



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

August 28, 2017

COMMISSIONERS PRESENT

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

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF AUGUST 14, 2017 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$656,505.18**
- D. APPROVAL OF MAILER PRINTING QUOTE**

COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

Darrol Haug, Edmonds, recalled that he has spoken to the Commission several times over the past few months about the Port improving its website to post the same financial information that is provided to the Commissioners to do their work. Specifically, he was trying to find information on ways to contact the Commissioners directly via email, profitability of the marina, profitability of Harbor Square and other rental properties, and understanding how the Port uses the \$400,000 of property taxes. He reported that the Commissioners email addresses were posted after his first inquiry and Commissioner Gouge later wrote him a detailed letter containing much of the financial information he had requested to be posted on the website.

Mr. Haug explained that, although his questions were answered by Commissioner Gouge, on July 31st he once again recommended that the same financial data given to the Commissioners should also be posted on the Port's website. Shortly after, he met with Ms. Drennan and Mr. McChesney to go over his concerns, and they assured him that the financial data would be posted shortly. He noted that the 2016 and 2017 financial statements are now posted. He summarized that, at the meeting, it was clear why Ms. Drennan was selected for a recognition award by an outside agency. Her skills and knowledge and her ability to communicate to taxpayers are very apparent.

Mr. Haug pointed out that profitability of the marina is \$976,000 and profitability of Harbor Square and other rental properties is \$766,000, for a total profit of more than \$1.74 million. This is a sign of the good work done by the Commissioners and staff. With the marina and rental properties on a firm financial footing, he suggested it might be time for the Port to "think outside of the docks," and consider how the Port and the City could work together for economic development in the community. He concluded that the tax dollars could go a long way to support other forms of economic development.

SOCIAL MEDIA PUBLIC USE POLICY

Mr. McChesney reviewed that the Social Media Public Use Policy was discussed at the Commission's August 14th meeting. At that time, the Port's Director of Property Management and Communications also presented the Port's Communication's Plan, which includes the Port getting into social media. However, staff was not ready to ask the Commission to approve the policy, as some issues still needed to be refined. The Port Attorney guided staff through the process, and the policy is now ready for Commission approval. He reviewed that the proposed Social Media Public Use Policy establishes expectations for those who engage on the Port's social media platforms and it has been reviewed by the Port Attorney, the Communications Committee, and the Finance Manager. It provides guidelines for the Port to enforce a safe online community. He recommended the Commission approve the policy as presented.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE THE SOCIAL MEDIA PUBLIC USE POLICY AS PRESENTED. COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Mr. McChesney advised that the Port will not initiate the social media platforms until the archive system is in place. It will likely take several weeks. Commissioner Gouge asked that, once the social media platforms are up and running, the Port should notify tenants and the community via public announcements and the tenant newsletter.

STAFF ADDITION AND PERSONNEL POLICY

Mr. McChesney reviewed that, over the past eight years, the Port has been developing a brand around the rubric of "Quality, Service, Value and Convenience." These verbs are intrinsically actionable by Port staff every day. It is who the Port is and what it strives to do, and people are needed to make it happen. In addition, the Port has been re-engineering its basic business model to achieve higher levels of efficiency and productivity. The underlying values of Port operations are safety, customer satisfaction, production and quality. Fundamentally, this initiative requires a qualified and stable workforce. Mr. McChesney stated that both strategies have served us well.

Mr. McChesney reminded the Commission that, since 2009, the Port has cut two positions (1.5 FTE) while engaging the aforementioned dual strategies at the same time. "In addition, we have been fortunate to realize new business at the Port; most notably Jacobsen's Marine and Puget Sound Express, as well as other labor-intensive services and capital projects. We are doing more work with fewer staff."

Mr. McChesney stated. "However, as we have been on a mission of continuous improvement in our brand and in our facilities, the operation has experienced difficulties in recruiting and retaining frontline marina staff. For example, over the past six years, we've experienced excessive turnover. During that period we've hired 7 Security Officers, 3 Port Operations Coordinators, 4 Staff-III positions, 7 Utility Workers, 4 Port Operations Assistants/Staff-1, 1 Moorage Coordinator and 29 Seasonal Workers, for a total of 55 positions."

"Turn over costs money to recruit and train new employees. It's costly in staff time. It creates gaps in customer service until the holes are filled and new staff is properly trained. It increases overtime. Things fall through the cracks that have a tendency to reverberate through the entire organization, leading to various levels of confusion and

frustration. There are safety issues. Damage incidents occur. For example, just in the past six months, we've experienced two separate damage claims caused by inexperienced new employees in training, totaling \$50,000. That goes right to the bottom line and compromises our ability to perform to the high standards we expect."

Mr. McChesney cautioned that there is no single solution to the turnover dilemma. "Our business model does not have sufficient upside potential to compete with private sector employees in a tight labor market, nor can we ever achieve a level of fair compensation that will address the other external factors within the catchment region. Simply put, it is imperative to our strategies, values and goals that we have the right number of experienced and qualified staff to properly fulfill our promise to our customers, and our community."

Mr. McChesney emphasized that the Port has a terrific group of dedicated staff, including administration, maintenance, security, marina operations and properties. "Somehow we manage to hold it all together and get the job done. But there is precious little margin for error. Probably we can say that on a day to day timeframe as long as all the operations are without any disruptions we can satisfy our duties. As long as all the operations are without any disruptions, staff is able to satisfy their duties. But, the gears start to grind and wheels shimmy whenever something else happens such as someone calls in sick, there's vacation, holidays, or someone quits to take a better job somewhere else. It is often (and more often recently) a brittle and fragile operating scheme. At some point doing more with less dilutes the Port's promise, and we can't get there from here. What if nobody is available to answer the phone in the Marina Office? Lost opportunity. How often do we have to close the Marina Office to go provide service somewhere else? Frustrated customers. Who will be on the dock to assist when already short staff on duty is spread out doing other essential tasks? No customer satisfaction. And so it goes."

Mr. McChesney advised that, after extensive analysis, senior management reached the conclusion that another full time Staff-I position for Marina Operations is needed. He explained that it is not enough to invest in the Port's brand and facilities. At the end of the day, the Port must also invest in its human resource capabilities. "It is time to revisit the issue and make the necessary corrections to minimize turnover. As a staff, our Port is very proud of the service we provide to our customers and the value we add to the Edmonds/Woodway communities. It takes people to do the work, and mostly without commendation. The implicit obligation we have to our employees is to provide a safe, healthy, wholesome, and challenging work environment that is based on fair compensation relative to other factors.

Not to put too fine a point on the issues, except to simply say that just because the our hardworking employees do not often complain doesn't mean there isn't a problem. Turnover is disruptive and places an additional burden of stress on the fabric of the organization. I submit the corollary to customer satisfaction is staff commitment and dedication to our promise, and to our values. The glue that holds it all together is retention. I would further argue that a fair deal for Port customers relies on a fair deal to the Port's most valuable asset, our employees. Everyone needs to buy in to the plan."

Mr. McChesney proposed that the Commission adopt what he calls the "Invest in People" Proposal, which consists of the following actions:

The Invest In People Proposal:

1. I recommend adding one (1) additional Staff-1 FTE position to support Marina Operations.
2. Make selective adjustments to the existing pay grade scheme
 - a. Restore positions to previous grade levels
 - b. Adding new grades to encourage performance, promotions and retention
3. Revise the Holiday accrual formula
 - a. Eliminating the current 6.77 hours of holiday accrual for every 160 hours worked
 - b. Changing to "time and a half for working, plus the holiday" (double time and a half).
4. Offer a 10% shift premium for working weekends.

Mr. McChesney concluded that the fiscal impact of the proposed changes would be \$76,591 for the new Staff-1 position and \$87,308 for the other changes. The proposed changes would be consistent with the Port's mission, brand and values, and would encourage employee retention. He recommended the Commission approve the proposal as discussed.

Commissioner Preston expressed his belief that the proposed changes will likely result in a net neutral or positive financial situation based on opportunities, customer service, etc. Commissioner Johnston added that it would also have an impact on the Port's ability to retain employees.

Commissioner Faires said he supports the initiative. He said he has confidence in the Port's management team, which has increased revenues and decreased expenses every year for the past five years. If they say that change is needed, he believes them. It is certainly true that staff's workload has increased, and staff is required to do significantly more than they were doing five years ago. Although the cost of turnover is difficult to quantify, it equates to lack of quality, unsafe conditions, additional training time and other inefficiencies. It is important to keep the balance in the right place. Overtime costs and safety issues are a significant indicator that the changes are needed, and he supports the proposal.

Commissioner Orvis said he also supports the proposed changes. He pointed out that there has been a significant increase in the workload as a result of Jacobsen's Marine and Puget Sound Express, and he is concerned that the proposed changes may not be enough. He encouraged the management team to keep a close eye on the situation, particularly the travelift and forklift operators and those who block boats in the workyard. He suggested that it may be necessary to increase the pay for these positions in order to retain employees once they are trained. It might also be necessary to have an additional employee trained to perform these tasks. Again, he asked that the management team carefully monitor the situation and be ready to hire another person if needed.

Commissioner Johnston reviewed that, since 2009, the Port's workforce has been reduced by 1.5 FTE. The economy has now improved and it is time for the Port to look at its workload and adjust the number of employees accordingly. He said he supports the proposal, as presented, which would allow the Port to get back to the level of staffing that best drives the Port forward.

Commissioner Gouge recalled that the Port took over the Harbor Square Business Complex in 2006, and the economy experienced a downturn starting in 2009. Since that time, the economy has improved and the Port has added two significant business (Puget Sound Express and Jacobsen's Marine). He reminded the Commissioners that their responsibility is to look out for the taxpayers and Port employees. It is so important to have a good operation, and he supports the proposal as presented. The employees are the face of the marina, and they are the ones who communicate what the Port of Edmonds is.

COMMISSIONER PRESTON MOVED THAT THE COMMISSION APPROVE ONE ADDITIONAL STAFF-1 POSITION IN MARINA OPERATIONS, AND THE RECOMMENDED CHANGES IN PERSONNEL POLICY CONCERNING HOLIDAY PAY, WEEKEND WORK, AND GRADE SCALE ASSIGNMENTS AS PRESENTED. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

2018 BUDGET – BUDGET BASELINE CONDITIONS

Ms. Drennan advised that staff is currently working on the 2018 Operating and Capital Budgets. The Finance Committee met on August 16th to discuss the baseline conditions and the Cash Flow Model. She reminded the Commission that they approve the Operating and Capital Budgets on an annual basis. The budget is a plan that identifies resources for operations and capital projects; communicates the sources of revenue and costs of services; and allows the Commission and staff to review and prioritize repairs, improvements and other projects. She cautioned that actual results may differ from the budget due to changed facilities or equipment conditions, changed priorities and changed economic environment.

Ms. Drennan reviewed that the Port implemented the Cash Flow Model in 2012 as a method of determining moorage and dry storage rates and planning for future large capital expenditures such as rebuilding the marina approximately 40 to 50 years after it was built. The Cash Flow Model estimates future cash and investments based on projected revenues and expenses and known major capital improvements, and 2017 is the 6th year of using the Cash Flow Model.

Ms. Drennan advised that, upon review of the Cash Flow Model again, staff recognized some omissions that are causing distortions that make it appear that the Port will be increasing its cash reserves by over \$1 million per year.

Upon review of the past five years, the Port has actually increased its cash reserves by an average of \$136,000 per year. She described the omissions as follows:

- The Capital Budget for the current year is well thought out. The Capital Budget for future years only shows the major marina items from the depreciation schedule, but are otherwise not detailed. For example, the restroom remodel was not contemplated by the Cash Flow Model.
- The Capital Budget is a plan, and sometimes the Port has to vary from the plan. For example, some of the Harbor Square roof overlays were projected over a number of years, but due to increased occupancy, the overlays were completed much sooner than projected.
- The Cash Flow Model began with only marina revenues, expenses and capital items. It showed that marina revenues would need to increase by 5.25% annually to cover marina expenses and capital items. Due to market constraints, the Commissioners agreed to increase moorage and dry storage revenues by the Consumer Price Index (CPI) + 1%, and the remainder would be covered by rental property revenue that exceeded expenses. The Cash Flow Model did not contemplate rental property capital improvements. For example, the Port spent \$1.4 million on Harbor Square improvements over the past five years. These costs were mitigated by the additional revenue from new tenants and will be recovered over a number of years, but the initial outflow contemplated by the Cash Flow Model caused deviations from the cash projections.

Ms. Drennan further reviewed that the Commission agreed to maintain the CPI + 1% model for five years, and 2016 was the end of the 5th year. During the 2018 Spring Retreat, staff will present the Commission with an updated Cash Flow Model, a reconciliation of the projected 2012 to 2017 to the actual results. The Commission will be invited to review the architecture of the Cash Flow Model and recommend changes to reflect reality.

Ms. Drennan advised that the Cash Flow Model was used as the basis for the 2017 budget, and at their August 16th meeting, the Finance Committee reaffirmed that recommendation for 2018. CPI for the year ending June 30, 2017 is 3.0%, which calculates to a moorage and dry storage rate increase of 4.0%.

Ms. Drennan concluded her report by reminding the Commission that the Port's Wages, Salaries and Pay Dispersal Policy is that staff will receive an annual pay increase of CPI plus a merit increase, and CPI is 3.0%.

Commissioner Faires summarized that the Cash Flow Model is a 30-year projection that resulted in a 5-year plan for rate increases. The 5-year policy of increasing rates by CPI + 1% ended at the end of 2016, but the Commission agreed to continue the policy into 2017. The Finance Committee is now recommending that the policy also be applied to the 2018 budget, recognizing that the Commission will review and make adjustments to the Cash Flow Model at their 2018 Spring Retreat. Ms. Drennan agreed that, unless otherwise directed by the Commission, the rate increases would be based on CPI + 1%.

Commissioner Preston reported that the Finance Committee discussed the policy pertaining to rate increases and agreed it would be appropriate for the Port to stay the course for the present time. Commissioner Orvis added that, at their Spring Retreat, the Commission could discuss the issue further and make adjustments as appropriate. He cautioned that is important to understand that the current policy does not increase the rates quickly enough to meet future demand, but doing so would likely extend the rates beyond what the current market will support. He pointed out that several of the marinas who did not raise rates at all are having significant problems. They are now having to raise rates rapidly or use tax dollars to compensate for not having raised rates in previous years. The Port's current formula is predictable for tenants. Until the Commission has a serious discussion looking forward, the Finance Committee is recommending that the current formula be used again in 2018.

Mr. McChesney reviewed that the Cash Flow Model actually projects that rates need to increase each year by about 5.2%, but the Commission understands that is not a sustainable approach. The difference is carried by property revenues. The marina is profitable, but it does not generate sufficient revenue to pay for replacement. Revenue from properties makes up the difference.

Commissioner Orvis commented that, within the next 10 to 12 years, the Port will have some substantial capital investment costs in the marina, and bonding will not support everything that might be needed. The Port needs to lay back a significant amount of money to keep the marina at an acceptable level.

Commissioner Faires summarized that the Commission understands that the Cash Flow Model is simply a forecast, but they guess is that it is a little conservative, assuming that the entire marina will need to be replaced at the same time. The reality is that the replacement will likely occur in phases over time. Although reality might be different than what the model suggests, the model represents the best the Port can do to anticipate what might occur in the future. He said he appreciates having the model for guidance, even if it is only an estimate.

Commissioner Gouge reminded the Commissioners that they made a promise to the boaters that they would maintain the marina, and a rate increase of CPI + 1% seems to be acceptable to most tenants. However, CPI has been low and has not kept up with the rapidly-increasing costs. It is very important for the Port to have cash available. Bond rates could be much higher in the future, and the Port must have a cash backup so they do not have to bond substantial amounts at a high rate. This is protecting the future for the tenants and stakeholders of Edmonds and Woodway.

2018 BUDGET PROPERTY TAX LEVY

Ms. Drennan advised that the property tax levy was placed on the agenda so the Commissioners could have a policy discussion about property taxes. The 2018 Preliminary Operating Budget will be presented to the Commission at the October 9th meeting. She referred to the Tax Levy History (Page 3 of the Staff Report), which shows the Port's taxable assessed value, actual tax levy amount and actual tax levy rate from 1989 to 2018. The millage rate for 2017 was approximately %.082. The 2018 property tax valuation is based on the 2017 assessed valuation increased by the average increase in the taxable assessed value over the last 10 years, which is 2.71%. If the 2018 tax levy is \$400,000, the millage rate would be approximately \$.079. The maximum levy amount available in 2017 was about \$568,000, and the highest millage rate was \$.311 in 1991.

Ms. Drennan reviewed that Figure 1 on Page 4 of the Staff Report shows the Port District Assessed Value from 1989 to 2018. As per the graph, assessed values dramatically increased in the few years leading up to 2009, but decreased significantly during the recession. Assessed value has continued to increase over the past several years, and she has heard that it could be up 8% at the end of 2017. However, she intends to stick with the average 2.71% until she hears otherwise. Figure 2 shows the Port's Tax Levy Amount from 1989 to 2018. She noted that property taxes were reduced to a total of \$100,000 in 2001, but were gradually increased over subsequent years to a total of \$400,000 in 2008. The property tax amount has remained the same since 2008. Figure 3 shows the Port's Tax Levy Rate from 1989 to 2018. The tax levy millage rate in the early 1990s was over \$.30 but is now down to about \$.079. The millage rate identifies how many cents per thousand of assessed value.

Ms. Drennan reviewed that, as per the 2017 Operating Budget, the \$400,000 of property tax revenue supported the launcher subsidy (\$50,000), the Harbor Square debt service (\$200,000) and Commissioner costs (\$150,000). She referred to the graph on Page 6 of the Staff Report, which illustrates property taxes compared to CPI increases and 1% increases. The graph on Page 7 of the Staff Report illustrates the value of property taxes in 2008 dollars. She noted that, using 2008 dollars, the value of the 2017 property tax revenue would be less than \$350,000.

Commissioner Faires expressed his belief that property taxes should be eliminated. The Port District residents built the marina once; and unless the Port is doing capital investment for the benefit of the owners of the Port District or it is absolutely necessary to maintain the facility, the tax rate should be zero. He proposed that the Commission start by decreasing the tax revenue amount. He said he is not convinced that the tax revenue is necessary in order for the Port to maintain its future bonding potential. He believes the future bonding potential is covered by the fact that the Port has banked its taxing capacity each year. He asked if the Port could eliminate or reduce the tax amount and still retain its banking capacity.

Commissioner Faires commented that the Port is a type of business that has income, expenses and profit. It makes sense to look at profit as positive cash flow as opposed to profit and loss. The positive cash flow they are experiencing is real, and the people who built and own the Port should not have to build it again. They have

invested their money, and it is time for them to receive a dividend. The Port operates a good marina, which enhances the value of homes within the Port District, and this is a benefit to the Port District Residents.

Commissioner Preston pointed out that the people who invested in the initial marina are no longer alive, yet a lot of people today benefit from it. While he would like the property tax to be zero, he felt it would create a bonding issue in the future. In order to qualify for future bonding, the Port must have something on the books taxwise. He expressed his belief that the residents of the Port District receive a dividend based on increased property values. They are also able to enjoy the amenities provided at the marina. He concluded that the Port has contributed to waterfront improvements, and the benefits have moved up into the downtown. All of the citizens in the community benefit from these efforts.

Commissioner Orvis commented that there is no way for the Commission to predict the future. He recalled that when the Port slashed taxes down to \$100,000 in 2001, no one could predict that voters would approve a proposition that limited tax increases to just 1% per year. The limitation penalized the Port for being responsible and reducing taxes, and its ability to tax was limited forever. He said he is comfortable with the \$400,000 level. He feels the amount is about right, given the tumultuous times and uncertainty about what will happen in the future. If things change in the future, the Commission could consider changing its position. But as long as they are stuck with the 1% limitation, he wants the current \$400,000 tax amount to remain intact.

Ms. Drennan referred to the chart illustrating Port District Resident Sample Property Taxes on Page 8 of the Staff Report. It illustrates how much residents within the Port District are paying to the various entities based on property values.

Commissioner Johnston agreed with Commissioner Orvis. As a homeowner, he considers the proposed tax levy to be justifiable based on his ability to enjoy the waterfront in its current condition. He said most of the people he has talked to feel the same way.

Commissioner Gouge said he has been a resident of the Port District since 1962. He recalled that during the economic downturn, the taxpayers voted to increase the Commission from three to five Commissioners. They also decreased the term length from six to four years. About 80% of the voters were in favor of these changes, which resulted in increased Commission costs. As a result of these changes, as well as the Port's decision to take over Harbor Square, taxes were raised to \$400,000 each year. As the Harbor Square debt is paid off, it will be appropriate for the Commission to reconsider the tax revenue amount. He expressed his belief that the Port provides quality amenities to residents of the Port District, and tax revenue will be important when considering future bonding opportunities. He said he has not heard significant outcry from the citizens to eliminate the tax, and the Port is using the revenue to benefit the community, including cleaning up Harbor Square, putting new roofs on the Harbor Square Buildings, and taking care of tenants. While he does not support increasing the tax revenue amount, he does support retaining the current level of \$400,000. Any consideration towards increasing the amount should be based on a specific project that would benefit the residents of the Port District.

Lora Petso, Edmonds, asked that Port staff answer Commissioner Faires' question about whether or not the Port would be allowed to recover its taxing ability to the full banked capacity at some point in the future if it were to eliminate the tax levy at the present time. Ms. Drennan answered that the Port would be allowed to go back up to its banked capacity, but the Port's bond counselor has confirmed to her that eliminating the tax levy would damage the Port's ability to issue bonds.

Darrol Haug, Edmonds, pointed out that the chart on Page 8 of the Staff Report does not show Emergency Management System (EMS) taxes. Ms. Drennan said none of the properties she researched in Edmonds or Woodway identified an EMS tax. Mr. Haug said he lives within the Port District and he is concerned that Port District residents are required to subsidize amenities for the people who live outside of the Port District to enjoy. If the Port continues to tax its residents, he would like them to take on some discussion about how the money could be used to benefit economic development within the community. He encouraged the Port to take on new challenges that could be helpful to the community.

Commissioner Gouge suggested that this is a topic the Commission could address at its 2018 Spring Retreat. Commissioner Preston asked about the maximum amount of tax revenue the Port could collect in 2018, and Ms. Drennan answered about \$568,000.

2018 BUDGET – ECONOMIC DEVELOPMENT AND TOURISM EXPENSE BUDGET

Ms. Drennan referred to the summary that was attached to the Staff Report showing the actual results for 2013 through 2016, the 2017 budget and the proposed budget for 2018. She explained that the summary shows the different economic development and tourism expense items and where they are located in the budget and financial statements. The Port participates in economic development and tourism through the Economic Alliance of Snohomish County (EASC), Destination Port of Edmonds, Sea Jazz, the Edmonds Arts Festival, and Bird Fest. The Port invites guests to the marina through advertising in publications and through the boat show, and it promotes tourism through participation in the Washington Tourism Alliance and the Snohomish County Tourism Bureau.

Ms. Drennan also referred to the Economic Development Guidelines, which were adopted in 2002, as well a Resolution Number 95-2 regarding promotional hosting. Consistent with 2017, staff is proposing the following: EASC (\$5,000), Destination Port of Edmonds (\$6,000), Sea Jazz (\$2,500), Edmonds Arts Festival (\$1,000), Bird Fest (\$500), other economic development opportunities (\$10,000), marina advertising (\$10,000), marina marketing (\$5,500), membership dues in the Washington Tourism Alliance (\$500), promotional hosting (\$2,500) and Supplies for waterfront signage (\$1,500). The total proposed economic development budget is \$45,000.

Ms. Drennan emphasized that none of the items include staff time, which is recorded as “salaries and wage expense,” and promotions are not included in the boat show budget. The Destination Port of Edmonds Program is a 2-year program, and costs should be less in the 2nd year, as some guests already have their bags and booklets. Lastly, she reminded the Commission of the rules related to promotional hosting expenses.

Commissioner Gouge said he recently met with Deborah Anderson, Executive Director for the Edmonds School District Foundation, to discuss opportunities for the Port to support maritime educational opportunities by providing scholarship monies to the foundation. Mr. McChesney replied that this would be difficult to do from a legal standpoint because it could be considered a “gifting of public funds.” However, he agreed to research the idea further and report back. Commissioner Gouge reminded the Commissioners of previous discussions about how to get young people involved in maritime activities, but he recognized that the Port must follow the guidelines set forth in the Revised Code of Washington.

Commissioner Preston suggested the Commission consider enhancing the Port’s involvement in Bird Fest, which is a great tourism activity. Mr. McChesney announced that the next Bird Fest will be September 15th through 17th. He reviewed that the Port is a sponsor of the event and contributes \$500 towards the needed expenses. He said he is not sure what the Port could do in addition to the \$500 contribution except perhaps advertise the event in their upcoming social media forums. Commissioner Faires commented that there are two categories of people who attend the event: local residents and non-local residents who come into the community to visit the restaurants, shops, etc.

Commissioner Preston asked if it would be possible to increase the Port’s monetary contribution to Bird Fest. Mr. McChesney said he is comfortable with the Port’s current contribution. Commissioner Gouge asked if it would be possible for the Port to reach out to people who live outside the Port District. Mr. McChesney cautioned that it would not be a good idea for the Port to pay to advertise and promote an event that is not its own. However, it would be very appropriate for the Port to announce the event via its newsletters, website, and social media.

EXECUTIVE DIRECTOR’S REPORT

Mr. McChesney said he has been in contact with Lorena Eng, Regional Administrator, Washington State Department of Transportation (WSDOT), regarding the necessary permits to make improvements at the intersection of SR-104 and Dayton Street. He said he anticipates the permits will be in hand within the next few weeks. He reminded the Commission that WSDOT has very stringent requirements related to work within the right-of-way, and

the Port's plans will be consistent. The City is also very supportive of the project, and he anticipates a good outcome.

Mr. McChesney announced that the Labor Day Mailer will be sent out to residents of the community to inform them about what the Port does in terms of economic development, job creation, etc. In addition, there are other projects underway, including float repairs. He said he expects to have the shoreline permit in hand to enable the Port to make improvements to the vacant parcel on the west side of Admiral Way before the end of the year. Staff is currently working with an architect on the restroom remodel project.

Ms. Kempf reported that the tall ships were in guest moorage over the past weekend, and there was a good turnout for the public tours. The boats generated a lot of excitement, and the waterfront was very busy. She further reported that the Sea Jazz events continue every Wednesday from 5:00 to 7:00 p.m. and Sunday from 1:00 to 3:00 p.m. Last Wednesday was Edmonds Woodway High Schools Jazz Colony event, with 54 students and 15 clinician participants. The Sea Jazz events will continue through the second week of September.

Commissioner Gouge requested an update on fishing in Area 10. Ms. Kempf said she hasn't heard any recent updates, but there are still people fishing from the pier, and a lot of people are still crabbing. The marina has stayed busy this year even with the fishing closures.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioners Preston, Orvis, Gouge and Johnston indicated their plan to attend the Washington Public Port Association's (WPPA) Small Ports Seminar on October 26th and 27th. Commissioner Faires said he may attend, as well. It was noted that the event would need to be advertised as a public meeting, as more than two Commissioners would be in attendance.

Commissioner Orvis indicated his plan to attend the WPPA Legislative Committee, but no specific date has been set yet. He and Commissioner Johnston will attend the WPPA Environmental Seminar on September 21st and 22nd. It was also announced that Commissioner Preston, Commissioner Gouge and Ms. Kempf would attend at least some portions of the Pacific Coast Congress (PCC) Semi Annual Conference on September 19th through 22nd.

Commissioner Preston said he attended the Sea Jazz Colony Event on August 23rd. It great to watch the students and observe how their talents progress as they get older.

Commissioner Preston reported on his attendance at the Economic Alliance of Snohomish County (EASC) networking event where he enjoyed talking with a variety of business leaders. Commissioners Orvis, Johnston and Gouge indicated that they attended the event, as well. Commissioner Orvis noted that the EASC has updated its business plan, which shows the incredible maturity of the organization since its inception. It is doing good work and there are a lot of businesses moving into Snohomish County. He advised that Former Governor Chris Gregoire is working to establish a regional economic development organization, much like the EASC. The EASC has indicated it is not interested in being subsumed into the new organization. It is doing very well on its own.

Commissioner Johnston recalled that, at their last meeting, the Commission discussed the need for signage at the marsh, and the City recently installed new directional signs. He reported that he was able to go out on the Puget Sound Express Chilkat vessel on August 21st. In addition to viewing the eclipse from the water, he was able to see six orca whales and a monk seal. At the conclusion of the excursion, he was able to direct a number of people to the restaurants along the waterfront.

Commissioner Gouge announced that the Chamber has scheduled the candidate's forum on October 9th, at the same time as the Commission's regular meeting, which is scheduled as a budget discussion. The Commissioners discussed several options for rescheduling the meeting to allow all candidates for Port Commissioner to attend the forum.

Darrol Haug, Edmonds, asked if the public has been notified of the budget schedule, and Ms. Drennan answered that it has been advertised on the Port's website, as well as at the public meetings.

Mr. McChesney reviewed that, when the budget schedule was prepared, it was considered prospective. He did not feel it would be considered a breach of confidence if the Commission were to change the schedule to accommodate the candidate's forum. He felt there would be sufficient time to notify and inform the public of the change.

The Commissioners agreed to reschedule the meeting to October 16th. They asked staff to do everything possible to get the word out to the public and tenants.

ADJOURNMENT

The Commission meeting was adjourned at 8:33 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