAYMENT

Mr. McChesney recalled that the issue of paying additional principal payments on the Harbor Square loan has come up at Finance Committee and Commission meetings in recent months. The intent is to pay down the principal,

which has a fairly high interest rate, with available cash. The Commission asked staff to provide an analysis and explain the constraints associated with this concept.

Ms. Drennan reviewed that in 2006, the Port borrowed \$10 million from Cascade Bank to buy out Harbor Square Associates' interest in Harbor Square Buildings 1 through 5 and the Athletic Club. In 2011, the Port refinanced the loan to get a better interest rate. At approximately the same time, Cascade Bank was purchased by Opus Bank. She reviewed that the 2011 loan agreement contains a prepayment penalty for the first five years of the loan if the Port prepays more than 10% of the outstanding principal balance in each fiscal year. For the period of September 1, 2013 through August 31, 2014, the prepayment penalty is 3%.

Ms. Drennan recalled that at their last meeting, the Commission asked staff to review and calculate the amount of additional principal that could be paid on the loan without penalty. She explained that the Port is required to make loan payments of \$47,790 each month, but the Port actually pays \$73,800. The additional \$26,010 per month is applied to the principal payment. She referred to Schedule 2 (Optional Additional 10% Maximum Principal Payment), which shows that the Port pays \$312,120 in additional annual principal payments per year. From September 1, 2013 to August 31, 2014, the maximum principal payment the Port could make without penalty is approximately \$643,000. Estimating that the Port would make this payment in December and reducing the maximum principal payment by the additional \$26,010 per month, leaves a possible additional principal payment of approximately \$331,000. She noted that this amount has not been verified by Opus Bank and could change.

Ms. Drennan agreed that it is appealing to pay down the Port's debt, which has an interest rate of 5.25% when the Port is earning less than 0.3% on its investments. She referred to Schedule 1 (Potential Harbor Square Loan Principal Buy Down), which shows total cash at September 30, 2013 and the structural constraints that limit the Port's ability to move forward with making additional principal payments in 2014. She reviewed the constraints as follows:

- The Port requires approximately \$500,000 in operating cash flow to meet its ongoing cash needs.
- The Port is required to make bond principal payments of \$1,484,600 in 2014.
- Approximately \$408,000 is held in tenant deposits.
- The 1998 Revenue and Refunding Bond Agreement requires that the Port hold a bond reserve of approximately \$800,900. These funds are currently held in a CD that matures on March 27, 2014.
- The Debt Service Reserve of \$88,557 is the monthly accrual of principal and interest payments for the 1998 Revenue and Refunding Bond (marina bond), which is required by the bond agreement.
- The Operating Reserve is required as per Generally Accepted Accounting Principles and allows the Port to continue to operate in case of emergency in situations where expenses remain the same or increase while revenues drop. For example, the Port relied on these reserves during the marina collapse in 1996. The Operating Reserve must be a minimum of three months of expenses. However, during the 2013 budget cycle, the Port Finance Committee recommended increasing the reserve from three months to six months over the next three years, and 2014 would be the second year of that increase.
- The Environmental Mitigation Reserve was established by the Commission from the proceeds received from Unocal during the Harbor Square contamination settlement negotiation. The Port's environmental contractor, Landau Associates, estimated the cost of cleaning up the contamination that remains under the Harbor Square Buildings, and the Port Commission established the Environmental Mitigation Reserve at that amount.
- The Capital Replacement Reserve was established by the Commission to pay for capital projects. Annual increases in cash also increase the Capital Replacement Reserve and all capital projects are funded from this reserve.

Based on the constraints and despite the Port's improved net income, Ms. Drennan said it does not appear to be possible to make additional principal payments on the Harbor Square loan in the fiscal year of September 1, 2013 to August 31, 2014 above the additional \$26,010 paid monthly. Staff intends to review the situation again as part of the 2015 budget cycle, and they will continue to look for ways to increase yields on investments. They will present their findings to the Finance Committee before the end of 2013.

Commissioner Faires observed that there are a few elements of the Capital Replacement and Operating Reserves that are within the Commission's purview to modify as they choose. The remaining elements cannot be modified.

Ms. Drennan agreed that the Commission has some ability to modify the Operating and Capital Replacement Reserves. They also have the ability to modify the Environmental Mitigation Reserve.

Commissioner Gouge recalled that the Commission has repeatedly voiced concern about the Port getting such a low return on their investments. He suggested the Commission reconsider their recent decision about increasing the Capital Replacement and Operating Reserves. The sooner the Port pays off the debt, the less interest expense it will incur. Given the low rate of interest for investments, he felt it would be more prudent to pay down the debt than increase the Operating Reserve account. He said he would be interested in seeing a calculation that identifies how much money the Port would save by paying down the debt to the maximum extent possible each year or every other year. He said he wouldn't worry so much about paying down the debt if the Port was receiving a 5% return on its investment, but they are currently receiving less than 0.3%.

Commissioner Faires agreed with Commissioner Gouge. At the end of the day, the Port would have more revenue if it pays down the loan than if it does not. He recommended the Port do whatever is appropriate to pay down the loan to the maximum extent possible in order to receive the full benefit of its available cash. Commissioner Preston agreed that paying down the loan would result in a guaranteed savings for the Port.

Commissioner Orvis agreed that the Port should put money towards reducing the principal on the loan. However, the options should be carefully considered by the Finance Committee before the Commission agrees to any changes in the reserve policies. He recommended that the Finance Committee meet as soon as possible to study the options and report back to the Commission. He noted that if the Jacobsen Marine lease moves forward as anticipated, the Port will have additional funds available to pay down the loan. He suggested the Commission may have to wait a few months before making a final decision on how much to pay down the loan and where the funds would come from. The Finance Committee agreed to meet and report back to the Commission at the first meeting in December.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney said he appreciates the comments made earlier by Ernie Collins, and he fully respects his point of view. He said he was surprised that Mr. Collins was so vehement in his comments, particularly those pertaining to the space previously occupied by the Edmonds Yacht Club (EYC). He said it is worth reflecting on the fact that the space was empty for two years as the Port worked hard to find a new tenant. Throughout this process, the Port had discussions with Anthony's from time to time before they were ready to make a commitment. He advised that the Port Commission found Anthony's proposed expansion project to be consistent with the mission of the Port and not in conflict with the many prior discussions the Port Commission has had with the EYC or Mr. Collins.

Mr. McChesney advised that the Port's efforts to lease ground to Jacobsen Marine has been well known. However, the Port Commission does not typically negotiate lease terms in public or invite members of the EYC to help negotiate. He said he was surprised to learn that this was a sensitive point with the EYC. However, in retrospect, he can understand why Mr. Collins might feel that way. He explained that the Port has had a consistent, recurring theme for a number of years of diversifying the Port's revenue stream and leasing available space. All of the Port Commission and staff's thinking up to this point was intended to address this goal. They never thought the two recent lease agreements were anything but good business and what the Port was supposed to do.

Regardless of whether the Port Commission was right or wrong, Commissioner Faires apologized to Mr. Collins. He commented that since Mr. Collins has agreed to serve as the EYC's liaison to the Port, communications between the Port and the EYC have improved significantly. He encouraged the Commission to continue to work to improve communications between the Port, the tenants and EYC.

Ernie Collins, EYC Liaison, said he tried to inject in his comments that he was giving his perception and was not trying to imply that his perception was, in fact, reality. However, his perception is that the Port implemented a different set of rules when dealing with the Anthony's and Jacobsen Marine leases. For example, if the terms of the Jacobsen Marine lease call for moving the EYC's overflow parking further north, the Port should have sought feedback from the EYC. He acknowledged that Jacobsen Marine's plans are preliminary at this point, but some people have raised the question of why the Port did not encourage them to locate in the old dry storage area. As another example, he questioned why the EYC was never asked for input before the Port signed a lease with Anthony's to provide banquet space that would directly compete with the EYC's space. He noted that similar concerns were raised by Anthony's when the EYC proposed to locate a restaurant in their new building as an anchor

tenant. He emphasized that courtesy and respect need to go both ways, and he is having a hard time making the reality sellable to the EYC members because the perception is that the Port is not treating all of its tenants equally. He said he is tired of making excuses.

Commissioner Gouge pointed out that the Port first started working on a lease agreement with Jacobsen Marine in 2006. A lease agreement was actually signed, but Jacobsen Marine ran into permitting problems and elected not to move their project forward. The same concept that was presented in 2006 has been revived. Mr. Collins reminded the Commission that when the Port previously signed a lease agreement with Jacobsen Marine, they were also working on lease agreements with the EYC and the Arts Commission (FACE) for new buildings. All three of these lease agreements were discussed in open public meetings, which was not the case with the most recent two leases.

Commissioner Faires advised that, because the project had been previously designed and some permits had been obtained, the process went much faster for the Jacobsen Marine lease. Much of the work was done several years ago. He suggested that this expedited process may have contributed to Mr. Collins' concerns.

Ms. Drennan referred to questions Mr. Collins raised at the last meeting during the public hearing on the preliminary 2014 Budget. First, Mr. Collins asked staff to explain the coincidence that the 2013 budgeted net income was the same as the 2014 net income before property taxes. She reviewed the numbers and verified that everything added up correctly. She noted that the numbers were not the same for the final budget because net income decreased upon receipt of the actual Washington Public Port Association (WPPA) dues number. Second, Mr. Collins was interested in knowing why the Port needs almost \$1 million in net income when previous policy was for \$400,000. He questioned if the net income could be reduced to \$500,000. She explained that the Cash Flow Model shows that the Port needed \$5,355,000 in revenues in 2014, and the 2014 budget shows only \$5,158,000 in revenues. The 2014 budget shows a \$156,000 greater bottom line than the Cash Flow Model, but the budgeted capital projects are \$134,000 greater than the cash flow model. In addition, the Cash Flow Model did not anticipate the \$477,000 for the new Harbor Square roof or \$94,000 for electrical repairs in guest moorage. She also noted that the \$400,000 policy has not existed since 2011.

Mr. McChesney invited Mr. Collins and other EYC members to meet with staff to discuss potential impacts associated with the Jacobsen Marine lease. Mr. Collins agreed that would be helpful when the time is right. Once the project is designed, he would like an opportunity to meet with staff so he can provide better information to the EYC membership about what they can expect.

Mr. McChesney reported that the derelict launcher south of the Administration Building is being dismantled by Port staff. By tomorrow, the steel will be completely removed and then the pilings will be fresh headed and cut down to be flush with the rest of the pilings. This project will make the entire corner more aesthetically pleasing. He noted that the project has been implemented by Port staff and has required a certain amount of ingenuity and determination.

Ernie Collins, Edmonds Yacht Club Liaison, announced that the club has sent a letter to the Port thanking them for their help during the Grand 14 Junior Officer Event that took place at the Port last weekend. He commended Port staff for providing great service to the participants.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Preston referred to the Commission's previous discussion with Mr. Collins and expressed his belief that disagreements and open discussions about ideas are important. Each Commissioner has his/her own viewpoint, and they need feedback from the public in order to have better outcomes for everyone down the road.

Commissioner Preston announced that he attended the recent Northwest Marine Trade Association (NMTA) Conference, which was the best event he has attended since becoming a Port Commissioner. At the event, Eric Johnson, Director of the Washington Public Port Association, was quoted as saying "if there is something about ports that Marla Kempf does not know, it is not worth knowing." He summarized that people look to Ms. Kempf as a go-to person for marina issues. The Discover Boating Program was discussed at the conference, as well. The program's goal is to get more people interested in boating, and one idea was to have events that specifically target women and children. He noted that the Edmonds Yacht Club's Holiday on the Docks event would fall into this category.

Commissioner Preston said he was particularly concerned about proposed legislation that would establish “no discharge” zones throughout all of Puget Sound. There was some discussion at the NMTA Conference about how difficult it would be to enforce the new law. It was pointed out that the findings of a recent study, indicating that there are sufficient pump out stations throughout Puget Sound, is misleading. The reality is that there is nowhere near enough pump out stations in the right locations to serve all boaters. Commissioner Orvis suggested that the EYC should become involved in this issue by sharing their concerns and thoughts with their local legislators. He commented that if enough people go to the legislators, their comments may have some impact.

Commissioner Preston congratulated Commissioners Faires, Gouge and Block for being reelected to serve another term as Port Commissioners.

Commissioner Preston reported that he has met with local business owners to discuss ideas for incorporating their businesses into Port activities. He advised that he, Mr. McChesney and perhaps one other Commissioner will visit the new Pybus Public Market in Wenatchee. He particularly enjoyed the marketing session he attended at the NMTA Conference and the ideas that were brought forward. He announced that Chip Hanauer, “The Boat Guy,” would attend a rendezvous in Poulsbo, February 7 – 9, 2014, to encourage people to use their boats all winter. He said he made the suggestion that the Port could potentially host a St. Patrick’s Day event in conjunction with the Edmonds Yacht Club. He noted that National Marine Day is in June, and Mr. Hanauer may be able to attend the Port’s event for a short time. Mr. Collins pointed out that the Edmonds Yacht Club already has a St. Patrick’s Day event that could be added to. He agreed that doing something in conjunction with the Port would be positive for both. Commissioner Preston agreed to share contact information with Mr. Collins.

Commissioner Preston commented that he liked the “points” idea that was brought forward by Mr. Schoonmaker, and he invited him to share more information and ideas about the concept with staff.

Commissioner Block reminded the Commission that a retirement event for Bob Drewel is scheduled for December 9, 2013, which is the same date as the Commission’s regular meeting. The Commissioners agreed to reschedule their meeting to December 10th at 7:00 p.m. so that interested Commissioners could attend the retirement event.

Commissioner Orvis reported that he attended the recent Washington Public Port Association (WPPA) Legislative Meeting where it was reported that while Governor Inslee has talked about a transportation package, he has not discussed a specific proposal with the house, senate, or even the Department of Transportation. At the meeting, it was discussed that the Department of Ecology (DOE) appears to be making its own rules and recently announced that it would be looking at the environmental impacts of burning coal in China. While many feel that this topic goes well beyond the DOE’s charter, they are saying they have the right to do anything they want. Some people are calling for a performance audit of the DOE because it appears they have been allocating the Model Toxic Control Act (MTCA) funds for operations rather than clean up. Commissioner Faires added that, in addition to trains, the DOE is also starting to look at the total impact of a business’s activity as opposed to just the permitting impact. Right or wrong, this will definitely change the game.

Commissioner Orvis reported that the Marine Tourism Bill that would extend the length of time a vessel can stay in State waters without incurring a hefty excise tax bill is moving forward. He also reported that it appears that large ports such as Tacoma and SeaTac are now becoming more interested in stormwater issues. At the legislative meeting he brought up the fact that they “missed the boat” six years ago and the precedent has already been set. They are particularly concerned about the non-achievable criteria. He summarized that the issues that the Port of Edmonds and other boatyards have faced for several years will become more of a concern to large ports and cities.

Commissioner Gouge said he would like the Commission and staff to begin to consider alternatives for the Bud’s Bait site once the current lease expires in 2016. He said he would like to hear ideas from the Edmonds Yacht Club and other tenants, as well. They need to start the process now so they can make the space more productive and useful for everyone. The remainder of the Commission concurred.

Commissioner Preston said he recently visited the Anthony’s site to view the trellis situation. Mr. McChesney reminded the Commission that they have three options to consider regarding the trellis that was removed to accommodate construction:

1. Leave it the way it is now, with a gap between the two portions of remaining trellis.
2. Remove the southern portion so it does not look like there is a missing piece but retain the northern portion.
3. Add some edge treatment to replace the trellis.

Mr. McChesney said staff has not engaged in any detailed discussions with Anthony's regarding the trellis, as they have been working hard to open their new space and have done a terrific job. Commissioner Block expressed her belief that removing the center trellis opened up the building. Mr. Collins reminded the Commission that permanently removing the trellis may require approval from the Edmonds Architectural Design Board.

ADJOURNMENT

The Commission meeting was adjourned at 8:25 p.m.

Respectfully submitted,

David Preston
Port Commission Secretary