



## PORT COMMISSION OF THE PORT OF EDMONDS

### MINUTES OF REGULAR MEETING

January 12, 2015

#### COMMISSIONERS PRESENT

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

#### STAFF PRESENT

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

#### OTHERS PRESENT

Brad Cattle, Port Attorney

#### CALL TO ORDER

Commission President Preston 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 DECEMBER 29, 2014 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$116,599.62**
- D. RESOLUTION 15-02 – AUTHORIZING THE SALE OF ABANDONED BOAT**
- E. AUTHORIZATION FOR EXECUTIVE DIRECTOR TO WRITE OFF \$1,898.02 AND SEND ACCOUNT TO COLLECTIONS**

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

#### PUBLIC COMMENTS

**Joan Bloom, Edmonds City Council,** announced that she and Council Member Mesaros will share the responsibility of serving as liaison to the Port Commission. She will attend the 1<sup>st</sup> meeting and Council Member Mesaros will attend the 2<sup>nd</sup> meeting of each month.

**Ernie Collins, Edmonds Yacht Club (EYC),** said that he and Greg Bough will share the responsibility of serving as the EYC's liaison to the Port Commission. However, they do not have a firm schedule.

**Jim Blossey, Commander, Veteran's of Foreign Wars (VFW),** announced that on January 20<sup>th</sup> at 7:00 p.m. a citizens' committee will present its proposed design for the Veteran's Plaza to the Edmonds City Council. The plaza will be located outside of the Public Safety Building. After the presentation, the City Council will conduct a public hearing, and he invited the Commissioners and members of the public to attend the meeting and offer their support.

## **2015 COMMISSION COMMITTEE ASSIGNMENTS**

The Commission reviewed the 2015 Commission Committee Assignments and made the following changes:

- Commissioner Gouge will serve as liaison to the Edmonds City Council.
- Commissioner Orvis will serve as the alternate on the Environmental Committee of the WPPA.
- Commissioner Orvis will continue as the Port's representative on the WPPA Legislative Committee, and Commissioner Faires will serve as the alternate.
- Commissioner Preston will serve as the Port's WPPA Trustee.

**COMMISSIONER FAIRES MOVED THAT THE 2015 COMMISSION COMMITTEE ASSIGNMENTS BE APPROVED AS DISCUSSED. COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

## **RESEOLUTION NO. 15-01 – RECONFIRMING SCHEDULE AND LOCATION OF PORT COMMISSION MEETINGS**

Mr. McChesney advised that the Commission is required to approve its meeting schedule by resolution.

**COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE RESOLUTION 15-01 – AFFIRMING THE SCHEDULE AND LOCATION OF THE PORT COMMISSION MEETINGS FOR 2015 PER ATTACHMENT A. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

## **INVESTMENT ACCOUNT REPORT**

Ms. Drennan recalled that in December 2013, the Port began investing in funds long-term and purchased three long-term investments for approximately \$1.5 million. In March, the Port's bond reserve Certificate of Deposit of approximately \$800,000 matured, and the Port reinvested the funds into a bond that matures at approximately the same time that the reserve is no longer required (middle of 2017). In October, the Port invested an additional \$750,000. At this time, the Port's long-term investment account is valued at \$3,027,233, and the details are in the attached report.

Ms. Drennan reported that the Port modified and updated its Investment Policy and it now designates that the performance standard is the benchmark of the 1-year Treasury bond yield. The average Treasury bond interest rate for 2014 was .129%. At that rate, the Port would have earned interest of \$2,844. If the money was not used for long-term investments, the Port would probably have placed the money in the Local Government Investment Pool (LGIP), and their rate averaged .098%. At that rate, the Port would have earned interest of \$2,158. In reality, the Port earned interest of \$16,135 on its long-term investments, which is \$13,291 greater than it would have earned by investing in 1-year Treasury bonds and \$13,977 greater than it would have earned investing in the LGIP.

Ms. Drennan explained that, as part of year-end accounting, the Port will adjust the investments to market value, as per the Governmental Accounting Standards Board Statement Number 31. This may cause an unrealized loss or unrealized gain. But if the Port holds the investments to maturity of the call date, there will be no realized loss or gain. After a draft of the 2014 Financial Statements is completed in February, Port staff will review the cash balance and cash needs for the future and look for additional opportunities to invest for a longer term.

Ms. Drennan referred the Commission to the spreadsheet attached to the Staff Report, which shows the security, the remaining life in years, when the investment was purchased, the final maturity, the coupon rate, the par value of the bonds, the amortized book value, the market value at the end of December, and interest earned in 2014. The last four columns show comparisons with the LGIP and the benchmark for the 1-year Treasury bond.

Commissioner Faires commented that, while the additional interest income will not make a huge hole in the chasm they see in three or four years, it is a lot better than they were doing before. He commended Ms. Drennan for her efforts.

## **WASHINGTON PUBLIC PORT ASSOCIATION (WPPA) PORT DAY IN OLYMPIA**

Mr. McChesney announced that the WPPA Port Day in Olympia is scheduled for January 20<sup>th</sup>. This is an opportunity for representatives of ports to gather to review the legislative agenda and meet with local legislators. He said he is planning to attend the event and discuss issues the Port is particularly interested in. Commissioner Preston indicated he would attend, as well. Mr. McChesney noted that the Washington Maritime Federation is having an event that same day.

Having attended the WPPA Port Day for a number of years, Commissioner Orvis commented that it really helps to provide a set of notes to the legislators they meet with, with business cards attached. It also helps to meet with legislators in smaller groups and be prepared to share their message quickly.

Commissioner Faires recalled that in previous years the Commission provided feedback to help identify the issues they wanted their representatives to discuss with legislators. Commissioner Orvis suggested that they consider issues that are important to the Economic Alliance Snohomish County, such as the transportation package. They should also be prepared to share information related to current proposals by the Department of Ecology such as the no discharge zone.” These issues could be contentious and the legislators need to have a clear understanding of the Port’s position. Mr. McChesney said it is also important to remind the local legislators that the Port’s purpose is economic development and inform them of how proposed legislation could have a significant impact.

## **BOAT SHOW PREPARATION**

Ms. Kempf said the purpose statement in the Port’s marketing plan is to “provide quality facilities and services, and convenient amenities that are seen as a good value and result in long-term and repeat customers; maximum utilization of existing marina facilities and services; and the ability to generate sufficient revenue to maintain, upgrade and rebuild marina infrastructure systems. The general theme of the marketing plan is “keep existing customers, reward longevity and repeat business, increase activity, make a positive impression on users, shrink the shoulder season, raise awareness of our prime destinations and quality facilities, and attract new customers.

Ms. Kempf said the primary venue for accomplishing the purpose and theme of the marketing plan is the Seattle International Boat Show, which will take place January 23 through February 1st. If the Seahawks make it to the Super Bowl, the boat show will close a day earlier. She said the Port’s promotions have been carefully designed to achieve the marketing goals; encourage boaters to make Edmonds their home port and destination; and brand the marina as the best value per dollar, quality of facility and service, and convenient location. The Port will offer a promotion for the boatyard called “Roll Back the Clock.” From January 22<sup>nd</sup> to February 28<sup>th</sup> the rates in the workyard will match those of 2005. The Port will also offer a tenant reward program called, “March on In.” March is usually a busy month in the boatyard, and this promotion is the only time the Port offers a discount on the Travelift. It is available to tenants who have been with the Port for more than 12 months and are in good standing. The Boat Show Special was started in 2010. The 1<sup>st</sup> and 12<sup>th</sup> month’s rent for those who sign up before March 1<sup>st</sup> will be \$20.15. She noted that this promotion is specifically designed to help shrink the shoulder season. She said staff would update the Commission on the results from the 2014 promotions as part of the 4<sup>th</sup> Quarter Report at the first meeting in February. They typically get between 48 and 50 new sign ups at the boat show, and many people end up staying for the 12<sup>th</sup> month.

Ms. Kempf said the punch cards for the launcher have been very popular in previous years and will be offered again in 2015. Those who purchase five launches will get the sixth launch free. The Port will promote its new capacity at the public launch, as well. They hope to attract a new client market with this additional capability. The Port also offers the “Bring a Buddy” reward for tenants who refer their friends to sign up for moorage or dry storage at the Port. If they mention the tenant’s name as a referral and both stay at the Port in good standing for 12 months, the Port will credit the tenant’s account during the 13<sup>th</sup> month with \$200. In addition, the Port offers a fuel reward to tenants. For every 150 gallons of fuel purchased in 2015, tenants will get a free day in the workyard. Tenants receive free WiFi, and the newsletters are now available to tenants in electronic format.

Ms. Kempf advised that rather than a traditional drawing where people put their name in a box, participants at the boat show can enter into a drawing using an I-pad. This new method will allow the Port to obtain permission from participants to contact them in the future. She said the Port sent out letters to approximately 40 brokers to let them

know about the services the Port provides and the specials that are being offered. It is hoped they will pass this information on to their customers who purchase boats.

Ms. Kempf advised that Commissioners who signed up to work at the boat show will receive packets of information later in the week. However, the entrance tickets will not be available until the day of setup on Thursday, January 22<sup>nd</sup>.

Commissioner Gouge asked if the Port's space would be in the same location as last year. Ms. Kempf answered affirmatively. The Port's location is right next to the Edmonds Yacht Club.

### **DESTINATION PORT OF EDMONDS (2015-2016) STATUS REPORT**

Ms. Kempf reviewed that the Destination Port of Edmonds Program was created by the Port in 2005 and is now in its 5<sup>th</sup>, two-year program. The program continues to be a successful joint promotion between the Port and local downtown Edmonds merchants. The purpose of the program is to promote the community; raise awareness of the economic benefit brought to Edmonds through Port of Edmonds visitors, tenants and staff; and encourage boaters to shop locally. By attracting boaters to the marina to utilize the moorage areas and services at the Port of Edmonds, the Port introduces them to the City of Edmonds and connects their visits with businesses in the downtown Edmonds area. The Port of Edmonds staff plays a very important role in insuring the success of the program by portraying an enthusiastic approach to achieving customer satisfaction, assuring that guest moorage users understand the benefits of the program, and providing courtesy shuttle service from the waterfront to the participating businesses.

Ms. Kempf reviewed that during the past two-year program, the Port saw nearly 5,500 individual boats that spent a total of 10,558 days at the marina. In addition, 39 groups brought in 339 boats for a total of 1,619 days spent in the community. From the guest boaters perspective, the program has become something they look forward to when they visit Edmonds. As a result of the program, many have returned to spend more time in the City. She noted that the statistics do not even begin to identify the total impact of the program. For instance, the Port has invested in upgrades to the public launch to increase the capacity from 7,500 pounds to 10,000, which increased the target market of trailerable boats that will come into Edmonds to launch and stay in guest moorage. In the past two years, 6,815 boats have been launched.

Ms. Kempf reported that, during 2014, the Port staff worked with local merchants again to develop the next two-year program, and the goal is to continue to offer a quality program to Port customers and to defray the cost to the Port through sponsorship and advertising opportunities. She referred to the Staff Report, which provides statistics for the 2015-2016 program that is now underway. All customers who pay for a night of guest moorage will receive a Destination Port of Edmonds bag and a logo zipper tote with a tag to inform the participating merchants that the customer came from the Port of Edmonds. Participating merchants are listed in the booklet, and the only requirement for inclusion in the booklet is that merchants make some kind of offer. She briefly reviewed the other promotional items and information included in the bag.

Ms. Kempf summarized that the total expenditure to date for the program for the Port is \$15,200. However, this cost was defrayed through sponsorship and advertising opportunities. For example, Anthony's Home Port Restaurant sponsored 1,500 of the 2,000 bags. The total cost of the program to this point is \$9,425, and the total budget was \$9,500. She recalled that when the program started in 2005, the Port budgeted \$40,000. She said merchants are excited about the program and pleased with the results. Port staff will visit the participating merchants this next week to give them a bag and provide additional information about the program.

Commissioner Orvis noted that once people visit the marina as boaters and receive the program materials, they often return to Edmonds to visit the participating merchants. Commissioner Faires asked if the Port has any statistics on how many people visit a given merchant to utilize an offer. Ms. Kempf said this is difficult, but some of the merchants do keep track. One merchant indicated that the program brings in approximately 150 customers per year.

Commissioner Preston asked if it would be possible to do some demographic data mining by having merchants turn in receipts associated with the program. Perhaps the Port could award a prize drawing at the end of the year for merchants who turn in their receipts. Mr. McChesney responded that the program is pretty well developed, and

adding this step may not provide sufficient value for the amount of effort it would involve. He said he is comfortable with the results, based on the feedback from the boaters and participating merchants.

Ms. Kempf specifically thanked Ms. Barnes and Mr. Osterman for their help with the program. She commented that it is not easy dealing with the wide range of merchants. They all have ideas for how best to run a business and how the program should work. Preparing a two-year program is a lot of work.

Commissioner Faires asked if the cost figures presented earlier include the hours that staff worked on the program. Ms. Kempf said it did not.

Commissioner Orvis commented that the program has been incredibly successful, and there ports as far away as Alaska that now try to duplicate the Port's program. The value to the area, in general, has been very, very positive.

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

Mr. McChesney reported that new tenant, Channel Marker, is busy trying to get its new space ready, and the Port is happy with the progress they have made. They are on schedule to open on March 1<sup>st</sup>.

Mr. McChesney provided a brief safety report and said it is worth noting that in 2014 there were zero work place injuries. This is a fantastic accomplishment given there were over 50,000 person hours of labor. This is a clear indication that the Port's safety program is effective, and staff members take safety very seriously. He commended staff for their efforts. Commissioner Faires commended Mr. McChesney and the remainder of the Port staff for focusing specifically on safety and training. He expressed his belief that there is a clear correlation between the effort put into making the safety program a priority and the fact that it is working. Commissioner Orvis said they should also take note that staff is asked to perform heavy industrial activities; moving large numbers of boats in small areas.

Mr. McChesney advised that the Finance and Audit Committee still needs to meet to finalize the 2014 review. This meeting should take place within the next week or two.

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

Commissioner Orvis reported that he and Mr. McChesney recently met with Eric Johnson from the WPPA. He reported that the WPPA's Legislative Agenda, as well as last week's legislative report, are currently available online.

Commissioner Faires announced that he would attend the Edmonds Economic Development Commission meeting on January 21<sup>st</sup>.

Commissioner Preston suggested that the Commission schedule a date and location for their annual retreat. Mr. McChesney said that, typically, the retreat is held in January. However, because the intent of the 2015 retreat is to focus on the cash flow model, the necessary data will not be available until at least March.

Commissioner Preston reported on his attendance at the Edmonds Economic Development Commission (EDC) meeting on December 17<sup>th</sup>. He questioned why a Port representative continues to attend the meetings when he/she does not have a vote. Commissioner Faires said the title of the commission is "economic development," and one of the Port's two primary functions is "economic development." If something is going on in the community relative to economic development, the Port should know what is happening and have an appropriate opportunity to contribute. Commissioner Preston agreed that a Port representative belongs at the meetings, but he/she should be at the table rather than observing. Commissioner Faires recalled that the City Council decided that elected officials should not be active participants. (*Note: Council Member Bloom provided some information regarding the Council's position on the matter. However, she did not step to the microphone, and her comments are inaudible.*) Commissioner Gouge agreed with Commissioner Preston that the Port should have a voting member on the Commission. He pointed out that the most significant economic growth in the City has taken place at the Port.

Commissioner Preston referenced the Revised Code of Washington (RCW) 53, which states that with tourism promotion and tourism related facilities, any port district in the state active through its commission has the power to expend monies and connect promotions, resources and facilities in the district and general area basically for tourism expansion. Commissioner Faires said this issue has come up several times at the EDC meetings, where it has been noted that the Port can do a lot relative to tourist activity and tourist attraction. Nonetheless, the City Council has not seen fit to involve the Port to a large extent. He expressed his belief that this decision represents a City loss. The Port has expertise and specific powers relative to economic development, yet the City Council has decided not to allow its participation.

**ADJOURNMENT**

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

Respectfully submitted,



Bruce Faires  
Port Commission Secretary