



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

August 14, 2017

COMMISSIONERS PRESENT

Fred Gouge, President
David Preston, Vice President
Steve Johnston, Secretary
Jim Orvis

STAFF PRESENT

Bob McChesney, Executive Director
Marla Kempf, Deputy Director
Tina Drennan, Finance Manager
Brittany Williams, Manager of
Properties and Marketing

OTHERS PRESENT

Bradford Cattle, Port Attorney

COMMISSIONERS ABSENT

Bruce Faires

CALL TO ORDER

Commission President Gouge 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 ORVIS MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA
- B. APPROVAL OF JULY 31, 2017 MEETING MINUTES
- C. APPROVAL OF PAYMENTS.

COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

Council Member Teitzel commented that the City Council has a number of items on its August 15th City Council Meeting agenda, including the Sunset Avenue Project. He noted that the project has been going on for a number of years, and there has been a lot of controversy. The City Council will be looking at a proposal to expand the access from Caspers Street, which currently prevents the ability to turn left onto 2nd Avenue. The City Council will also have a discussion related to the Highway 99 Subarea Plan. It is likely to be approved, and the intent is to provide more opportunities for redevelopment. Hopefully, it will create more housing opportunities for the entire range of the City's demographics.

Commissioner Preston asked what the building height would be in the Highway 99 Subarea, and Council Member Teitzel answered 70 feet to accommodate up to six stories.

Commissioner Gouge suggested that a Commissioner should attend the August 15th City Council Meeting, and both Mr. McChesney and Commissioner Johnston indicated they would be available.

APPROVAL OF HARBOR SQUARE ASPHALT REPAIR CONTRACT NUMBER 2017-270 AS COMPLETE

Mr. McChesney reviewed that on June 26th, the Commission directed staff to enter into a contract with Superior Asphalt Maintenance to pave two large sections of Harbor Square at the west side of the business park. Following a competitive process, a contract was awarded for \$32,144.40 plus sales tax. As reported previously, it was discovered during excavation that the subgrade was deficient because there was no crushed-rock ballast beneath the original asphalt. The Commission approved two change orders on July 31st to address the deficient subgrade for an additional \$14,649 plus tax. The work was completed on July 28th, and staff is satisfied with the quality of the work done by the contractor. He recommended the Commission accept the Harbor Square Asphalt Repair Contract as complete. This will allow staff to move forward with the final paperwork to release retainage.

COMMISSIONER JOHNSTON MOVED THAT THE COMMISSION ACCEPT THE HARBOR SQUARE ASPHALT REPAIR CONTRACT NUMBER 2017-270 AS COMPLETE. COMMISSIONER PRESTON SECONDED THE MOTION.

Commissioner Orvis asked if future bids would reflect that the remaining existing asphalt is laid straight on top of dirt. Mr. McChesney answered affirmatively. He explained that, in the past, the Port has basically done repairs to potholes in the parking areas, which does not give a full exposure of what is underneath. This year, the strategy was changed to do bigger sections. Commissioner Orvis commented that in the 1970's a lot of shoddy work was passed off by the City.

THE MOTION CARRIED UNANIMOUSLY.

SOCIAL MEDIA PRESENTATION AND PUBLIC USE POLICY

Mr. McChesney advised that the Commission's Communications Committee tasked Ms. Williams with developing a social media/public use policy. The Port has not been significantly involved with social media in the past, and the policy is intended to address issues such as public information. Although Ms. Williams will present the draft policy, it is still a work in progress and not ready for final adoption by the Commission. Following the presentation and Commission discussion, the policy will be further refined and presented to the Commission on August 28th for approval.

Ms. Williams observed that over half the ports in Washington State have some form of social media for a variety of perceived benefits such as:

- Social media provides an opportunity to focus on brand awareness, which helps to answer the question, "What does the Port do?"
- Social media provides opportunities for the Port to hear insight from customers. This allows the Port to identify its demographics even further by tracking the people who engage with the website. Because social media is essentially a platform for communicating, it gives Port supporters a way to show their support. Many of the Port's current forms of communication do not provide this opportunity.
- Using social media will likely result in increased website traffic since all of the Port's social media platforms will provide links to the Port's website. More linkage between social media and the website will help the Port's Search Engine Optimization, which measures how easy it is to discover and learn more about the Port online.
- Social media is a low-cost marketing endeavor that allows the Port to reach a large number of people.
- It also allows the Port to share public service announcements and safety messages in real time.

- Social Media will provide opportunities for the Port to improve its partnerships with different local groups. The Port can share their events on its social media sites; and in turn, they can share news that is happening with the Port.

As a specific example of how social media can benefit the Port, Ms. Williams shared that, just last week, a program coordinator from the City of Edmonds called to ask if the Tall Ships would be coming to the Port this summer. After providing her with the dates and details, she agreed to put in on the City's Facebook page. It was posted on Thursday, and by Friday, there were already a 132 likes and shares, including Visit Edmonds and It's an Edmonds Kind of Day. She pointed out that the City of Edmonds has 2,200 followers, Visit Edmonds has over 1,200 followers, and It's an Edmonds Kind of Day has almost 7,000 followers. In just one day, information about the Tall Ships coming to the Port got in front of more than 10,000 people. She summarized that having the ability to leverage the different partnerships and their current following will allow the Port to get its messages in front of people very quickly.

Ms. Williams referred to the Port's Mission Statement, which has elements related to the environment, fostering community, economic development, etc. She highlighted all of the elements that could be improved via social media.

Ms. Williams pointed out that the Port's Social Media platforms will focus on profiles and information on sites such as Facebook, review sites like Trip Advisor, and various other business listings. Most of these exist without the Port participating, but the Port could benefit by taking ownership. By claiming these sites, the Port will be able to control the information that is made available to the public. It also allows the Port to respond to misinformation or do a customer service response if a review is negative.

Ms. Williams said information the Port will provide on social media revolve around three groups: Port news (things happening at the Port such as operations, events, etc.); community support (partnerships with other organizations); and "fluff pieces" (pictures, etc. that trigger people's emotions). Through all of the Port's social media, the voice will be positive, inclusive, and professional and will make it clear that they are proud of the Port. The goal is to do two to three posts per week, rotating between the three content groups (Port news, community support and "fluff pieces.") However, this can be adjusted as time goes on.

Since social media is a platform for communication, Ms. Williams cautioned that it can open the Port up to some vulnerabilities, and the Port will receive criticism and negative feedback. The intent is to have guidelines in place to minimize problems and address issues that come up. The Social Media Public Use Policy will outline the Port's expectations for code of conduct on all sites. In addition to the Public Use Policy, there will be some guidelines for employees and Commissioners. While employees and Commissioners are invited to share and/or like posts, they must refrain from any conflict or making political statements. In addition, they are asked to let the Social Media Team respond to comments.

Ms. Williams advised that the Social Media Team will consist of her and a few other employees, and guidelines for the team revolve around how to handle negative comments. She cautioned that the team must be very careful about removing posts because you don't want to infringe on someone else's free speech, and comments will only be removed if they go against the Port's code of conduct. The Social Media Team also has guidelines about hiding Facebook posts instead of removing them, as well as a general rule that requires that the entire team must agree before removing a comment.

Commissioner Orvis commented that the Editor of My Edmonds News handles code of conduct rules as well as it can be done. While she took some real heat when she first started enforcing the rules, her efforts have been effective. Ms. Williams agreed. She explained that, initially, responses will be focused around customer service and correcting misinformation.

Ms. Williams reviewed the timeline for implementing social media.

- **Phase 1** will take place in September through December. The goal of Phase 1 is to start the Facebook page and claim the Port's LinkedIn page. They also want to claim the Port's business listing. However, none of

this will be done until the Port's archiving service is in place. The Social Media Team and the Port's IT specialist will help with the initial setups.

- **Phase 2** will start at the beginning of 2018. The goal is to review the work done as part of Phase 1, as well as claim the Port's Yelp page. They will also assess and review the various marina sites to identify important ones the Port may want to interact with.
- **Phase 3** will focus on evaluating success and adjusting the level of interaction and strategy, if necessary. They could also look into starting other platforms such as Trip Advisor and Instagram. The Social Media Policy will also be updated, as needed.

Ms. Williams said the policies put safeguards in place. Many sections of the Revised Code of Washington (RCW) provide guidance about how public agencies must take part in social media, and most of them revolve around public records requests. It is important to keep in mind that all social media records are considered public records and must be archived. The Port will enlist the services of Archive Social to handle all of its social media archiving. Archive Social's software will capture all of the Port's social media platforms and store every single post that is made. They will also grab the metadata, which means that a comment that is later deleted by someone will have already been gathered. She summarized that the Port will be able to complete a public records request related to its online information in a matter of seconds. She tested the product on her own social media accounts and found that it worked very well. More information about Archive Social's services is available on their website. The cost of the service will be \$199 per month for the economy package that covers up to 10 platforms. She said she does not anticipate the Port would outgrow this package within the next ten years.

Commissioner Orvis commented that, in addition to the \$199 monthly charge for the archive service, the time staff spends on social media activities would be considered overhead that must be accounted for in the budget. Mr. McChesney agreed but commented that he anticipates that the program will be efficient and maintenance will be incidental.

Ms. Williams said she has created a waiver form as another safeguard. For example, the waiver would be used if the Port wanted to feature a photograph of the pier that had someone in it. There is a waiver for those over 18, and another for those under 18. The waiver would need to be signed before the photograph could be used on social media. The Social Media Public Use Policy is another safeguard, and staff is currently working with the Port Attorney to fine tune it. The policy will be linked on all of the Port's social medias so it will be available to all users.

Ms. Williams explained that, in addition to tracking actual metrics using Google and Linux to measure the success of the Port's social media efforts, the Social Media Team will meet to evaluate the program and answer questions such as:

- Is the Port getting good usership?
- Do they want to set goals for the number of followers?
- How much time is staff spending managing the social media accounts?
- Are comments from users hurting or helping the Port's image?

Commissioner Gouge asked about the planned return on the Port's investment into the social media program. Is the Port looking to make changes based on comments received via social media? Mr. McChesney answered that social media is a new concept for the Port, and the Communications Committee will be involved in the evaluation. As far as return on investment, it will be nominal. It is really about filling a gap or deficiency in the Port's outreach to the community. It is a necessary communications tool in order for the Port to be effective in engaging the community and informing them of what it does. He summarized that although everything that is measurable is meaningful, not everything meaningful is measurable. The Port's social media program falls into that category.

Commissioner Preston agreed that return on investment will not always be measurable with the social media program. However, as the program goes forward, the Port should be able to track some things via interactions at the front counter to find out how people are accessing Port information. The program will also add another layer to the Port's ability to market the marina and keep it full of boats.

While it may not be possible to measure the return on investment, Commissioner Johnston emphasized that the intent of the program focuses on the intrinsic value of reaching out and making better connections in the community. Ms. Williams said the intrinsic value could be measured by reviewing the website analytics to look at referring domains. If the Port sees referring domains from any of its social medias, it would be a good sign.

Commissioner Orvis cautioned against the Port falling into the trap of requiring voluminous data that is unnecessary. Although there may be value to acquiring some information, there is a tendency to obtain data just because it is available. He does not want the Port to spend staff time acquiring and analyzing data that is not really needed. Mr. McChesney commented that the data the Port collects would be based on the residual effect. However, the main value of the program will be getting the Port's messages out to the community. He noted that there is a fair amount of misinformation that percolates the community, and social media is an anecdote for addressing misinformation. As far as Commission feedback, Commissioner Orvis said he would be most interested in learning how the Social Media Team counters the negative comments or myth and folklore that show up. Ms. Williams said that is the intent of the policies, particular those that apply to the Social Media Team.

Commissioner Preston asked if Ms. Williams has talked to those responsible for managing the City of Edmonds website. Ms. Williams said she has had some interaction, but she could specifically request more information pertaining to the guidelines and policies.

Mr. McChesney summarized that social media is a trend in the Port industry, as well as most major organizations, in trying to get their messages out. He feels confident that Ms. Williams has done the necessary research and has the expertise to move the program forward.

Ms. Williams commented that the Port should not be too scared of negative comments from users because they come in every industry and should be expected. A low review is an opportunity for the Port to show great customer service. It looks far more realistic for a restaurant or car dealer to have ten 5- and 4-star reviews and one 1-star review than to have just ten 5-star reviews. Users are smart about the reviews, and they know that there will be some negative ones. Again, negative reviews will provide an opportunity for the Port to respond in a professional manner. Commissioner Gouge said he is more concerned about false reviews or "trolls." Ms. Williams commented that users are smart, and they understand that this problem exists. In these cases, the Port can take it as an opportunity to share correct information or accept it as part of the plan.

Ms. Kempf recalled that the Commission has had a number of discussions about how to get younger people interested in boating, and social media is a way for the Port to reach these people and create some excitement. Social media is their method of communicating. Commissioner Preston commented that the primary users of Facebook are people over 40, and the younger people prefer Snapchat or Instagram.

2ND QUARTER FINANCIAL STATEMENTS

Ms. Drennan reviewed the 2nd Quarter Financial Statements, particularly noting the following:

- Revenues are trending upward. Expenses appear to be on a two-year cycle, where they are lower in even years and greater in odd years, with a general trend upward. Net income has been trending upward, as well.
- Actual revenues were approximately \$53,000 greater than budget, and actual expenses were approximately \$146,000 less than budget.
- Gross profit for the 6-month period was \$3,612,448, which is about \$46,000 or 1.3% greater than budget. Net income for the same period was \$983,861.
- Net fuel sales revenue (revenues less the cost of fuel) was \$72,583, which is \$33,583 or 86% greater than budget.

Commissioner Preston asked why these revenues were so far off of budget. Ms. Drennan said fuel sales is difficult to predict because there are so many variables (fuel prices, weather, fishing). Commissioner Preston asked how much of the fuel sales revenue could be attributed to Puget Sound Express. Ms. Kempf said she does not have an exact percentage, but her Operations Report will address the issue of fuel.

- Miscellaneous revenue was \$56,104, which is \$18,104 or about 48% greater than budget.

- Permanent moorage revenue was \$1,605,212, which is about \$26,000 or 1.6% less than budget.
- Dry storage revenue was \$302,336, which is about \$18,664 or 5.8% less than budget.
- Workyard revenue was \$52,714, which is \$18,214 or about 53% greater than budget.
- Revenue from the Harbor Square Property was \$956,493, which is about \$29,000 or 3% greater than budget.
- Operating expenses before depreciation for the 6-month period were \$2,798,043, which was approximately \$99,000 or 3.4% less than budget.
- Economic development and tourism expenses were \$8,884, which is \$19,116 less than budget.
- Payroll taxes were \$85,352 or \$12,648 less than budget due to timing.
- Salaries and wages were \$794,380 or \$51,620 less than budget due to timing.
- Supplies were \$112,918, which is \$11,918 greater than budget.
- Utilities were \$207,784, which is about \$16,000 greater than budget. This includes garbage, public utility district, water, phone, wi-fi, and stormwater.
- Depreciation was \$812,178, which is about \$40,000 less than budget.
- Interest expenses were \$85,650, which is about \$30,000 less than budget because of the recent loan refinancing.
- Interest income was about \$52,000, which is about \$20,000 greater than budget.
- Net income for the for the 6-month period was \$983,861, which is about \$199,000 or 25% greater than budget.

Commissioner Orvis commented that the reason for many of the budget variances is because the budget is proposed for the year and divided into 12 increments. As the year progresses, some line items show greater variance and others show less. At the end of the year is when it all comes together when comparing the entire 12 months of activity against the 12- month budget.

- As shown on the graph on Page 4, the 2016 and 2017 Marina Net Income are almost equal.
- As shown on the graph at the top of Page 5, marina operating revenues were \$2,649,707, which is close to budget. Marina operating expenses before depreciation and overhead were \$1,318,767, which is \$106,983 less than budget. Marina net income was \$489,176, which is \$107,426 greater than budget.

Commissioner Gouge asked about the anomaly with operating expenses. Mr. McChesney said it is due to the situation explained earlier by Commissioner Orvis. Many projects cannot be done in the summer because it is just too busy at the marina. The projects will pick up again as the year progresses, and there will be less of a variance towards the end of the year.

- As per the graphs on Page 5 and 6, the rental property revenues are trending upwards, as is net income.
- Operating revenues for rental properties were \$1,243,064, which is \$27,564 greater than budget.
- Operating expenses for rental properties before depreciation and overhead were \$324,233, which is approximately \$37,000 less than budget.
- Net income for rental properties was \$494,685, which is approximately \$106,000 greater than budget.

Ms. Drennan announced that the final payment on the Port's 2005 Limited Tax General Obligation (LTGO) and Refunding Bond was made on June 1st. With that payment, the Port has paid off the 12-year bond of \$3,925,000. The Port has \$3,463,307 remaining in outstanding debt related to the Harbor Square loan, and \$1,312,867 of that is due within one year. The Commissioners commended Ms. Drennan for how well she managed the loan.

Ms. Drennan reviewed the investing report, noting that the Port has 13 long-term investments, with the first maturing in November 2017. No bonds were called or matured in the 2nd quarter of 2017. In May 2017, the Port purchased a Federal Farm Credit Bank bond of \$500,000 with a coupon rate of 2.07% that matures on May 23, 2022. In June 2017, the Port purchased a Federal Home Loan Mortgage Corporation bond of \$500,000 with a coupon rate of 2.02% that matures on November 24, 2021. The average liquid interest rate earned by the Port was .65% for the second quarter, and the Port earned 1.1% in the long-term investments, for an average of .87%. The Port earned interest of \$51,890 for the first two quarter of 2017, which is 70% greater than the same time period in 2016. The capital replacement reserve is currently at \$6,659,514, with part of the reserve in Opus Bank and part invested long term.

Ms. Drennan reported that the Port completed its move from the Bank of Washington to Washington Federal in July. As of July 31, 2017, the Port no longer has any accounts with the Bank of Washington. Commissioner Gouge asked if staff is pleased with the service provided by Washington Federal, and Ms. Drennan answered affirmatively. She added that their customer service is excellent. Commissioner Gouge reported that he met a Washington Federal representative at the Commissioners Seminar who spoke highly of Ms. Drennan.

Commissioner Gouge commented that by paying off debt and having cash revenue coming in, the Port is in a position to take advantage if interest rates increase significantly at some point in the future.

Jack Bevan congratulated the Port for a very nice report. However, he reminded the Commissioners that Harbor Square was purchased as a general obligation situation, and the taxpayers have not complained about how long it has taken. It is getting to a point where the income is starting to look favorable, and the taxpayers are going to be looking for a break in the tax levy. Unless the tax revenue is used for a particular project, he recommended the Commissioner consider lowering the tax levy. He said he particularly appreciates the Commission's concern about the return on any Port investment.

Jack Bevan said he was recently at Roche Harbor where there are 200 people on the waiting list for a slip. They are quickly becoming the favored marina on the west coast, and it is marvelous to see. Commissioner Orvis said he recently visited Roche Harbor and found that many of the boats there are very large.

2ND QUARTER HARBOR SQUARE REPORT

Ms. Williams advised that 2nd quarter was busy at Harbor Square. She provided the following report:

- The gross projected revenue was up 9.27% or roughly \$40,000 greater than the same period in 2016.
- The occupancy rate at the end of 2nd Quarter was 93.19%, which is 8.74% greater than the same period of 2016.
- There were several inquiries for the 1-person office spaces, and one resulted in a new lease.
- In total, there were four new leases and two expansions by tenants who took over additional square footage.
- Tenant improvements were in the form of general cleanings in preparation for new tenants, and both were in Building 2.
- There were no conference room rentals.
- Four leases terminated. Two were due to retirement, and the remaining two were month-to-month leases for single-person offices. The two individuals combined and started a new lease for larger space.
- The main complex directory was updated with accurate tenants and new directories were installed in three of the buildings.
- An HVAC unit was installed in Unit 102A in Building 5, and Americans with Disabilities (ADA) painting was done in the parking areas. Ms. Drennan noted about half of the HVAC units have been replaced, and the replacement program moving forward has been increased to about 10 or 12 units per year.
- A toilet in a Building 5 restroom was intentionally broken and was replaced by the Port's maintenance team.
- There was a slip and fall incident outside of the elevator, and the mat has been adjusted to address the problem. The person was fine and said the fault was their own.
- A resin smell was noticed by a tenant, and it turned out to be caused by a tenant in a nearby warehouse space applying a product to a boat. The issue has been resolved.
- Some landscaping damage occurred (tire marks and a damaged shrub), and it has been taken care of by the maintenance team.
- Security responded to an individual who needed to be removed from the property.

Commissioner Gouge asked Ms. Williams how she is adjusting to her new position as the property manager at Harbor Square, and Ms. Williams reported that it is going great. She has gotten to know all of the tenants. She reported that a new lease was just recently signed, so the 3rd Quarter occupancy rate should be even better. She is focusing on customer service and working with the landscaping company to make sure the property is attractive.

2nd QUARTER PORT OPERATIONS ACTIVITY SUMMARY

Ms. Kempf reported that 2nd Quarter was good for operations. The public launch was slightly down, but the numbers at guest moorage were good. Commissioner Gouge noted that the fishing season was changed so people can continue to fish from the dock in Area 9 until September 4th. Ms. Kempf commented that the fishing rules are very confusing, but Area 9 is closed to all fishing except for shore fishing. In Area 10, people are allowed to keep 2 (hatchery only), but it closes on August 16th. As of August 10th only half of the quota in Area 10 has been caught. She concluded that reduced fishing also results in lower numbers at the public launch. However, guest moorage has been very busy, and she anticipates it will continue into 3rd Quarter. Commissioner Johnston asked if this is due to the Port attracting new users via the Destination Port of Edmonds Program, and Ms. Kempf answered affirmatively. She noted that the number of boats in guest moorage increased by 4%, and the number of nights increased by 9%. The number of groups increased from 6 to 7, and the number of vessels that were part of the groups increased by 4% and the numbers of nights by 8%. Commissioner Orvis pointed out that there are more things for visitors to do in the immediate area now.

Ms. Kempf reviewed the data that was collected for the fuel dock, noting that in the 2nd Quarter of 2013, the Port sold about 47,000 gallons of fuel. In 2015, with Puget Sound Express and Jacobsen's Marine fully operational, the total gallons sold increased to 72,995. In 2017, the total gallons sold was almost 100,000. A large part of the increase can be attributed to Puget Sound Express, but some can also be attributed to Jacobsen's Marine.

Ms. Kempf reported that stall usage at the boatyard was down compared to the 2nd Quarter 2016, but it is up compared to the three years prior to that. The travelift has been very busy during 2nd Quarter, and sling time also increased slightly.

Ms. Kempf further reported that financial occupancy for water moorage was at 95% at the end of 2nd Quarter. Financial occupancy for dry storage was at 81%, which is down compared to previous years. She suspects this is connected to the fishing season. There are currently 15 empty spaces at dry storage, so it filled up quite a bit during 3rd Quarter when fishing activity was higher. Not as many people took advantage of the boat show special for dry storage as in previous years, mainly because of the fishing closures. Commissioner Gouge said there seems to be a lot of people aging out, too.

Ms. Kempf reported that the turnover ratio in both water moorage and dry storage has gone down. That means that the current tenants are steady. The number of people on the waiting list went down slightly, which is typical for the time of year when the 30-foot-and-under slips fill up.

Ms. Kempf advised that insurance compliance has gone down slightly, but registration compliance was up from where it usually is at the end of 2nd Quarter. Hopefully, this is due to staff staying on top of the situation and letting customers know what is required. Commissioner Orvis asked if tenants are allowed to email their registration and insurance information to the Port. Ms. Kempf answered that their information can be emailed or faxed. Ms. Drennan said the information often comes directly from the insurance company, as well. Commissioner Gouge suggested that perhaps the Port should consider charging a monetary penalty to encourage people into compliance. Mr. McChesney commented that a monetary penalty may be difficult and have unintended consequences. The parking pass has been effective in bringing about improved compliance.

Ms. Kempf said the number of 911 calls and reported thefts was down in the 2nd Quarter, and the Waterfront Festival did well. This year, there was an agreement between the two Rotary Clubs. The gross revenue was about \$51,000, and the proceeds were split.

Ms. Kempf advised that seasonal staff was hired and trained during the 2nd Quarter. A new utility worker was trained and certified on the forklift, and an existing staff member was also promoted to utility worker. A new part-time security officer was hired to fill a vacant position.

2018 BUDGET SCHEDULE

Ms. Drennan referred the Commissioners to the 2018 Proposed Budget Meeting Schedule, noting that staff started working on the preliminary operating and capital budgets in August and will be ready to begin discussing the

various budget items at the August 28th Commission Meeting. Although not included on the schedule, she noted that the Finance Committee would meet on August 16th to discuss the same items that will be on the Commission's August 28th agenda: budget baseline conditions, property taxes, and economic development budget. On October 9th, the Commission will have a workshop discussion on the 2018 preliminary operating and capital budgets and accept public comments. The Commission will continue its discussion on October 30th and conduct a public hearing. Staff will request final approval of the 2018 Operating Budget, including moorage rates, dry storage rates and marina operations fees on November 13th. At the November 13th meeting, the Commission will also be asked to approve resolutions for the 2018 Operating Budget, 2018 Tax Levy, Bank Excess Capacity, and 2018 Capital Budget.

Commissioner Gouge asked what the Consumer Price Index (CPI) will be for the upcoming budget process. Ms. Drennan answered that CPI is 3%, which means moorage rates will increase by 4%.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney advised that the Port received a letter of completeness from the City of Edmonds relative to its Shoreline Permit application for the vacant parcel development. However, it came with some notations. For example, they forgot to inform the Port at the pre-development conference in November that the new Critical Areas Ordinance requires building pads to be elevated two feet above the flood plain. The site plan is currently undergoing modification, but the application has been deemed complete. It is now ready to go before the Hearing Examiner and then the Architectural Design Review Board, and they fully expect to have the permit for the parcel in hand by the end of 2017. This will allow the Port to aggressively market the site for lease.

Mr. McChesney reported that the Port is currently engaged in a public restroom remodel. The design work is in progress, and no shoreline permit will be required. However, a building permit will be required for work that is considered a "tenant improvement." The two existing public facilities will be remodeled with modernized fixtures and a new laundry facility. The goal is to have the project completed by the end of February 2018.

Mr. McChesney recalled that over the past several years, the City and Port have been discussing how to resolve a pedestrian crossing problem on Admiral Way. From time to time, staff has worked with the City's Public Works Director and Traffic Engineer, and various ideas have been put forward. The discussion has recently been re-energized with the help of Council Member Teitzel, and there are now some conceptual-level solutions. He emphasized that the design is currently in the very preliminary stages, and he has some concerns from the standpoint of ingress and egress for truck traffic. One of the ideas requires putting some bump outs into the roadway, which would compromise the turning radius. Port staff will have to work closely with the Traffic Engineer to avoid creating a choke point around the bend where tractor trailers and/or boats on trailers cannot get around. As part of the project, the Port will be expected to make a commitment to share in the cost. Because there is not a firm design, there is not a firm cost estimate. At this time, the City is looking for an agreement with the Port, in principle, to move forward to the next level of design. The agreement would need to include some cost-sharing formula. As a working number, they have talked about a 50/50 split. He concluded that Port staff is enthusiastic and happy to be working with the City on this important public safety project.

Council Member Teitzel commented that pedestrian traffic at the confluence of Admiral Way and Dayton Street has continually worsened as people go to the fishing pier, boardwalk, restaurants, etc. He expects that pedestrian traffic will continue to grow over time, certainly as the connector sidewalk is built in connection with the new Waterfront Center Project. It behooves the City and Port to make it safer for pedestrians to cross in this location. This is a great opportunity for the Port and City to work together to make something happen. He agreed with Mr. McChesney's concern about maintaining access for large trucks and vehicles towing boats. The current drawing is very conceptual. The notion was to reduce the distance for pedestrians to cross from curb-to-curb to something in the range of 45 feet. It is important to keep in mind that there would need to be warning beacons, similar to those at the mid-block crossing just east of 5th Avenue on Main Street, to warn traffic both ways that a pedestrian is crossing. At this point, the cost estimate of \$66,000 is very loose and would include traffic control, prep work, an additional street light on the west side, striping, curb/gutter work, and curb ramp. He noted there is no curb ramp in this location now, and they cost about \$3,500 to install. He said he submitted the project as a tentative budget item for the 2018 budget, and he would like the Port to consider working in partnership with the City to make something positive happen for the community.

Commissioner Preston recalled that he initially talked with Council Member Mesaros about the need for a pedestrian crossing in this location, and a \$20,000 cost estimate was thrown out. He suggested there may be less costly design options for the curb ramps. Commissioner Orvis said the design of ADA ramps is prescribed. The City's Public Works Director has done this type of work for a long time, and \$66,000 seems like a reasonable estimate. Given how the Port has pushed for the crossing for a number of years, he felt that a sizeable contribution to the project would be appropriate. He expressed his belief that a 50/50 split would be very appropriate and may help the City Council include the project in the 2018 budget. From a safety aspect, this is a heavily traveled area, both day and night.

Council Member Teitzel commented that, regardless of whether or not the project moves forward, pedestrians will continue to cross in this location. It behooves both the City and the Port to make the crossing safer.

Commissioner Gouge agreed with Mr. McChesney that the design should take into consideration the need for trucks and vehicles with boat trailers to have adequate room to make the corner. Susan Paine said she used to work for the Seattle Department of Transportation, and they used softer traffic diversion techniques that were very economical. These "candlestick" diversions could easily be run over by a truck, and replacement was not costly. She suggested that these other options be considered. Commissioner Gouge suggested that another alternative would be to change the corner from the inside (on Port property) to provide a better radius.

Commissioner Gouge summarized that the Commissioners are generally in support of the project, as well as a joint partnership with the City of Edmonds. Mr. McChesney commented that the intent is to move forward with the project in 2018, so it should be included as a placeholder in the Port's 2018 Operating Budget.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Preston requested that staff submit information relative to the Sea Jazz events to My Edmonds News. Ms. Williams said she has been in contact with My Edmonds News, who charges for the announcements.

Commissioner Preston reported on his attendance at the Washington Public Port Association (WPPA) Commissioners Seminar where there was an open discussion about what a commission meeting should consist of and what the WPPA should be working on. The discussion focused on tourism and economic development. It was suggested that if you focus on those two things, the other things would take care of themselves.

Commissioner Preston said he visited the Port on a Sunday a few weeks ago, looking around and watching staff at the launcher. They are fun to watch and do a phenomenal job. He was able to watch Puget Sound Express come in and go out again to get a better feel of how they operate, what could be done better, and how the Port could help them now and in the future.

Commissioner Preston asked if any progress has been made on the concept of signage along the boardwalk. Ms. Williams said this project has not started yet, but she has done some initial research of what other marinas do. Commissioner Preston agreed to provide photographs and ideas from throughout the region.

Commissioner Preston announced that he would attend the upcoming seminar of the Pacific Coast Congress (PCC) of Harbormasters and Port Managers in Anacortes. Commissioner Gouge said he would attend the conference, as well.

Commissioner Orvis provided an update on legislative activities, noting that Hearst Decision has highlighted the urban/rural political gap. They hear a lot about what the Republicans and Democrats are doing, but it really boils down to the rural legislators versus the urban legislators. The idea of a two-year commitment was killed by the governor vetoing the second section of the budget. Any small amount of trust that existed was instantly killed, and both sides can carry the load for what is happening. There is currently a rural/urban standoff, and that is the reason there is no capital budget. This effects several of the City's projects that were counting on state funding. He said is not sure that 2018 will be any better.

Commissioner Orvis announced that he would attend the WPPA's Small Ports Conference, and would particularly attend the Thursday morning event relative to communications. He said he would also attend the Economic Alliance of Snohomish County's (EASC) summer networking event on August 17th at Paine Field. This is a good event relative to tourism, and he recommended that Ms. Williams attend. Because three Commissioners planned to attend the EASC event, Ms. Drennan agreed to advertise it as a special meeting.

Commissioner Johnston reported that he attended the Communications Committee meeting earlier in the month. Ms. Williams made an excellent presentation, and the committee is excited to get the program off the ground.

Commissioner Johnston announced that he and Commissioner Orvis would meet with Mayor Earling on August 15th for a preliminary discussion about the corner at SR-104 and Dayton Street. He recalled that the Port made an attempt previously to beautify the corner, but the project was derailed by the Washington State Department of Transportation (WSDOT). Further discussions with WSDOT yielded no further benefits. Because this is the front door to the Port, it needs to be improved. Mayor Earling has been involved in transportation issues for a long time and is well placed to work with WSDOT representatives, and he has agreed to work with the Port to get the project moving forward.

Commissioner Johnston said it has been suggested that there needs to be better signage at Harbor Square to direct people to the Edmonds Marsh from Dayton Street. He has talked with a number of people who are interested in the marsh. Most love the idea, but some are concerned that it will draw too many people. The marsh boardwalks are well used, and he felt the Port should pursue options to provide better signage.

Commissioner Johnston said he would attend the EASC's networking event, which he used to attend as a consultant. He commented that the event provides a great opportunity to mix and match. He said he would also attend the WPPA Small Ports Conference in Leavenworth.

Commissioner Orvis commented that the marsh walkway needs some attention, as it is getting dangerous. He agreed to talk with Council Member Teitzel about his concerns following the meeting. Mr. McChesney commented that the Port recently issued a "right of entry" permit to Earthcorp, which allows them unrestricted access to the marsh buffer to continue their maintenance. The Port believes this work is a very important part of keeping the buffer in good shape. They pull invasive weeds and plant native plants, and the Port is happy to accommodate the group.

Commissioner Gouge said he would also attend the EASC's networking event, as well as the PCC Seminar, along with Commissioner Preston.

Commissioner Gouge recalled that, at the last Commission meeting, he talked about the Port of Walla Walla's economic development policies. Because the Port is going through a dynamic change and paradigm shift towards tourism and economic development, he suggested they form a committee to talk about potential policies, rate structures, economic impacts, etc. Mr. McChesney said it would be hard to craft anything more than a general policy because it depends on a number of factors such as the company you are working with and whether or not the Port will need to capitalize any improvements in order to make the deal happen. For example, with Puget Sound Express, it was relatively straight forward. The Port did not capitalize any improvements, but there were still impacts on the facilities that needed to be negotiated into the rates. The policy might be useful for situations where the Port needs to capitalize improvements in order to attract a company, and improvements would need to be addressed based on their return on investment. Some of the small, rural ports measure this based on how many jobs are brought into the community rather than how many dollars.

Commissioner Orvis said it is important to remember that a lot of smaller ports have large tracts of land, and they are trying to attract large businesses that bring in hundreds of jobs. In these situations, it is easy to measure the benefit to the community. The Port of Edmonds only has one site available for development, and the City of Edmonds is built out. Rather than building infrastructure for tourism, the Port must work with the City to establish policies, provide aid, advertise, or help coordinate things that will attract people to spend money in Edmonds and then go home. He summarized that the Port's efforts relative to economic development are extremely constrained by the community, geography, etc. in comparison to most other ports in the state.

Commissioner Preston said job creation is just one aspect of economic development. On the other hand, Puget Sound Express has played a significant role in bringing customers to the marina. Anyway the Port can help a business be more successful will result in bringing more people into the City.

There was some discussion about potential opportunities for economic development. The Commission agreed that building facility capacity is a good thing for the Port to be thinking about strategically in the long-term, and this may require marina modifications at some point. They agreed that it would be appropriate to form a committee to discuss the issue further and report back to the Commission.

ADJOURNMENT

The Commission meeting was adjourned at 8:57 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'S. Johnston', with a long horizontal flourish extending to the right.

Steve Johnston
Port Commission Secretary