



PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF REGULAR MEETING

September 24, 2018

COMMISSIONERS PRESENT

David Preston, President
Steve Johnston, Vice President
Jim Orvis, Secretary
Bruce Faires
Angela Harris (by phone)

STAFF PRESENT

Bob McChesney, Executive Director
Tina Drennan, Finance Manager
Brittany Williams, Properties and Marketing Manager

OTHERS PRESENT

Karin Noyes, Recorder

CALL TO ORDER

President Preston called the 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 FAIRES MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF SEPTEMBER 10, 2018 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$170,122.32**

COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

There were no public comments.

ACCEPTANCE OF FUEL DOCK DISPENSERS CONTRACT AS COMPLETE

Mr. McChesney reviewed that the Commission directed staff to enter into a contract with Pacific Environmental Services Company on October 30, 2017 after formal bidding took place and the low bidder was selected. Work began on the project on February 6th, with most being completed by February 9th. A change order was approved on March 26th to address the diesel turbine, and that work was completed by April 25th. Some remaining punch list items required action by the contractor to address, but were accepted as substantially completed by the Maintenance Manager on

September 12th. The fuel dock has been in continuous operation since February 9th while the final few items were pending resolution to the Port staff's satisfaction.

Mr. McChesney reminded the Commission that the high-speed dispenser that was installed as part of the project was limited because the existing diesel turbine was not fast enough. The approved change order allowed for the turbine to be replaced with a more powerful one.

Mr. McChesney recommended the Commission accept the contract with Pacific Environmental Services Company in the amount of \$130,869.08 plus sales tax for the Fuel Dispensers and Equipment Contract 2017-281 as complete.

Commissioner Faires asked how the final project costs align with the capital budget allocation. Ms. Drennan answered that the capital budget identified \$125,000 for the project; and as of September 5th, the total cost of the project is about \$157,000.

Commissioner Orvis asked if the new diesel turbine allows the fuel to pump at the rate needed. Mr. McChesney answered that it operates at a sufficient speed to meet the needs of Puget Sound Express, the main user of the high-speed pump. Although the pumps are rated higher, the limiting factor is the turbine. They went from a 1-horsepower turbine to a 2-horsepower turbine, which is the largest they could get without having to rewire the entire dock, which would have been costly. Currently, the high-speed pump operates at about 25 gallons per minute but is rated at 35 gallons per minute. Puget Sound Express has indicated they are happy with the current situation.

COMMISSIONER JOHNSTON MOVED THAT THE COMMISSION ACCEPT THE CONTRACT 2017-281 WITH PACIFIC ENVIRONMENTAL SERVICES COMPANY IN THE AMOUNT OF \$130,869.08 PLUS SALES TAX FOR THE FUEL DISPENSERS AND EQUIPMENT CONTRACT AS COMPLETE. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PORT OF SEATTLE GRANT FINAL REPORT

Ms. Williams reviewed that, utilizing a grant from the Port of Seattle, the Port partnered with the City of Edmonds, Edmonds Chamber of Commerce, Snohomish County Tourism Bureau and Puget Sound Express to produce online media promoting the unique whale watching opportunities in Edmonds. The video advertisements highlighted Puget Sound Express, the City of Edmonds as a tourist destination, and the convenience of utilizing Seattle-Tacoma International Airport for out-of-state travel. She shared a short video advertisement, noting that all of the video ads are linked to the campaign landing page <http://watchthewhales.com/>.

Ms. Williams explained that the aim of the project was to inspire out-of-state visitors to travel to the Edmonds area via Seattle-Tacoma International Airport. The initial geographic target was the Denver metropolitan area, where Facebook video ads ran from March 19th through June 23rd. The targeted audience was individuals between the age of 29 and 64 who showed an interest in travel and adventure, and in some cases, whales and marine biology specifically. The Facebook advertisements were served up in news feeds on desktop computers, and mobile devices.

Ms. Williams referred the Commission to the final report (attached to Staff Report) that was submitted to the Director of Tourism Development for the Port of Seattle on July 13th. She specifically highlighted the following:

- The campaign summary by month identifies how many times Facebook users clicked on a given ad (clicks), how many times a Facebook ad showed up in a user's newsfeed (impressions), and how many users saw a Facebook ad (reach). Over the 3-month period, the ads were shown over 610,000 times and reached more than 74,000 people. That means the ads were shown roughly 8 times to the same person to give familiarity.
- A good way to determine the success of the campaign is whether or not people reacted to the ads when they were shown to them. The click-through-rate (CTR) identifies the percentage of people who saw an ad and clicked on the link. In general, 1% or higher is a good CTR. More than 7,353 people clicked on the link to the watchthewhales.com website, resulting in an average CTR of 1.2%.
- Another data point specific to Facebook is total actions, which includes likes, comments, shares and other actions in addition to clicks. Over the 3-month period, there were over 121,000 total actions. To find out how often someone did something when an ad was served up, she divided the number of total actions by the

number of impressions. In the 1st month, someone did something with the ads 29% of the time they were served up. The percentage was 18% in the 2nd month, 19% in the 3rd month, and 19% in the 4th month. These numbers were exciting because they show they were targeting the right people.

- Referring domains is a good way to think about the path people take from the ad to the www.pugetsoundexpress.com website. In total, 185 people were connected directly to the site from a Facebook ad, and 174 were new users. This number shows a serious interest and people were really connecting the ad with the idea of whale watching. The average session duration identifies how long people were spending on the website. The fact that people were spending an average of 2½ minutes on the www.pugetsoundexpress.com website was good to see. The chart provided in the report shows an upward trend in traffic to the website throughout the campaign.
- The report provides a list comparing out-of-state online ticket sales figures for Puget Sound Express from April 2017 through June 2017 to the same period in 2018. While the total out-of-state unique purchases increased by 29% from 2017 to 2018, the Colorado-specific out-of-state purchases saw a small decline. However, it is important to keep in mind that Puget Sound Express could have pulled back its advertising towards Colorado because it knew the Port's campaign would be focusing on this area. The increase in out-of-state purchases could be partially linked to the fact that the ad is seen by people in other locations.
- One big surprise was the additional traffic on www.visitedmonds.com. Although the information is proprietary and she doesn't have actual numbers, the increase was significant enough that they asked the Port not to close the <http://watchthewhales.com/> site.

Ms. Williams summarized that it was a great experience to partner with the City of Edmonds, Edmonds Chamber of Commerce, Snohomish County Tourism Bureau and Puget Sound Express, as well as local businesses. A big take away from the campaign is the footage that can now be repurposed and used to target different areas or on the Port's landing page. For example, the City of Edmonds recently used some of the footage in a newly-released video that focuses on day trips to Edmonds.

Commissioner Faires asked what plans are in place or what activities the Port should be taking forward next year. Ms. Williams answered that she and Mr. McChesney have had discussions about opportunities in 2019. The grant application is not yet available, but she has reached out to the Director of Tourism Development for the Port of Seattle indicating the Port's interest to build on the 2018 campaign using the same materials but targeting a different area. She has received positive encouragement from the Port of Seattle to apply again.

Mr. McChesney summarized that the total cost of the project was \$19,000, with \$10,000 coming from a Port of Seattle grant, \$5,000 from the Port of Edmonds, \$2,000 from the City of Edmonds, and \$2,000 from Puget Sound Express. The campaign was a good collaborative effort, and Ms. Williams did a great job leading the project. He said he is happy with the results.

EXECUTIVE DIRECTOR'S REPORT

Ms. McChesney reported that the Harbor Square paving project was completed on September 21st. It was well planned, coordinated and executed. They learned it really is efficient to do the paving projects in discreet chunks that a contractor can complete in one day. This project completed 4,700 square feet of paving, and it is anticipated the next project in 2019 will complete about 6,000 square feet. He cautioned that if they try to do too much at once, the project extends several days and is disruptive from a traffic point of view. Another benefit of doing the work in discreet chunks each year is that it avoids large increases in common area maintenance charges.

Commissioner Faires agreed it makes sense to do the paving in sections, but he questioned how much the deployment costs would be each time. Mr. McChesney answered that it is difficult to pinpoint a specific cost given that there are so many variables, but he agreed that mobilization costs are a factor. If larger areas are done at the same time, the Port could save on mobilization costs and be more efficient overall, but the property would be so torn up that people couldn't get in and out and it would be too much for the tenants and customers to endure. He felt the best approach is to do the work in 6,000 square foot segments over a multi-year period.

Commissioner Johnston asked if staff has a plan for prioritizing the paving work. Mr. McChesney recalled that, initially, the Port started by fixing potholes, which was an inefficient approach. Last year, they decided to do a larger section, and the project turned out well. He reminded the Commission that no subgrade was used when the original pavement was installed, and this resulted in poor drainage and soft pavement. Going forward, the original pavement will be ground off and a compacted subgrade will be added so the new pavement will be higher quality and last longer.

Commissioner Preston asked if the Port experienced any flooding as a result of the recent heavy rain. Mr. McChesney answered that there was some flooding at the Harbor Square Athletic Club tennis courts, but none of the Port's buildings were flooded. He reminded the Commission that staff removed a number of root balls from the drainage system that were impeding stormwater flow, and this helped improve the situation.

Mr. McChesney reported that he met last week with the owners of Puget Sound Express. It appears they are inclined to move forward with a multi-year agreement pending resolution of some minor issues. They have had a good season and were complimentary of the Port's facilities and staff.

Mr. McChesney reported that he testified at a public hearing before the Edmonds City Council regarding the proposed Edmonds Street Waterfront Connector. He also attended the Edmonds Economic Development Commission meeting where they discussed sales tax revenue. Council Member Tibbott provided a nice breakdown of the sales tax revenue, particularly noting the large increase in miscellaneous sales tax revenue. The large number could be attributed to Jacobsen's Marine and Puget Sound Express since there are no defined categories for these two businesses.

Mr. McChesney advised that Port staff is currently working with a local architect to develop preliminary designs for the administrative office and Commission meeting room remodel. He does not expect to have a design proposal ready to move forward until later next year, but they need to at least get the configuration established. Most of the work will be accomplished by the Port's own staff during the winter months.

Mr. McChesney announced that the Communications Committee would meet on September 25th at 9 a.m., and the Finance Committee would meet on October 1st. He also announced that he has invited Paul Sorenson from BST Associates to the Commission's October 8th meeting to brief them on fractional boating trends and how the Port might participate in the future. He said he also reached out to Burlington Northern Santa Fe Railroad requesting they brief the Commission on railroad activities.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Faires reported that the Rotary Club has indicated they have suspended the Waterfront Festival in 2019. He recalled that the Waterfront Festival provided a way to get people to come to the Port facilities and use the public amenities, and they need to discuss other ways to accomplish this in the future.

Commissioner Harris announced that she would attend the Communications Committee meeting on September 25th and the Washington Public Port Association (WPPA) Fall Environmental Meeting on September 26th. She reported that she met with Mayor Earling on September 21st to talk about what the City is currently working on. He showed interest in further conversations around the potential of a parking garage, and he agreed to reach out to Mr. McChesney to discuss the concept further.

Commissioner Johnston announced that he would attend the WPPA Fall Environmental Meeting on September 26th through 28th, and the WPPA Small Ports Conference on October 18th and 19th. He also reported that he provided testimony at the public hearing before the Edmonds City Council relative to the Edmonds Street Waterfront Connector. He felt the discussion was more positive than negative. Lastly, he advised that he would attend the Communication Committee meeting on September 25th.

Commissioner Orvis reported that he provided testimony at the public hearing before the Edmonds City Council regarding the Edmonds Street Waterfront Connector, too. He also reported that he attended the WPPA Legislative Conference on September 19th and the WPPA Legislative Committee meeting on September 24th. He reported on the following legislative matters:

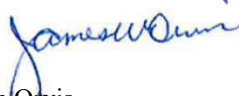
- It is likely that Democrats will pick up 5 to 12 seats in the House and 2 to 3 seats in the Senate based on the primary results.
- The Teachers Union disagrees that the Legislature has provided enough funding for education. On the other hand, no Legislator appears interested in providing more funding at the district level to fix the deficits created by the large raises that were recently given by a number of districts.
- Based on the Puget Sound Regional Council's recently completed baseline freight study, there was some discussion about possible freight regulations. The Port of Seattle is concerned that the State will try to regulate SeaTac's freight, as there is a big push in the south part of King County to take freight out of SeaTac and move it to other airports.
- Revenues are expected to be way up this year, and there is going to be a lot of money spent on stuff that has been lingering in people's back pockets.
- Advertisements in support of Carbon Tax Initiative 1631 indicate that the money will only be used for projects that reduce carbon emissions and other greenhouse gases that contribute to climate change. However, those in attendance at the committee meeting voiced concern that the Legislature would rake the money off for other things, similar to what happened with the Model Toxic Control Act (MTCA) funding.
- The Port of Everett and several other Ports are seeking to get a law passed that would allow the Department of Ecology (DOE) to commit to multi-year funding. Many cleanup projects take multiple years to complete, and there is currently no guarantee that promised funding from the DOE will be available in subsequent years. That means that ports could end up being responsible for the entire cost of the cleanup. Because of this concern, ports are hesitant to move forward with cleanup projects. MTCA is funded by a fee or tax on every hazardous material's first touch into the State of Washington. The money was specifically to be used for cleaning up toxic waste places, but the Legislature has reallocated the majority of this funding for other uses. There is currently less than \$10 million in the MTCA account. The proposed legislation would allow the DOE to enter into multi-year contracts so the Legislature would be obligated to pay the State's share of a multi-year cleanup project.
- It is likely that the MTCA tax will increase an additional 0.07%.
- There is an attempt to get the Legislature to require the DOE to come up with guidelines for State Environmental Policy Act (SEPA) review. As it stands now, the DOE tends to make up the rules as they go along, and the idea is for the Legislature to require them to establish a set of guidelines.
- It is possible that a State Broadband Office will be created in conjunction with the Department of Commerce.
- The Legislature is currently proposing \$22 million for the Community Economic Revitalization Board (CERB) and \$20 million for the Broadband Office.
- There is a local revitalization program that proposes to allow unregistered vehicles to make short trips on highways. The Port of Grays Harbor needs this allowance because people are hauling old Volkswagens overseas by the thousands.
- The Orca Task Force is being described as unorganized and unconstrained. Comments have been made that if they were really interested in breaching dams to improve salmon recovery, they should focus on all dams in the state, including those on the Skagit River. However, the people who are pushing hardest are from Seattle where electric bills would be significantly impacted.
- The Port of Moses Lake is talking about attempting to get 1/3 of the leasehold tax they collect to use for their own capital projects.
- Because of current laws, the prevailing wages in some jurisdictions have increased by 80 to 100%.

Commissioner Preston announced that the Sea Scouts would travel to Port Ludlow this week. He also reported that he would attend the Communications Committee meeting and the Edmonds Yacht Club's general meeting on September 25th. He also plans to attend the Blues, Brats and Brews event on September 27th at the Edmonds Yacht Club. In addition, he and Mr. McChesney will be meeting with the president of the Rotary Club on September 27th to talk about the future of the Waterfront Festival and what other opportunities might be considered.

ADJOURNMENT

The Commission meeting was adjourned at 7:50 a.m.

Respectfully submitted,



Jim Orvis
Port Commission Secretary