



**Commissioners**

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**APPROVED MINUTES  
COMMISSION AFTERNOON SPECIAL MEETING JULY 22, 2014**

The Port of Seattle Commission met in a special meeting Tuesday, July 22, 2014, in the Microsoft Pavilion at the Museum of History and Industry (MOHAI), 860 Terry Avenue, Seattle. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present.

**1. CALL TO ORDER**

The special meeting was called to order at 2:00 p.m. by Courtney Gregoire, Commission Co-President.

**2. EXECUTIVE SESSION pursuant to RCW 42.30.110**

None.

**PLEDGE OF ALLEGIANCE**

**3. SPECIAL ORDERS OF BUSINESS: Roundtable Discussion on Washington State Tourism**

In her opening remarks, Commissioner Gregoire expressed solidarity for the Washington state communities battling wildfires, and stated that the intended purpose of the roundtable is to discuss options for actions that can be taken to encourage the growth of Washington state's tourism industry.

In his opening remarks, Commissioner Creighton spoke about the Port of Seattle's participation in the tourism business, which began with the commencement of airport operations in the 1940s and has grown within the last 30 years to include cruise operations and involvement in tourism promotion. He also stated that tourism is important to the job growth goals set forth in the Century Agenda. Commissioner Creighton announced that the Twitter hashtag for the discussion would be *#growWAtourism*.

**Panel One: Investing in Tourism Promotion: The Positive Impact on Washington's Businesses and Jobs**

Panelist(s):

- Andy Olsen, Vice President, Columbia Hospitality and Co-Vice Chair, Washington Tourism Alliance (WTA).
- Pete Hanke, Commissioner, Port of Port Townsend.
- Ron Peck, Executive Director, Tourism Walla Walla.

The following presentation material(s) were submitted:

- Mr. Olsen's presentation [slides](#).
- Mr. Hanke's presentation [slides](#).
- Mr. Peck's presentation [slides](#).

Mr. Olsen spoke about efforts of the Washington Tourism Alliance (WTA) to enact a statewide marketing plan for tourism. House Bill 2229 would provide stable long-term funding for tourism promotion and finds that the best source for funding a statewide marketing program is the private sector. Current funding models rely on lodging taxes, but this bill establishes the principle that all sectors of the tourism industry will contribute, including lodging, food, attractions, retail, and transportation sources. These sectors, which are the most reliant on tourism, would have majority board membership. State agencies are directed to work with the Washington Tourism Alliance to accomplish marketing objectives. Additional funding and board representation may involve ports, Tribes, wineries, airlines, cruise lines, chambers of commerce, economic development organizations, and destination marketing organizations. The total budget for the statewide marketing plan is \$7.5 million, which is significantly lower than neighboring states. Mr. Olsen noted that loss of state funding to promote tourism coincided with a loss of market share to surrounding states and British Columbia.

Commissioner Creighton requested more information about the WTA's desire to keep funding set aside for a statewide tourism marketing plan from being swept, and whether a mechanism to prevent this has been settled upon. Mr. Olsen replied that a way to protect the funds has not yet been developed, but expressed that the lodging sector will not back this project if there is a possibility that funds collected for tourism promotion may end up in the general fund. Governance and geographic representation will play a significant role in fair allocation of funds.

Commissioner Gregoire asked how State Parks and other non-profit groups benefitted by tourism will be represented in determination of a tourism marketing plan. Mr. Olsen referred to representation on the existing WTA board that includes all areas of the state and all types of organizations.

Commissioner Albro asked Mr. Olsen to elaborate on port roles, beyond funding, in developing a tourism plan. Mr. Olsen said that input and insight from ports are very important to determining direction for marketing the tourism industry. Commissioner Albro pointed out that the 75 ports spread through Washington state are a valuable resource, with assets and infrastructure that are unique to Washington. Mr. Olsen agreed that port collaboration is an avenue that should be further explored.

Commissioner Hanke spoke about his experience operating Puget Sound Express, and the tourism opportunities offered in Port Townsend and on the Olympic Peninsula. He noted that 20 percent of passengers using Puget Sound Express are from the Seattle area and that 25 percent are international customers. Cooperation with the Port of Port Townsend is important to the success of the business. Tourism is a large part of Port Townsend's economy, and much of the Port infrastructure is dedicated to supporting tourism. Federal and State funding to the Port, as well as

local taxes, makes investment in facilities that support tourism possible, thereby contributing back to the local economy.

In response to an inquiry from Commissioner Creighton about the role of ports in tourism promotion, Commissioner Hanke spoke about the development of the Northwest Maritime Center, a facility constructed in the business district of Port Townsend. The Port of Port Townsend worked with the Department of Ecology to secure a grant for cleanup of a tank farm in that area. Influence with government agencies, according to Commissioner Hanke, is one of the most important things Ports can do to help businesses develop tourist facilities.

Commissioner Albro asked how significant pleasure boating is to tourism in Port Townsend, and what opportunities can be leveraged there. Commissioner Hanke replied that Port Townsend sees about 10,000 single-night stays a year from transient boaters. Maintenance of marinas and the breakwater are important to the success of pleasure boat tourism.

In response to Commissioner Gregoire's request to elaborate about the role of the Fort Worden Public Development Authority, Commissioner Hanke clarified that the Port of Port Townsend owns property adjacent to the Fort Worden property, but does not currently play a role in managing the Fort Worden property. However, he expects a partnership between the Port and the Public Development Authority to work together in the future.

Commissioner Creighton asked Commissioner Hanke to speak about his perspective on port roles in supporting private passenger ferry operations. Should Puget Sound ports be looking at investing in private ferry terminals, or should they allow the market to dictate development of facilities? Commissioner Hanke answered that revenue of private ferry operators is not high enough to support all of the infrastructure necessary. Puget Sound Express explored a public-private partnership with the Port of Port Townsend, but ultimately a new service was never initiated.

In response to Commissioner Bowman, Commissioner Hanke stated that the majority of Puget Sound Express's international customers learn about the ferry service online.

Mr. Peck commented on tourism in Walla Walla. He noted that wine-tasting is the major driver of visitors to Walla Walla. The destination is targeted to well-educated adults without children at home. Travelers tend to visit during the summer months, traveling in their personal vehicles (although air travel is increasing) and paying for lodging. Many visitors return for a repeat visit, which indicates the experience is positive. According to survey respondents, small-town ambiance is Walla Walla's most appealing feature, followed by wine quality and dining experiences.

Mr. Peck noted the Port of Seattle can assist the growth of tourism in Walla Walla by continuing to collaborate with the tourism sector, supporting growth of international arrival destinations, representing the state in the marketplace, and supporting the development of a statewide tourism marketing effort. The Port of Walla Walla supports tourism by making opportunities and infrastructure available. The port provides small grants and participates in efforts such as wayfinding programs. Port property hosts a wine incubator program, a brewery, a coffee roaster, and a luxury campground.

Commissioner Creighton inquired whether, considering the much higher budgets of neighboring states, the currently projected \$7.5 million budget is sufficient. The panelists concurred that this number is just a start, and the amount will likely increase in future years as the success of the program inspires further investment.

Commissioner Creighton asked about the success of Alaska Airlines' Wine Flies Free program in Walla Walla. Mr. Peck responded that the program has been renewed, and has acted as a model for Oregon's own program.

Commissioners Bowman and Albro remarked upon the Commission's intention to encourage promotion of Eastern Washington destinations at the Seattle-Tacoma International Airport.

**Panel Two: Marine Tourism and Cruising Permits: The Economic Impact and Job Multipliers of the Recreational Boat Industry**

Panelist(s):

- Peter Schrappen, Government Affairs Director, Northwest Marine Trade Association.
- Nigel Barron, Sales and Marketing Manager, CSR Marine.

The following presentation material(s) were submitted:

- Mr. Schrappen's presentation [slides](#).
- Mr. Barron's presentation [slides](#).

Mr. Schrappen and Mr. Barron commented on the recreational boating industry. Recreational boating is a \$4 billion industry in Washington state, supporting 28,000 regional jobs and generating \$14 million in net positive revenue. More superyachts are manufactured in Washington than all other states combined. Annual expenses for a superyacht average \$4.75 million.

It was noted that visiting vessel revenue is hampered by tax law that only allows 60 days, for a boat owned by an LLC, to moor in Washington before 10 percent of the vehicle's value is owed. A marine tourism bill is currently proposed that would make Washington's regulations comparable to other states and allow for 180 days in the state before a tax is levied. Ports can help by supporting the marine tourism bill, helping with regulations, and advocating publicly for the recreational boating industry. Many job opportunities in the recreational boating industry call for skilled labor. Typically, employees tend to be long-term, and benefits are provided. A need exists for a statewide marketing program for recreational boating in order to compete with British Columbia.

Commissioner Creighton remarked that recreational boating reinforces the maritime industry as a whole. He noted that jobs in the recreational boating industry include skills that can be easily transferred to fishing, shipping, and other aspects of the maritime economy.

Commissioner Albro inquired how much revenue is generated annually for the state by the 60-day tax. Mr. Schrappen replied that the Northwest Marine Trade Association has not heard of an LLC-owned boat ever paying this tax, but that the Department of Revenue calculates a change to the law would result in the loss of \$7.5 million annually.

**Panel Three: Growth Opportunities: Identifying Ideas to Improve and Expand Tourism in Washington State**

Panelist(s):

- Dan Moore, CEO, Pandion Consulting and Facilitation, and Board Member, Washington Tourism Alliance.
- Angela Shen, CEO, Savor Seattle.
- Chris Stone, Vice President, Marketing and Communications, Washington Wine Commission
- Linda Springmann, Vice President, Deployment Planning and Tour Marketing, Holland America Line.

The following presentation material(s) were submitted:

- Mr. Moore's presentation [slides](#).
- Ms. Shen's presentation [slides](#).
- Mr. Stone's presentation [slides](#).
- Ms. Springmann's presentation [slides](#).

Dan Moore spoke about his experience working with and consulting for small adventure travel companies. He reported that for smaller companies, collaborating to maximize knowledge, experience, and funds is an effective way to take advantage of marketing opportunities that wouldn't be possible on their own. Investment by the Port of Seattle in the Washington Tourism Alliance has been important to minimizing the impact of lost state funding for tourism promotion. He noted it is difficult for small adventure travel to survive in this state as a year-round business.

Chris Stone spoke about the wine industry in Washington state. Washington is the second-largest wine producing region in the United States, and Washington production is growing. Washington wine has a four percent share of the national market. A study using 2011 data indicated that wine has an \$8.6 billion impact on the state, sustaining 27,000 jobs, \$1.2 billion in wages, and \$238 million in taxes. More than \$1 billion is spent on wine-related tourism annually. More than 2 million people visit Washington wineries per year, and wine tourism sustains more than 3,000 jobs. Only about five percent of Washington wine is exported. Export markets are being cultivated, particularly in Canada and Asia.

Angela Shen spoke about her experience with culinary tourism. She noted that upscale, guided dining experiences are a growing trend for tourists. Most people find Savor Seattle via reviews on Yelp and Tripadvisor. Ten million people visit Pike Place Market per year. Connecting the market more directly with the waterfront would increase opportunities for cruise travelers to take advantage of the culinary attractions there.

Linda Springmann commented on the cruise industry. She reported that market share for the Alaska market has declined slightly, but because the market has grown overall, there has not been a decrease in the total number of passengers. In 2014, Seattle expected 178 cruise ship calls, generating an estimated \$372 million in annual business revenue and \$16.6 million in state and

local taxes. Each ship call contributes an average of \$2.2 million to the local economy. Local vendors supply food, fuel, supplies, flowers, and services to the cruise ships.

She reported that service at the terminals to provide a good guest experience is important to the success of the industry. Holland America cites Terminal 91 as a good model to follow when speaking to other destinations. A better experience could be provided to cruise travelers at the airport via wayfinding and services. Holland America has ships departing out of both Seattle and Vancouver. Seattle sees the bulk of United States customers, while Vancouver serves more international customers, including Canadians.

Commissioner Bowman remarked that that tourism is a great source of revenue for Washington state because much of our revenue is generated by sales tax, and we do not have a state income tax.

Commissioner Gregoire commented on the opportunity for LGBT (lesbian/gay/bisexual/transgender) tourism in Washington state.

In closing, Commissioner Creighton acknowledged the efforts of Jane Kilburn and Tay Yoshitani to growing the Port's efforts promoting tourism.

**4. UNANIMOUS CONSENT CALENDAR**

None.

**5. PUBLIC TESTIMONY**

As noticed, public comment was not entertained at this meeting.

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

None.

**7. STAFF BRIEFINGS**

None.

**8. NEW BUSINESS**

None.

**10. ADJOURNMENT**

There being no further business, the special meeting was adjourned at 4:20 p.m.

Tom Albro  
Secretary

Minutes approved: April 14, 2015.