

Kitsap All Ports Association
April 24, 2023
Meeting Minutes

The meeting was conducted at the Brownsville Yacht Club Office and via zoom. The was called to order with the flag salute at 6:30 By Caleb Reese from the Port of Silverdale.

In attendance were Ken McEwen, Greg Englin, James Strode, Lary Coppola, Jon Buesch, John Sheridan, James Weaver, Caleb Reese, Douglas Kitchens, Steve Heacock, Jim Aho, Tom Rose, Eugene Madayag, Robert Ballard, Jennifer Olson, Jeff Olson, Joseph DaBell and Chris Herman from WPPA.

In attendance on Zoom were Hank Anderson, Ted Jackson and Jeff Rupert

The Pledge of Allegiance initiated the meeting.

Introductions were provided for the attendees and for those on zoom.

After Introductions, Chris Herman provided an update relating to Statewide Port issues and information regarding the Washington Public Ports Association (WPPA). Chris also provided a summary of the legislative issues in the 2023 session related to Ports.

Executive Director Greg Englin with the Port of Kingston then presented the group with information on Marina Rates and the methodology to use to evaluate them.

Greg discussed the obligation of Ports to ensure that the public facilities are maintained and the responsibility to provide a sustainable income stream to ensure that both operational and capital improvements can be accommodated. His presentation included the relationship of staff and elected officials in a public Port and how they have different roles when it comes to recommendations for pricing of marina services. He described the financial differences with private marinas and the impediments to approaching marina pricing in a public marina business model. The impact of political impacts to pricing models, the challenges of exponentially increasing costs, and the challenges of providing a public "good" while ensuring self-sustainable operations were all discussed.

The capital costs of the marinas were identified as a significant issue and the revelation that for most ports, the replacement costs were not captured in any of the marina pricing models for the marina services. The long-term responsibility of maintaining the marina assets in perpetuity leads to a cost analysis for eventual future replacement costs that couldn't be ignored. It was noted that many of the users of the Port facilities are not located within the public port districts and the concept of taxpayer subsidizing use of facilities was an issue in moorage pricing models.

Greg presented information on other port financing methods such as grants, cash reserves, bonds, additional tax levies, industrial development districts, and tax increment financing. The issue of debt financing for replacement costs burdening future generations of the Ports as well as risks of default or other outcomes were addressed. Financial goals over time were further identified, with the intent of planning for the future replacement costs.

Rate methodologies from multiple marinas in the region were provided in surveys to assist to identify market maximums and averages. Many marinas throughout Puget Sound utilize various processes for moorage increases and no specific uniform methods were noted. CPI increases and percentage increases were found over time as insufficient in many cases and the significant financial future impacts of slight changes could be projected. Target benchmarks and quartile grouping of various marina rates were widely dispersed among the data. Use of accurate market data and the market comparables were seen as a foundational element for pricing and having an objective analysis of the financial information related to a sustainable marina budget.

Closing comments included the regular and ongoing process of setting moorage rates, encouraging data-based discussions, and de-politicizing the marina business decisions. Having third party consultants provide an independent analysis could be of assistance in some situations. Inclusion of both operational and capital costs were seen as a fiduciary responsibility of public port moorage rate discussions.

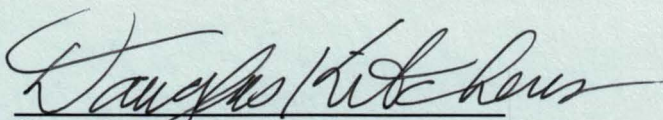
The importance of the port mission of economic development in relation to creating a sustainable financial future for the public ports should be a consideration for moorage rate decisions. The presentation was well received and a questions and answer session followed.

The meeting then went around the table and individual Ports gave brief reports on their individual activities and updates.


The floor was opened to public comment.

The next Kitsap County All-Ports meeting date was identified as Monday, July 31, 2023, at 6:30 pm (with a 5:00 pm Potluck) at the Brownsville Yacht Club Office.

The meeting was adjourned at 8:34 p.m.
James Weaver, Port of Bremerton – Recorder



Commissioner



Commissioner

Commissioner