



## PORT COMMISSION OF THE PORT OF EDMONDS

### MINUTES OF REGULAR MEETING

October 27, 2014

#### COMMISSIONERS PRESENT

Jim Orvis, President  
David Preston, Vice President  
Bruce Faires, Secretary  
Mary Lou Block  
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 7:06 p.m.

#### PLEDGE OF ALLEGIANCE

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

#### CONSENT AGENDA

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF OCTOBER 13, 2014 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$350,618.23**
- D. AUTHORIZATION TO APPROVE EDMONDS YACHT CLUB TO CONDUCT HOLIDAY ON THE DOCKS IN GUEST MOORAGE, NOVEMBER 29, 2014 THROUGH JANUARY 4, 2015**

**COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

#### PUBLIC COMMENTS

**Jack Bevan, Edmonds,** informed the Commission that Bob Scott, who used to attend Port Commission meetings, passed away on October 27<sup>th</sup>.

**Ernie Collins, Edmonds Yacht Club Liaison,** said he had a chance to review the preliminary 2015 budget and did not see anything that raised a concern for him.

#### SPECIAL PRESENTATION – SALISH CROSSING PROJECT

Mr. McChesney introduced Nick Echelbarger, who was present to discuss his development plans for Salish Crossing (Antique Mall Site). He reported that Mr. Echelbarger presented his plans previously to the Edmonds Economic Development Commission.

**Nick Echelbarger** said he grew up in Woodway and passed by the Salish Crossing property nearly every day. His parents, grandparents and great grandparents grew up in the area, as well. He shared a brief history of how he came to purchase the property and said Edmonds has always been something special and set apart from other places in many great ways. Real estate is location driven, and he saw a lot of good things happening on the subject property - heavily used beach park, world class marina, and a Sound Transit train that can quickly transport commuters to downtown Seattle. These are all important aspects of the downtown waterfront area, and his goal was to create a project that supports these key features. Mr. Echelbarger provided a brief summary of the proposed project, specifically highlighting the following:

- The original entry arch from the Old Edmonds High School will be placed in the southeast corner of the parking area. This portico has been in storage for a number of years and would provide both a visual and aesthetical focal point at the corner of Sunset Avenue and Dayton Street.
- A 10,000 square foot Cascadia Art Museum would be housed in the northern portion of the former Safeway space, and will feature state-of-the-art climate control that will allow it to host nearly all exhibits, including those that are sensitive to the environment. The museum will feature artwork from prominent artists from the 1880's through 1960's. Modular partitions will allow for multiple layouts and creative exhibit opportunities. The museum facility will also include space for lectures, education and enrichment, with a particular focus on accommodating school groups.
- The southern portion of the building will be a multi-tenant retail market housing a craft distillery (Scratch Distillery), a signature restaurant, an artisan beer tasting room (Brigid's Bottleshop), and perhaps a coffee or sandwich shop. Rather than partitioning off the spaces, the goal is to have less differentiation between tenant spaces. The retail business will also have access off of a new southern-facing landscaped terrace that is intended for outdoor dining and will feature seating areas and fire pits.
- The project will enhance public spaces and provide better connections throughout the site. New light fixtures and upgraded landscaping have already been installed, along with a decorative concrete retaining wall on the front of the building to address the elevation change. New sidewalks were constructed on site to help make connections throughout the project. The goal is to improve the appearance of the site to attract tenants, customers, and walkers.
- The project is intended to support the concept of transit-oriented development. The multi-million dollar investment by Sound Transit is an incredible community asset, and the goal is to increase ridership to support this opportunity. Approximately 100 spaces have been provided at Salish Crossing to serve transit riders.
- A building on the southern portion of the site was demolished. This building was constructed about 20 years after the Safeway Building, and it was not feasible to save it. The building will be replaced by the landscaped terrace that was mentioned earlier. Glass storefronts will face the terrace, and there will be direct access to the tenant spaces.
- They were overjoyed to discover that the Safeway building was constructed with high building standards. The original arched-beamed ceiling is in great shape and will remain a key design feature in the redeveloped space.

Mr. Echelbarger explained that there is a significant market and appreciation for Northwest Art from the 1880's through 1960s, and the proposed state-of-the-art humidity and climate control system will be one of just a few available in the region. The plan is to capitalize on the new trend in museum going by helping patrons integrate more frequent, but shorter duration, visits into their days. This pattern will fit well in Edmonds, as people living in the region will be able to visit more frequently throughout the year. The intent is to keep the operating expenses low, get people excited about the museum, and continue to raise funds for a bespoke building.

Mr. McChesney asked if the museum would be admission based. Mr. Echelbarger answered that there would be an admission fee. However, it is important to keep in mind that people will not generally pay more to visit a museum than the typical price of a movie ticket. There will also be membership options for people who want to visit the

museum more often. He foresees incredible demand for the museum and opportunities for student field trips. They plan to engage with other nonprofit groups to make sure children are able to visit.

Commissioner Gouge asked if the museum would also feature working artists. Mr. Echelbarger agreed that is a possibility. The Edmonds community does a pretty good job of supporting working artists and giving gallery space to current artists, and he believes there will be opportunities for the museum to engage with current artists in Edmonds, but they need to proceed carefully to protect the fundamental purpose of the museum.

Mr. Echelbarger reported that they are currently searching for an Executive Director for the Museum, and a fabulous Board of Directors is being formed. The target goal is to dedicate 15% to 20% of the gallery space to modern art from the area, and 25% to old favorites of the 1880's and 1960's. The balance of the space will be dedicated to traveling shows of three to six months in duration.

Mr. McChesney inquired about the timing of the project. Mr. Echelbarger advised that tenant improvements will start in just a few weeks. The climate control system for the museum is currently being installed, and the floor plan is under design. They are hoping to open the new facility in the spring of 2015.

Commissioner Faires asked what Mr. Echelbarger is planning for the smaller retail spaces located to the north of the old Safeway building. Mr. Echelbarger said most of the tenants in these spaces have been there for a long time. The intent is to eventually remodel the entire site into a Class A Center. He invited the current tenants to visit University Village as an example of what he intends for the Salish Crossing Project. They will be encouraging a new, higher standard, but no significant envelope changes at that end of the project. These spaces are functional retail sizes, but tenants will be asked to spruce up their areas if they want to stay.

**Eric Livingston, Edmonds**, asked if Mr. Echelbarger has any plans for the museum to host juried exhibitions and/or shows. Mr. Echelbarger said that type of event is not being considered at this time. The Edmonds Arts Foundation offers this opportunity, and the goal is to enhance the City's current programs. He agreed it is a possible option to explore in the future.

Commissioner Block commented that the Salish Crossing Project is the most exciting project she has seen in Edmonds for many years. She looks forward to watching it come to fruition.

Commissioner Faires commented that this is a private enterprise with a developer bringing in something of quality to Edmonds. It belies many of the perceptions that Edmonds seems to have a resistance to quality development. Mr. Echelbarger said this is a different project for him, and he is working hard to get it right.

**Council Member Bloom** said the project is extremely exciting, and she is particularly pleased that it will be a green development that utilizes an existing building. Months ago, the project was identified in My Edmonds News as a "diamond in the rough." This is an exciting redevelopment of existing property into something that will be of value to the community. Mr. Echelbarger said there is a fine line when determining what can be repurposed and what doesn't work anymore, and they were fortunate to find a way to make the existing building work.

Mr. Echelbarger advised that the Harbor Square property, located across the street from the Salish Crossing Project, is also an exciting part of the downtown waterfront. The two properties offer some exciting district opportunities. There has been fervent disagreement about how these opportunities should be expressed in the built environment, and he hopes the Salish Crossing Project shows people that Edmonds has a waterfront that can be celebrated and enhanced. It is not currently serving the needs of the Edmonds community. They need to agree that the Harbor Square property is also a diamond on the waterfront that needs to be burnished.

### **WORKSHOP – 2015 PRELIMINARY BUDGET**

Ms. Drennan reviewed that the 2015 Preliminary Budget was first presented to the Commission on October 13<sup>th</sup>, and this is the second workshop discussion. The budget will be presented to the Commission on November 10<sup>th</sup>, at which time staff will request final approval. She reviewed the few changes that were made to the budget based on feedback from the October 13<sup>th</sup> meeting as follows:

- Staff reviewed the budgeted insurance expenses and reduced the total amount by \$40,000.
- The word “restricted” was added in brackets after all restricted reserve funds.

Commissioner Preston noted there was no mention in the budget about security cameras. He recalled a discussion at the last Washington Public Port Association (WPPA) meeting he attended about the need for more security cameras and technology. Mr. McChesney said the proposed budget does not anticipate the purchase of security cameras, but the option could be discussed next year for possible inclusion in the 2016 budget. He recalled that many ports availed themselves to grant funding that was available for security equipment after September 11, 2001. However, because the Port is not considered a load center or industrial port, they chose not to participate in this funding avenue. Security cameras have not been of paramount concern at the Port of Edmonds, but there have been some incidents of theft that might lead them to reconsider. However, they have not discussed costs, what the equipment would be, and how it would be controlled. He requested that the Commission allow staff an opportunity to take the concept under further advisement.

Commissioner Orvis commented that contrary to a recent article in the paper, there has not been a rise in the burglary rate at the Port, and the Port does not really have a significant problem. The current security program works well. Mr. McChesney agreed and commented that the Port does not really want to go into lockdown mode. The facility is intended to provide public access. While the Port provides security, it would not be advisable for it to be responsible to protect against theft or loss of personal property. It will require a balancing act to determine what is appropriate for the Port’s facility.

Commissioner Faires suggested staff contact Jacobsen’s Marine to see if they have installed outdoor security cameras. If so, perhaps they could or would include the workyard area.

The Commissioners agreed that the questions and concerns they raised at the October 13<sup>th</sup> meeting were addressed in the updated draft budget. Mr. McChesney summarized that the budget is a good reflection of the Port’s operations, and Ms. Drennan has done an excellent job preparing it, relying on the Cash Flow Model and participation by the Finance Committee. It is now open for discussion, comments and further review.

Commissioner Faires observed that, in recent years, revenues have continually increased and expenses have continually decreased. This is a reflection of staff’s effort to reduce costs and improve revenue sources.

**PUBLIC HEARING – 2015 PRELIMINARY BUDGET**

Mr. McChesney reviewed that the Port’s typical protocol for public hearings is for the public to provide comment on the draft budget without engaging in a discussion with the Commission. It would be advisable for the Commissioners to wait until after the public hearing to engage the thoughts and ideas that come out as a result of the public hearing.

No one in the audience expressed a desire to comment on the 2015 Preliminary Budget, and the public hearing was closed.

Ms. Drennan explained that staff would incorporate any comments and changes identified by the Commission and come back with a final budget document on November 10<sup>th</sup>. At that time, staff will recommend the Commission approve the 2015 budget via resolution. Additional resolutions will also be presented relative to property taxes.

Commissioner Orvis commented that, over the years, Jack Bevan has spent a tremendous amount of time reviewing the Port’s budgets and providing constructive comments. His comments have driven a lot of the changes that were made over the past several years. He thanked him for his efforts.

**HARBOR SQUARE 3<sup>RD</sup> QUARTER REPORT**

**Jan Conner, Northwest Country Management**, referred to the July through September 2014 revenues, which were attached to the Staff Report and noted that there were a number of late fees assessed and only moderate activity on showing space. One tenant who had been back multiple times failed to obtain a grant, which all worked out for

the best. The gentleman who expressed interest in the restaurant space continues to show interest, but nothing of consequence has occurred to date.

Ms. Conner said there were a few lease extensions during third quarter. A new tenant moved in on the second floor of Building 1, and a final walk through on the punch list items is scheduled for October 28<sup>th</sup>. The tenant seems happy with the environment. A new tenant also moved in to space in Building 1 on October 26<sup>th</sup>. A few leases expired during the quarter, with two tenants retiring. There was limited meeting room rentals, and the use continues to decline. Lastly, she said the Building 1 roof overlay and HVAC replacement project were completed.

Commissioner Faires commented that it is good to see that occupancy has gone from about 72% to 75% compared to third quarter 2013.

Commissioner Gouge recalled that the Port has tried unsuccessfully to lease the vacant restaurant space for more than a year. He questioned if the Port should consider converting this space to office use. Ms. Conner answered that it will take time and money to take the space down to the studs, and at least some clean up of the space is warranted. Mr. McChesney pointed out that the 2013 Harbor Square Site Survey budget includes gutting the restaurant space, but the project has not been started. Ultimately, that is likely to happen. At the very least, the Port should consider removing the antiquated restaurant equipment. Perhaps it could be taken down as far as the studs and the Commission and staff could discuss the best way to market the space.

Ms. Conner said she is excited about the Salish Crossing Project, which is located across the street from Harbor Square. She expressed her belief that the project will be a benefit to Harbor Square. Several tenants have indicated a desire for a coffee house or sandwich shop close by. Commissioner Block commented that, given Mr. Echelbarger's plans for Salish Crossing, it would seem that an eating establishment at Harbor Square could be a real asset. It would be wonderful for museum visitors to have additional food options.

Commissioner Preston inquired if it would be possible to do a cigar bar or club where people who are members are allowed to smoke in the facility. He said he has heard people express a desire for this type of business establishment.

**Jack Bevan, Edmonds**, asked how the current occupancy compares to the same time period in 2013. Ms. Conner answered that occupancy at the end of 3<sup>rd</sup> Quarter 2013 was at 72.56%, and occupancy at the end of 3<sup>rd</sup> Quarter 2014 was 75.6%. Revenue was also up slightly.

### **MARINA 3<sup>RD</sup> QUARTER REPORT**

Ms. Kempf announced that activity at marina operations was good during the 3<sup>rd</sup> quarter of 2014. Even though the summary reports shows that round-trip launches were down by 7%, the one-way launches were up quite a bit this year. She noted there were 1,505 round-trip launches in 2010, compared to 2,292 round-trip launches in 2014. This is a 51% increase over a five year period. The trend has been a steady increase. Strong Chinook and Coho runs, as well as the launch rewards program, were contributing factors this year.

Ms. Kempf reported that guest moorage did well in the 3<sup>rd</sup> quarter. The number of boats that visited the Port was up, but the number of nights was slightly down. She further reported that the fuel dock revenue was up slightly, but boatyard business continues to decline. The most probable cause for the decrease in workyard revenue is related to regulations and service costs. There is also an overall reduced demand for do-it-yourself work yards, as most people now prefer an all inclusive package where the work is included.

Ms. Kempf announced that the draft boatyard permit will be released by the Department of Ecology in the spring or summer of 2015, and it will likely be more restrictive. She observed that in the 10 years since she has been at the Port, 45 boatyards have closed their doors in Washington State.

Ms. Kempf reported that financial occupancy in water moorage was at 97% compared to a budgeted occupancy of 95%. Dry storage financial occupancy was down slightly from what was budgeted. Terminations increased slightly during the 3<sup>rd</sup> quarter. The current number represents the total number of slips that were turned in and not necessarily the total number of slips that were emptied during the 3<sup>rd</sup> quarter. Many people terminated moorage

because of the season, but the termination does not become effective until sometime in the 4<sup>th</sup> quarter. The waitlist also declined from 78 to 60 people. The boat show promotion resulted in a total of 49 sign ups, and 28 remained at the end of the 3<sup>rd</sup> quarter.

Commissioner Faires observed that terminations have continued to increase and the number of people on the waiting list has continued to decrease. While this is not a drastic concern, it may cause the Port to “turn the flame up” on its efforts to promote the marina on a regional basis. This may include additional promotions, etc. Commissioner Orvis said he recently heard a comment from a lady who said she would like to moor her boat in Edmonds, but the wait list is too long. He noted that most marinas no longer have waiting lists.

Commissioner Gouge recalled a suggestion made at an earlier meeting by Commissioner Preston that the Port should consider offering a discount to customers who pay for an entire year of moorage in one payment at the beginning of the year. Perhaps the 12<sup>th</sup> month could be free. Mr. McChesney agreed to take this suggestion under advisement and report back to the Commission. He commented that Ms. Kempf has done an excellent job with promotions over the last several years, and the results are apparent. Staff continually discusses ideas for effective promotions.

Commissioner Faires observed that the numbers illustrate a continued increase in the number of launches. He asked if this includes the launches that are offered free as part of the promotion. Ms. Kempf answered that 110 promotion cards were redeemed during the 3<sup>rd</sup> quarter.

### **3<sup>RD</sup> QUARTER FINANCIAL STATEMENTS**

Ms. Drennan reviewed the 3<sup>rd</sup> Quarter 2014 Financial Statements, specifically noting the following:

- Gross profit for the 9-month period ending September 30, 2014 was \$4,996,126, which is \$69,426 or 1.5% greater than budget. Net income for the same period was \$1,093,815.
- Net fuel sales were approximately 11% greater than budget, and launcher revenue was approximately 27% greater than budget.
- Miscellaneous revenue was about 25% greater than budget. This includes reimbursement the Port receives from the City for the stormwater usage and Waterfront Festival costs.
- Net guest moorage revenue was down by just over 4%, permanent moorage revenue was up by approximately 2%, and dry storage revenue was down by almost 1%.
- Parking revenue was up by more than 63%.
- Travelift revenue was down by more than 11%, and workyard revenue was also down by more than 23%.
- Harbor Square revenue was up by more than 2%, but Anthony’s revenue was down by more than 17%. This decrease was related to a timing issue. The percentage rent came in the 1<sup>st</sup> week of October as opposed to the last week of September. Percentage rent received was approximately \$49,000.
- Operating expenses without depreciation for the 9-month period were \$2,616,430, which is \$108,945 or 4% less than budget. Primary variances include employee benefits. When she budgeted for employee benefits, it was based on the actual number of employees and their individual census data. Employee benefits vary as the employee data changes.
- Marketing expenses were 59% below budget because the \$20,000 budgeted for the website design was moved to the Capital Budget.
- Professional fees were approximately 10% greater than budget, and salaries and wages were approximately 4.5% less than budget.
- Supplies were nearly 15% less than budget, and utility costs were approximately 12% greater than budget.
- Net income for the 9-month period ending September 30, 2014 was \$1,093,815, which was \$229,740 or 27% greater than budget.
- Marina revenues were approximately 2% greater than budget, and operating expenses before depreciation were about 5% less than budget. Net income was approximately 46% greater than budget.
- Rental property revenues and expenses were very close to budget, and net income was about 5% greater than budget.

Ms. Drennan referred to the Investment Summary on Page 11 of the Report. She explained that in December 2013, the Port purchased three investments for a total of approximately \$1.5 million. As of March 2014, the Port's bond reserve certificate of deposit matured and was invested, and an additional \$750,000 was invested last week to continue the ladder. Staff currently believes the Port will have funds available to make an additional principal payment on the Harbor Square loan, but she has not identified a specific amount yet.

Commissioner Faires commented that the report is extremely boring, which is a very good thing. Commissioner Preston said he appreciates the way the report was laid out so it is easy to see a quick snap shot of the numbers and variances.

### **EXECUTIVE DIRECTOR'S REPORT**

Mr. McChesney reported on his attendance at a recent Edmonds City Council Meeting, where the Shoreline Master Program (SMP) was the topic of discussion. City staff presented two options for the Council's consideration. Option 1 would significantly increase the buffer and/or setback as discussed by the Council. Option 2 would establish a buffer and setback for the marsh at 50 feet, as recommend and supported by City staff, the Planning Board, and the Department of Ecology (DOE). Both the City staff and the DOE have consistently stated that the current 25-foot buffer would meet the "no net loss" criteria required by the Shoreline Management Act (SMA), and there is really no science to support expanding the buffer and/or setback to 150 feet. The Port's Harbor Square Master Plan was presented to the Planning Board simultaneously with the SMP. In an effort to make the two documents consistent, the Planning Board recommended a condition that the buffer be increased from 25 feet to 50 feet, and the Port agreed with the provision that the Harbor Square Master Plan be approved accordingly. Although the Harbor Square Master Plan was never approved, the City staff and the DOE have clung to the 50-foot buffer as opposed to the existing 25-foot buffer.

Commissioner Orvis cautioned that, as the Commission and staff proceed with discussions regarding the SMP, it is important to have a clear understanding of the definitions for "buffer" and "setback." Mr. McChesney explained that a setback is more restrictive than a buffer. No additional development of any kind is allowed to occur within a setback area.

Commissioner Orvis reviewed that, for several months, the Council has been discussing a potential 150-foot setback/buffer, but they backed away from this proposal somewhat at their last meeting. Instead of proposing a 100-foot setback and a 50-foot vegetation buffer, the Council decided upon a 100-foot setback, with the 50-foot buffer included within the setback area. However, this change does not fundamentally alter the Port's point of view in terms of preserving valuation for future opportunities for redevelopment. They certainly need to address these concerns and be prepared to respond in an appropriate and timely way.

Mr. McChesney said a point that needs to be made again is that even with the recommendation of the DOE and the City's own staff, the City Council has taken it upon themselves to establish setbacks that go beyond the recommendations of the Planning Board, City staff and DOE, and their reasoning is unclear. It is not justified by science and it goes beyond what the regulations require. It definitely asks for a response from the property owner (the Port), and how the Port responds is something that needs to be deliberated further with counsel. Commissioner Block commented that whatever they come up with, it needs to be understood that the buffers would be within the defined setback area.

Mr. McChesney reported on his attendance at the Snohomish County Tourism Bureau's Board meeting. He also reported that he and Ms. Kempf met with the Port's Sea Jazz partners, who will provide a brief report at the November 10<sup>th</sup> Commission meeting. He reminded the Commission that they already authorized a \$1,000 stipend to the Edmonds School District in recognition of the successful 2014 Sea Jazz events.

Mr. McChesney announced that he would attend a pre-application meeting with City staff to present the Port's plans for a new restroom/shower facility. He noted that a Shoreline Permit will be required. He also announced that the Washington Public Port Association's (WPPA) annual meeting is scheduled for December 10<sup>th</sup> through 12<sup>th</sup> in Bellevue.

Ms. Kempf reminded the Commissioners that they are invited to attend Jacobsen's Marine's open house from 2:00 to 4:00 p.m. on November 1<sup>st</sup>. She also said the Commissioners should have received an email from Megan Barnes, inviting them to sign up to receive the Port's E-Newsletter, which will replace the newsletter that is currently mailed out with the monthly invoices. As of January 1<sup>st</sup>, the newsletter will no longer be mailed to tenants. This is an opportunity for the Port to be a good environmental steward, and it will result in a cost savings, as well. She commended Ms. Barnes for doing a great job preparing the first E-Newsletter. Commissioner Faires asked if the Port would still send out the newsletter to tenants who do not sign up for the E-Newsletter. Ms. Kempf answered no, but copies would be available on the promenade and in the Port offices. Commissioner Block asked that the Commissioners receive a hard copy of the newsletter in their packets.

### **COMMISSION COMMENTS AND COMMITTEE REPORTS**

Commissioner Gouge announced that he and Commissioner Orvis attended an event to celebrate the opening of the Edmonds Community College Veteran's Resource Center. He advised that Edmonds Community College Foundation has embarked on a \$1 million Boots to Books and Beyond Campaign to support veterans. They now have a great place for returning veterans to obtain support and help as they return to school.

Commissioner Gouge reported on his attendance at an Economic Alliance of Snohomish County event for elected officials. It was interesting to talk with people who are currently running for office, and Troy McClelland, CEO of the Alliance, made a great presentation. He said the event offers a good opportunity for elected officials to get together each year.

Commissioner Gouge said he is both disappointed and disgusted with the Edmonds City Council's total disregard for public property that is owned by citizens. Their actions related to the Shoreline Master Program (SMP) show they have no concern for property rights, and it should be considered a taking of property.

Commissioner Block said she is excited about the Salish Crossing Project, which has real potential and should be highly appreciated by the residents and the business community.

Commissioner Preston commented that the Edmonds City Council's decision regarding the SMP represents a 300% increase to the existing setback requirement and should be considered a "land grab." He said he spoke with one City Council Member who actually thought the SMP would allow the Port to do whatever it wants within the existing building footprint. Mr. McChesney said that is only partially correct. The technical elements are easy to confuse; but ultimately, by expanding the setback to 100 feet, a portion of one of the Harbor Square Buildings will become non-conforming. The City's Development Code provides direction as to what can and cannot be done with non-conforming buildings. While the Port would not likely be allowed to modify the existing structure, some remodeling could occur on the inside. From a valuation and future development standpoint, the Port is very concerned about anything that would turn even a portion of the property into a nonconforming use.

Commissioner Preston reported that the Dean of the College of Environment at the University of Washington led a welcoming debate on environmental issues at the WPPA Environmental Conference in Walla Walla. She commented that they are good at predicting the weather out for the next several days and to 2080, but they are not very good at predicting what the weather will be over the next three to five years. At the conference, the Ports of Tacoma, Everett and Olympia provided cleanup reports, and particularly discussed how saltwater estuaries played a major part in their refurbishment.

Commissioner Preston recalled that the Port's Harbor Square Master Plan was not well received by the Edmonds City Council, but they have offered support for the Salish Crossing Project that is of a smaller scale. He suggested that perhaps the Port could propose something for Harbor Square that is somewhere in between the two proposals.

Commissioner Preston reported that he recently attended the WPPA Small Port Seminar.

Commissioner Faires commented that the Port's Harbor Square Master Plan is based on a 50-foot setback from the Edmonds Marsh. In light of the City Council's recent decision regarding the SMP, the master plan is no longer implementable in its present form.



Commissioner Faires advised of his plan to attend the WPPA's annual meeting on December 10<sup>th</sup> through 12<sup>th</sup> in Bellevue, Washington.

Commissioner Orvis clarified that the Port's Harbor Square Master Plan did not identify a specific project. However, it did provide examples of the type of development that could occur, and a 100-foot setback would have been quite feasible in the lawn area outside the residential units. However, by rejecting the Port's proposal and rewriting the master plan for Harbor Square, the City Council eliminated this opportunity.

Commissioner Orvis reported on his attendance at the Economic Alliance of Snohomish County Board Meeting where it was reported that Snohomish County is doing well. The big need this year is a transportation package, and at least some legislators are starting to talk in terms of corridor improvements. He said he had a discussion with Bob Drewel, who agreed that one of the biggest problems with the Puget Sound Regional Council is that too many of its members are local officials who each champion their own projects instead of looking at the overall value to the region. This resulted in a cut up transportation package that was not a coherent plan and not a good use of resources.

Commissioner Orvis said interesting statistics were shared at the meeting from the Washington Round Table, Washington State ranked 30<sup>th</sup> in the nation in private sector job creation, but Snohomish County was ranked as the 2<sup>nd</sup> highest amongst counties. Washington State was ranked 36<sup>th</sup> for road conditions, 38<sup>th</sup> for commute time, and 41<sup>st</sup> for bridges. The state ranked 5<sup>th</sup> in the nation for patent grants, 6<sup>th</sup> in student achievement in math, and 18<sup>th</sup> in student achievement in science. However, the state ranked 32<sup>nd</sup> in the nation for high school graduation and 38<sup>th</sup> in people with bachelor degrees. Electric rates ranked 1<sup>st</sup>, unemployment insurance taxes ranked 44<sup>th</sup>, and workers' compensation taxes ranked 50<sup>th</sup>. The State has opportunities for employment in agriculture, aerospace, computers and biotech, but they have a very narrow economic base in the state and they do not create the talent needed to support the industries they have.

Commissioner Gouge mentioned that Bob Scott was a long-time meeting attendee of the Port and lived in his neighborhood. He and Mr. Bevan were considered the Port curmudgeons when it came to scrutinizing the Port's financial statements and budgets. They also oversaw his campaign to be elected as Port Commissioner. He offered his condolences to Mr. Scott's family.

### EXECUTIVE SESSION

Commissioner Orvis recessed the regular meeting to an executive session, which would conclude by 9:20 p.m. The purpose of the Executive Session was to discuss with legal counsel litigation matters under the authority of RCW.42.30.110(1)(i), as public knowledge would disadvantage the Port's negotiation or options. He announced that at the conclusion of the executive session, the Commission would return to the regular meeting and subsequently adjourn. There would be no related announcements or actions taken.

The executive session was adjourned back to the regular meeting at 9:20 p.m.

### ADJOURNMENT

The regular Commission meeting was adjourned at 9:20 p.m.

Respectfully submitted,



Bruce Faires  
Port Commission Secretary