



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

November 10, 2014

COMMISSIONERS PRESENT

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

STAFF PRESENT

Bob McChesney, Executive Director
Tina Drennan, Finance Manager

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

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

PLEDGE OF ALLEGIANCE

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

CONSENT AGENDA

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF OCTOBER 27, 2014 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$220,007.17**
- D. AUTHORIZATION FOR OVERNIGHT LODGING DURING THE WPPA ANNUAL MEETING IN BELLEVUE**

COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

Jim Blossey, Commander, Veteran's of Foreign Wars (VFW) Post 8870, announced that November 11th is Veteran's Day, and for the first time in the history of the City, Edmonds has an embryonic Veteran's Plaza located at the corner of 5th Avenue and Bell Street. He recalled that the World War I Armistice was signed at the 11th hour of the 11th day of the 11th month. To commemorate this event, the VFW will convene a short ceremony at 11:00 a.m. Along with several dignitaries and a band, Michael Reagan, who has devoted his entire life to paying tribute to service people who lost their lives in the service of their country, will speak. He personally invited the public, and particularly the Commissioners, to attend the event.

SEA JAZZ

Mr. McChesney reviewed that Sea Jazz completed its 3rd season at the Port's public plaza. The Port took over the role of primary sponsor, providing the venue and promotional materials. It received assistance and co-sponsorship from the Edmonds Daybreakers Rotary, the Jazz Connection, Seattle Teen Music and the Edmonds School District Music Department to schedule and produce each performance. Anthony's Homeport Restaurant hosted a table for

the performers in the Beach Café following each performance. He reported that he met with Jon Scherrer from Seattle Teen Music, Scott Barnes from the Edmonds School District, and Ron Keimer from the Edmonds Rotary Daybreakers to put together the 2014 program. The 2014 events were successful, and numerous students were given an opportunity to participate throughout the summer.

Scott Barnes, Director of the Edmonds School District's Music Department, thanked the Port for partnering with the school district and Seattle Teen Music to present the Sea Jazz events. The value of having live music and a connection between the students and the community is unique. The student performers do a great job, and people seem to enjoy the music. The program highlights the Port and student musicians and gives the students an opportunity to perform in lower-risk situations.

Jon Scherrer, Seattle Teen Music, advised that over the past three years, more than 200 students have had an opportunity to perform at the Port of Edmonds. He pointed out that not only does the program allow the students to practice their music, it also serves to create good future project managers, since each of the student groups are required to plan and execute their events. He thanked the Port for their support. Not only does the program benefit the students and their parents, it also benefits the community. He also expressed his belief that the program had a significant impact on Anthony's decision to lease the old Edmonds Yacht Club space. When the students are playing, they open their doors to create a special atmosphere.

On behalf of the Port staff, Mr. McChesney said it has been a pleasure working with Mr. Barnes and Mr. Scherrer, and all of the students. He noted that the Port pledged a \$1,000 stipend to the Edmonds School District Music Department in recognition of this successful program.

WEBSITE REDESIGN AND DEVELOPMENT SERVICES CONTRACT

Mr. McChesney reviewed that the Commission held a retreat last January to discuss the Port's website and plans for redesign. A Request for Proposals was published on March 20th, and the deadline for submittals was April 9th. Out of Website! was selected and development began in late June. The project was completed below the allocated \$20,000 budget, and the final sites (portofedmonds.org and harborsquareleasing.com) went live on September 9th.

Mr. McChesney advised that, since implementation, staff has been posting timely notices and informational items with the content management system, which is being used by three employees presently. One of the goals of the project was the ability to update the website's content in house.

Mr. McChesney reported that site visit statistics have been collected and are available in report form so the Port can get a better idea of how visitors use the webpage. Between September 9th and October 20th there were 4,270 users, and 56% were new visitors. Visitors stayed an average of 2.5 minutes per visit, and 45% of the visits came from mobile devices. The five most popular pages were the home page, weather center, webcam, moorage and rates.

Mr. McChesney advised that the webcam is presently implemented at the fastest upload speed available by the hardware, refreshing automatically every 30 seconds. Research for a new webcam that is appropriate to the network is ongoing and will be added to the site at a future date. The developer did not program for the webcam, as originally planned, and code implementation for a future webcam will be done in-house, if possible.

Mr. McChesney further advised that the Harbor Square site is a different URL and domain at harborsquareleasing.com. The page has a similar look and feel as the Port site, but primarily serves as a portal to encourage interested parties to connect for information on leased space available. Staff has received a number of inquiries via this site since it was launched in September.

Mr. McChesney summarized that staff is pleased with the final site and the tools available to add and improve postings. There are obvious ways to make the site better; but as an initial launch it went well, was under budget, and has been very well received.

ELECTION OF OFFICERS FOR 2015

Mr. McChesney advised that election of Commission Officers for 2015 will take place on December 8th. This will allow the new officers to be in place effective January 1, 2015. The Commissioners agreed that would be appropriate.

LABOR AND INDUSTRIES (L&I) RATING PROGRAM

Ms. Drennan reported that the State of Washington Labor and Industries (L&I) offers a safety incentive program called the Retrospective Rating Program. Participating entities earn a partial refund of their workers' compensation premiums if they reduce workplace injuries and lower associated claim costs. The Port has participated in the program for more than 15 years, and re-enrolled for 2015. She announced that the Port was recently notified that, due to its low claims history, it would receive a refund of \$9,459 for the years of 2011 to 2013. She advised that the Port has received the adjustment, and details of the refund were provided on the back side of the Staff Report.

Mr. McChesney said the Port stresses employee and public safety every day. Not only does this result in dividends associated with L&I's program, but the Port has been able to reduce its lost-time injuries every year. It is also a Port goal to reduce and try to eliminate damage claims, which is also tied to safety.

RESOLUTION NUMBER 14-04 – ESTABLISHING THE AMOUNT OF TAX TO BE LEVIED

Ms. Drennan explained that the Port must notify the County of its desire to collect property taxes in 2015. The Commissioners reviewed the 2015 Tax Levy on September 8th, October 13th and October 27th. She reviewed that the Port may levy a property tax of approximately \$543,850, plus the estimated amount of new construction, less the estimated refunds. The Tax Levy for 2014 was set at \$400,000, and the proposed Tax Levy for 2015 is \$400,000. The proposed mil rate for 2015 is approximately \$.0988.

COMMISSIONER PRESTON MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 14-04, ESTABLISHING THE AMOUNT OF TAX TO BE LEVIED IN 2015 IN THE AMOUNT OF \$400,000. COMMISSIONER GOUGE SECONDED THE MOTION.

Jack Bevan, Edmonds, commented that although the millage rate is very low, a number of taxpayers will likely demand a reduction once Harbor Square gets a little better recovery.

THE MOTION CARRIED UNANIMOUSLY.

RESOLUTION NUMBER 14-05 – BANKING EXCESS LEVY CAPACITY

Mr. McChesney advised that Resolution Number 14-05 would bank excess levy capacity for 2015. He explained that the Port may levy a property tax of \$543,850 (2014 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 2015, and Washington State Law allows the Port to bank the additional 1% it could levy. Banking the additional 1% will allow the total legal levy to grow without assessing the full amount.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 14-05, BANKING EXCESS LEVY CAPACITY FOR 2015. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

RESOLUTION NUMBER 14-06 – ADOPTING THE 2015 BUDGET

Ms. Drennan recalled that the Commission and staff reviewed and discussed elements of the 2015 Preliminary Budget on September 8th, October 13th, and October 27th. The Commission last reviewed the budget at its October 27th meeting, which was followed by a public hearing for the public to comment on elements in the draft budget. No one provided comments during the hearing, and no changes were made to the budget since the last meeting. She recommended the Commission approve Resolution Number 14-06, adopting the 2015 Budget.

Commissioner Gouge asked if the staff received any written comments and/or telephone calls regarding the draft budget. Ms. Drennan answered no.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 14-06, ADOPTING THE 2015 BUDGET. COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

The Commissioners directed staff to post the approved budget on the Port's website as soon as possible.

FUEL DOCK SUPPLY LINE REPLACEMENT CONTRACT

Mr. McChesney reviewed that on September 4th the Port went out to bid for the Fuel Dock Equipment Replacement Project to address the aging dispensers, modernize the pay-at-the-pump and Ruby point-of-sale systems, replace deteriorating supply lines, add hose reels and upgrade the water service on the fuel dock. The project was budgeted in the 2014 Capital Budget at a cost of \$186,000. Only one bid was received for approximately \$290,000. The Commission rejected the bid on October 13th and requested that staff further refine the specifications for appropriate equipment, including the project being addressed in phases. The first phase is to address the Department of Ecology's (DOE) inspection concerns over the supply lines from the tanks to the dock.

Mr. McChesney announced that on October 16th, the Port went out to bid with revised specifications for the Fuel Dock Supply Line Replacement Project, receiving one responsive bid on October 31st from 3 Kings Environmental, Inc. for \$20,105 plus tax. The specifications were to replace the rubber hose from the bulkhead to the dock and five feet of galvanized steel internal piping to the valve box. Work would be substantially complete by December 31st, and staff will work with the contractor to minimize the disruption to tenants and guests.

Mr. McChesney summarized that the fiscal impact of the proposed contract would be \$20,105.00 plus sales tax for a total cost of \$22,014.98. The proposal meets the Port's mission statement of providing and/or fostering quality services and facilities. He recommended the Commission authorize the Executive Director to enter into a contract with 3 Kings Environmental, Inc. as outlined above.

Commissioner Faires commented that, in addition to meeting the Port's mission of providing and/or fostering quality services and facilities, the project will also meet the Port's environmental mission. The project is intended to minimize environmental risks by taking steps to address the DOE's concerns.

Commissioner Faires noted that the 2014 budget identified an estimated cost of \$186,000 to do the entire Fuel Dock Equipment Replacement Project. He asked what portion of this amount was associated with replacement of the fuel line. Mr. McChesney said the estimate was not broken out into separate projects. However, prior to bidding the project, staff felt the Port could accomplish what was needed to satisfy the DOE's concerns for about \$20,000. Staff was quite pleased when the bid came in about where they thought it should.

Commissioner Faires asked why there was only one bid. Mr. McChesney said the project requires specialized plumbing that involves overwater fuel lines, and only a finite number of companies are willing to do this type of work. Longshore and Harbor Workers' Compensation Insurance is required, which is not carried by most plumbing contractors. He said staff was not surprised that only one bid was received, but they feel that 3 Kings Environmental, Inc. is qualified to do the job and understands what needs to be done. Commissioner Faires asked if the contractor has done this kind of work around the water before. Mr. McChesney said he could not speak to that.

Commissioner Preston asked if 3 Kings Environmental, Inc. also bid on the previous project. Ms. Drennan answered affirmatively. Commissioner Preston asked if doing the fuel dock improvements piece meal would increase the costs. Ms. Drennan answered that she anticipates the costs would be near budget. She explained that the original bid included some items that 3 Kings Environmental, Inc. was uncomfortable with, and they threw out a large number for those items. Some of the items may not need to be done for a long time.

COMMISSIONER BLOCK MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH 3 KINGS ENVIRONMENTAL, INC. IN THE AMOUNT OF \$20,105.00 PLUS SALES TAX FOR THE BASE BID FOR THE FUEL DOCK SUPPLY

LINE REPLACEMENT. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that staff is in the early stages of preparing a Shoreline Permit Application for the proposed new restroom/shower facility, which will be modular, concrete and steel-reinforced buildings made at a factory in Spokane, trucked to the site, and installed in just a few days. Staff attended a pre-development meeting with the City of Edmonds Planning, Engineering, and Building Officials last week to review the plans, and they provided some initial comments to guide the application process. Even though the Department of Labor and Industries regards the structures to be modular buildings, the Building Official has raised some engineering issues that need to be resolved. For example, he has requested a stormwater analysis and a structural analysis of where and how the two building sections would be joined together. At this stage, the comments are advisory but necessitated the Port asking Reid Middleton for some engineering consulting service in support of the Shoreline Permit Application. He said he does not see any fatal flaws in the permit application, and the City is generally supportive and understands the need. However, they do not have familiarity with modular structures.

Mr. McChesney advised that he provided a copy of the video showing how the buildings would be installed to the Building Official. He also encouraged him to contact CXT Buildings for more information about modular units in an effort to resolve some of the issues without requiring an army of engineers and structure calculations that are unnecessary. Staff is currently doing what they can to mitigate and minimize the amount of engineering support that will be needed to move the project along. He will meet with a consultant from Reed Middleton tomorrow to refine the scope of work. The goal is to avoid duplicating the structural engineering work that has already been done by the manufacturer.

Commissioner Gouge asked if the modular buildings have been signed off by a structural engineer. Mr. McChesney answered that they have forwarded the engineering specifications provided by the manufacturer to the City's Building Official. He explained that modular structures are regulated by the Department of Labor and Industries rather than the building code. However, because of the way they are attached, it is not atypical to get input from the City's Building Official.

Commissioner Orvis commented that the City needs to come up with a process for moving projects and development proposals forward quickly. At a time when the City is short on money, they should try to streamline projects to generate revenue. As long as they continue with an antiquated approval process, they are essentially throwing away money.

Mr. McChesney said one issue that came up in his meeting with the Building Official that has not been fully vetted is the potential for park mitigation fees as part of the project. He informed the City that the Port objects to this assessment. If the City insists the Port pay this fee, it may be a deal breaker for the project.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Preston reported on his attendance at the Northwest Marine Trade Association (NMTA) Conference, which was the best one he has attended in his three years as a Commissioner. A number of interesting topics were discussed, including the internet and boat and marina fires.

Commissioner Preston indicated that he may attend the Clean Tech Alliance Meeting on Wednesday morning.

Commissioner Gouge observed that this is the first time in his 15 years as Commissioner that people have not come to the public hearing on the budget to complain about rates, etc. He congratulated the staff for putting together a great budget, which affirms that the process currently in place works very well. He also expressed support for holding just one formal public hearing on the budget in the future. The remainder of the Commission concurred.

Commissioner Orvis announced that the Port's Washington Public Port Association dues for 2015 will be \$11 more than the dues assessed in 2014.

Commissioner Orvis also reported on his attendance at the NMTA Conference where it was reported that boat sales were up 50% over the last few years, but they are still not up to the mid 2000 level. Sales for 25 to 30-foot boats are up, and the demand for 50-foot slips is going down. It is thought that some of the large vessels are being stored out of the water in Anacortes, and a number have been moved to Canada. It is anticipated there will be marina failures in the upcoming years.

Commissioner Orvis provided the following legislative report:

- Governor Inslee's representative did not show up for the Legislative Report. However, it appears that the Governor's primary agenda will be climate change. It is anticipated that he will propose a tax increase, a carbon tax, vehicle electrification subsidies, and letting electric vehicles use the high-occupancy vehicle (HOV) lanes. He is also likely to propose clean energy subsidies and a fuel tax increase as high as \$1.70 per gallon. He will likely propose increased spending for public transportation in the form of a vehicle tax increase, and his reelection issue will likely be the minimum wage.
- Senate Republicans will probably push to get the employee units under control and reform State government before increasing taxes.
- The NMTA will support the No Discharge Zone Initiative in targeted zones such as Oyster beds, clam areas and other near shore areas.
- The Marine Tourism Bill has a good chance of passing this year.

Commissioner Orvis said there was also discussion at the NMTA Conference about the lessons learned from the Shelter Bay Marina fire. They particularly discussed the need to have a communication plan in place. He noted that the Port has a data base in place now, providing the ability to send messages to tenants and post announcements for the public. It was emphasized that the marina spokesperson must stay ahead of the media and individuals who text and tweet misinformation. Commissioner Preston said it takes an estimated 15 minutes from the time something is tweeted and a major news report picks it up and puts it on the air. For example, within 15 minutes of the shooting at Marysville High School, news reporters were tweeting with students who were hunkered down inside the building. The Port should have a communication plan in place that allows for immediate action to provide correct information.

Commissioner Orvis said he learned a lot about insurance at the NMTA Conference, and he suggested it might be appropriate to have a training meeting with tenants to share what he learned. He also attended a session about web pages, which pointed out how important it is that people seeking answers to the most frequently asked questions are immediately connected to the Port's website.

Commissioner Orvis said he also learned about an application for mobile devices called Air B&B, which allows people to rent out rooms in their homes. It was discussed that tenants in some marinas are using the application to rent out their boats for four or five days at a time. He noted that there are a number of problems associated with this concept, and he suggested it may be necessary for the Port to implement a policy to address the issue.

ADJOURNMENT

The Commission meeting was adjourned at 8:00 p.m.

Respectfully submitted,



Bruce Faires
Port Commission Secretary