



PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF REGULAR MEETING

January 13, 2014

COMMISSIONERS PRESENT

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

STAFF PRESENT

Bob McChesney, Executive Director
Marla Kempf, Deputy Director
Tina Drennan, Finance Manager
Megan Barnes,
Administrative Assistant

OTHERS PRESENT

Brad Cattle, Port Attorney

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

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$145,156.13**

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

Commissioner Gouge noted that he will abstain from voting on the approval of minutes, as he was absent from the December 30th meeting. Commissioner Gouge noted that in the December 30th minutes the City of Edmonds Shoreline Master Plan is noted as the City of Shoreline Master Plan. This item will be changed to reflect the correct title.

COMMISSIONER FAIRES MOVED THAT THE DECEMBER 30, 2013 MINUTES, WITH THE ONE CHANGE NOTED ABOVE, BE APPROVED. COMMISSIONER PRESTON SECONDED THE MOTION, AND THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one from the public expressed their desire to comment at this time.

HARBOR SQUARE CONDITION SURVEY

Mr. McChesney stated that in the fall of 2013, the Port began preparing a comprehensive Harbor Square report. The staff spent considerable time walking the grounds of Harbor Square and inspecting the buildings inside and out. Mr. McChesney stated “The Port of Edmonds purchased Harbor Square Associates interest in Buildings 1 through 5 and the Athletic Club in April 2006. Prior to the purchase, the Port hired CB Richard Ellis (CBRE) to provide a Building Condition Survey and Site Inspection. This was completed December 30, 2005. CBRE’s Building Condition Survey and Site Inspection reviewed the mechanical systems, roofing, electrical infrastructure, ADA compliance, interior lighting, parking areas – paving and surface conditions, code compliance, civil/sanitary system, and life safety. CBRE estimated that the costs for immediate and short term (3-5 years) capital expenditures would be approximately \$2.17 million. Since that time, the Port has spent approximately \$771,000 on things such as building roof overlays, repairing structural issues, HVAC replacement, upgrading light fixtures, road repairs, and window replacements.”

Brian Menard began the Harbor Square condition survey presentation in powerpoint form. He noted that the staff assessed all five buildings during this preliminary survey. He noted that the following issues were documented during this survey:

- Cracks and fractures in roofs (except building 4)
- Water infiltration on most roofs, number of small cracks in the roof membrane
- Poor HVAC condition in all buildings, outdated and obsolete
 - Rust on frames, water intrusion, mold and mildew present in units
 - Will need total replacement of 62 systems (17 acceptable units)
- Turkey pans inside buildings to catch rain water
- Rust and water damage to various parts of the buildings
- Water leaks resulting in interior damage
- Electrical wires are exposed/uncapped and improperly terminated
- Improper installation of outlets
- Some electrical panels at maximum capacity
- Hot water heater is not strapped down
- Settling/cracking on structure, sheet rock, walls
- Water infiltration in windows (improperly sealed), causing mold, mildew, cracking and failing of urethane (used to seal windows)
- Cracked pavement, buckled pavement and curbs, raised sidewalks due to tree roots
- Tile entry cracked
- Elevator pit unkempt and dirty
- Old lighting systems, becoming obsolete (not energy efficient)
- Received the old restaurant space in poor condition

Commissioner Faires asked if the acceptable HVAC units were ones which have previously been replaced. Brian Menard stated that these were units new from 2004 to the present.

Commissioner Faires asked with regards to the CBRE report if the estimated \$2.17 million in repairs is the cost estimate for everything needing to be done. Mr. McChesney stated that the survey done by Port staff did reaffirm the CBRE report, but he is unsure of how accurate the \$2.17 million number actually is. He also noted that the Building 2 roof exceeded our cost estimate, and that our priority going forward is to replace roofs, HVAC systems, and to ensure safety in all buildings.

Commissioner Faires also noted that the CBRE report (having been done in 2006) seems to be a conservative cost analysis, and Mr. McChesney agreed.

Commissioner Preston asked how there were so many code violations present in the buildings at Harbor Square. Brian Menard noted that many of these violations resulted from renovations done by different tenants throughout the life of these buildings.

Mr. McChesney wanted to note that not all of these improvements were expected to be done all at once, and that these have been budgeted out over the next five years.

Commissioner Faires asked what the estimated average cost of a single HVAC unit would be. Brian Menard noted that he would estimate around \$8,000 per unit.

Commissioner Orvis asked what the benefit from PUD will be if we decide to replace more HVAC units at one time. Brian Menard stated that PUD would provide grant money if more units (5-10) were replaced at once. This could yield savings of 20-30% of the total cost.

Mr. McChesney stated that the Port can also complete paving repairs in small sections, because we have the internal resources to do a lot of this work, but in most cases pavement repairs will be contracted out.

Mr. McChesney asked Jan Conner from Harbor Square if she had any comments to add about this survey and the condition of Harbor Square. Ms. Conner stated that at the time, codes were different than what they are today, which helps explain why there are this amount of code violations in the buildings. She also stated that although the elevator pit is not pretty, it is in fact dry, which is an improvement from previous times. She continued to note that the roofs have been the biggest problem at Harbor Square, and that everyone is very appreciative of the Port and Commission approving the new roof on Building 5.

Commissioner Faires asked what Ms. Conner thinks the expected outcome would be if all these improvements were made, and the buildings were made to look more modern. Jan stated that there is a market for this type of tenancy in these buildings, and we must understand the market we are trying to target in order to optimize tenancy. She views the most important features of the buildings are for the spaces to be clean, dry, and safe.

Commissioner Gouge asked Ms. Conner, as the person who meets face to face with prospective tenants and shows the space, what is Ms. Conner's opinion of how to keep these spaces rented. Ms. Conner answered that cosmetic issues play a large role in how tenants view the buildings, as well as the safety of the buildings (which also include leaking roofs that are visible to possible tenants), and that the space needs to be clean and tidy.

Ernie Collins noted as a citizen that the Harbor Square property fits a certain niche, and embracing this niche could be helpful in increasing tenancy. He also noted that this is a great property for the niche that it serves.

Brian Menard stated that he views the most important aspects for tenants is having a roof that does not leak, and a working heat and AC system.

Mr. McChesney noted that Jan Conner has done an excellent job maintaining tenancy and showing the property to prospective tenants, and that Brian Menard and his staff has also done an excellent job maintaining the buildings with the resources that we have. Commissioner Faires noted that he seconds this praise, and agrees that they have done an excellent job.

APPOINTMENT OF LEGAL COUNSEL

Mr. McChesney stated that “The Port of Edmonds entered into a Port Attorney Retainer Agreement with Hunter Anderson Law Firm in January 2004. Brad Cattle, of Anderson Hunter Law Firm, is the principal contact and serves as the Port Attorney. The Port Attorney has requested an extension of the basic Retainer Agreement through December 31, 2016. All other terms and conditions, the hourly rate of \$225 per hour for non-retainer work, and the base retainer amount of \$1,300.00 per month, will remain in effect, without alteration”, and that he recommends the approval of this item.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPOINT ANDERSON HUNTER LAW FIRM AS PORT COUNSEL, AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN AN AMENDMENT TO THE PORT ATTORNEY’S RETAINER AGREEMENT WHICH ALLOWS FOR A THREE YEAR EXTENSION THROUGH DECEMBER 31, 2016, WITH ALL OTHER TERMS AND CONDITIONS TO REMAIN IN EFFECT. COMMISSIONER PRESTON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Commissioner Faires thanked Mr. Cattle for his level of professionalism and expertise in working with the Port throughout the years. Commissioner Orvis agreed, and noted that the Port has been well-served by Mr. Cattle and Anderson Hunter Law. Commissioner Gouge also noted that the Port has been very well supported by Anderson Hunter and Mr. Cattle. Mr. Cattle thanked the commission for this, and their feedback.

2014 COMMITTEE ASSIGNMENTS

Commissioner Orvis noted that he sent everyone an email with his recommendations for the committee assignments. His suggestion can be found on the 2014 Commission Committee Assignments spreadsheet. He noted that he did not change very much, as he feels people are doing very well in the roles they are in, and have been in. The changes he recommended making were eliminating the Harbor Square Steering Committee, and essentially combine this with the other Harbor Square committee.

Commissioner Orvis stated that having been to very many meetings at other organizations, he has found that the Port is well informed and are doing a wonderful job for the taxpayers, and that he is honored and privileged to be associated with the Port Commission.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION APPROVE THE 2014 COMMISSION COMMITTEE ASSIGNMENTS AS STATED ON THE SPREADSHEET, WITH THE EXCEPTION OF ADDING COMMISSIONER PRESTON TO THE SEA SCOUT COMMITTEE FOR 2014. COMMISSIONER FAIRES SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

COMMUTER PARKING

Mr. McChesney stated that “At the March 26, 2012 Commission Meeting, staff proposed a pilot program that would offer monthly commuter parking to Sound Transit customers. With the recognition of the Sound transit parking lot having been completed in 2011, the demand for parking spaces for train commuters was greater than the supply. The Commission approved a rate for monthly parking and staff began actively advertising the available space. Due to higher demand for parking at the Edmonds Station, Sound Transit completed construction of an additional parking lot, in 2013, solely for the use of their customers. Currently, with the reconfiguration of the parking lot near the Edmonds train station, monthly commuters that take the ferry have been left with fewer options for parking in Edmonds. In June of 2013, we started leasing our monthly commuter spaces to ferry commuters. Today, we have four of the six spaces rented on a monthly basis. The current rate for these spaces is \$125.00 plus leasehold tax per month. Customers that are currently renting the parking spaces are very happy with the service. It is convenient to the ferry, and there is ample light and security. We are hoping to have the remaining two spaces rented by the middle of 2014.”

Commissioner Faires asked that if we fill all six spaces, and if there is still demand, how many spaces would the Port be able to expand to.

Mr. McChesney stated that when Sound Transit had the space, there were around 100 stalls. He is unsure if we would want to expand to this capacity, as we need to keep in mind that we will soon have the Jacobsen’s building. The Port also needs to be concerned about parking for Edmonds Yacht Club and we will be working with Edmonds Yacht Club to make sure remaining parking capacity is sufficient. He suggests we expand to 12-15 spaces and then to see where we are at that point.

ACCIDENTS, INJURIES, & DAMAGE CLAIMS

Mr. McChesney stated that the Port and commission are very concerned with safety, and we continue to track this at the Port. We are working to keep damage claims down, and we do this by working with Port staff to keep injuries and accidents to a minimum.

EXECUTIVE DIRECTOR’S REPORT

Mr. McChesney stated that Jacobsen’s will go to the Design review board next Wednesday January 15th, and Mr. McChesney will also attend. He noted that the process was moving along very well, and he does not foresee any problems that could hurt this process.

Mr. McChesney also noted that he has been working on issues concerning the Shoreline Master Program, and will be meeting with the Department of Ecology next week to discuss the expansion of the Shoreline buffers at the marsh.

Mr. McChesney also noted a reminder for the Strategic Plan Retreat tomorrow, January 14th, to discuss the strategic plan, webpage, financial review, and master plans of both HS and POE, designed to be an interactive and open forum.

Ms. Kempf stated that the boat show is coming up. We have good coverage from staff for all shifts. Because of this, the commissioners are welcome to come any time they wanted to. January 24th includes an uncorked wine tasting, and January 31st includes a sails and ales event. Susan will provide a ticket to anyone who is working the booth. At the booth, we will be promoting tenant rewards, and the tenant workshop on February 26th. The Yacht Club will help sponsor this workshop, and it will be held at the Yacht Club clubhouse. We are expecting a lot of people at this event, as we had many attend last year. Ernie Collins stated that the Yacht Club is promoting this at the club's general meeting.

COMMISSION COMMENTS & COMMITTEE REPORTS

Commissioner Block: Continuing to work with the Arts and Culture Committee, especially working towards the artist awards for this year. The plan has gone to the planning board once, will go again, and then will be voted on at the City Council meeting.

Commissioner Preston: nothing to report besides looking into an app for the boat show to allow people to sign up for information/newsletter/emails.

Commissioner Faires: Nothing to report but would like to make one note. In the past, during the election process, there was a guideline in place to allow for rotation of the officers of the Commission. This was in place to allow for different people to represent the Port, and not to have a single face as the representation of the Port. He noted that he would like to get back to this process.

Commissioner Gouge: Noted he was approached by citizens wanting to know about the Fine Arts Center of Edmonds. He got them together with Frances Chapin to discuss things. He also mentioned that he testified at the City Council meeting last Tuesday night. He identified himself as a Port Commissioner. He mentioned they were discussing a notion to not allow businesses to be located downtown, and that this would negatively affect his business.

ADJOURNMENT

The Commission meeting was adjourned at 8:17 p.m.

Respectfully submitted

David Preston
Port Commission Secretary