

PORT OF ANACORTES

MISSION STATEMENT

IN PARTNERSHIP WITH PUBLIC AGENCIES AND PRIVATE BUSINESS,
DEVELOP AND MANAGE FACILITIES AND SERVICES WHICH STIMULATE
PRIVATE JOB CREATION AND COMMERCE, WHILE PROTECTING THE
QUALITY OF LIFE, NEEDS AND DESIRES OF AREA RESIDENTS.

The following tenets are basic to accomplishing this mission:

1. Be a responsible steward of the public resources, and operate in a manner which maintains a high level of public understanding and confidence in the Port's activities.
2. Operate as a primarily self-supporting public enterprise which will maintain the financial strength necessary to fulfill our mission on a continuing basis.
3. Operate in a manner that avoids displacement of private business activity.
4. Establish and maintain sound and ethical management practices in all relations with the Port's customers, employees and the community at large.
5. Give priority to the fostering of economic developments which, directly or indirectly, lead to the creation and maintenance of family wage jobs.
6. Concentrate on developments for which the Port is uniquely qualified, primarily marine related activities, transportation and environmental cleanups.
7. Economically or socially justify all new capital projects.
8. Provide services and facilities that do not require continuing subsidy.
9. Quality of life means an appropriate balance among economic, social, and environmental elements.

Mission Statement amended by the Commission July 15, 2010

Strategic Plan last amended by the Commission, April 4, 2013

Strategic Plan Adopted by the Port Commission on September 23, 1993

PORT OF ANACORTES

BUSINESS AND PLANNING PRINCIPLES

1. Port policy development, inter-agency collaboration, decision making and operational practices shall be guided by a commitment to preserving and enhancing the district's quality of life.
2. Establish and maintain balance among the Port's economic development and revenue generation, and the Port's environmental leadership activities.
3. Maintain a safe work place, and fair, equitable and competitive human resource policies and compensation levels for all Port employees.
4. The taxing power of the Port shall, in general, be used to retain jobs and to stimulate the creation of new jobs.
5. Port operations shall be discontinued if they are no longer socially or economically justified.
6. Enhance market position by providing competitive facilities and quality services.
7. Acquire and dispose of property and facilities supporting the strategic direction of the Port.
8. Endeavor to lease, rather than sell, Port properties for development.
9. Manage existing site and facility assets through proper maintenance practices.
10. Establish specific manager accountability for every program and project.
11. Port District citizens shall be recognized as preferred customers when possible.
12. All major capital projects that result in financial exposure of greater than 5% of net capital assets shall be put before the public.

A. PORT OF CAMAS-WASHOUGAL FINANCIAL POLICIES

The Port of Camas-Washougal's financial policies set forth the basic framework for the overall fiscal management of the Port. These policies provide a financial platform for evaluating both current activities and proposals for future programs. From time to time, it is anticipated that these policies will be modified to provide financial guidance for issues and situations which were not previously anticipated. The following are the port's financial policies:

1. Operating Budget
2. Revenue
3. Cash Reserves
4. Operating Rates
5. Cash Management/Investment
6. Debt
7. Capital Improvement Budget

B. BUSINESS PRACTICES

The business practices of the Port of Camas-Washougal are directed toward achieving the strategic plan goals and strategies set forth in Chapter 3. Flexibility is needed, however, in order to adapt to changing conditions of competition and community needs and desires. Accordingly, the statements that follow are typical business practices of the Port, subject to change as conditions warrant.

1. The Port will construct, operate and maintain facilities for industrial and commercial business use. These facilities may be made available to private/public business for lease or, if determined after a public hearing to be surplus, sale, as directed by the Commission.
2. Rate charges for the use of Port facilities (i.e., airport, marine facilities, and real estate/industrial property) will be set at market rate except in those circumstances determined by the Commissioners to be in the best interest of the Port. Rates will be designed to recoup over time all expenses, including general and administrative, depreciation, debt service, and some return to the Port. Consideration will also be given to the overall economic impact that a tenant will have on the community in determining rates.
3. It is the goal of the Port to increase revenue from economic development and strategic investments in order to decrease its dependency on tax revenues.
4. Properties required for Port purposes will be acquired by negotiation, and it is the Commission's objective to complete land acquisitions at market rate except in those circumstances determined by the Commissioners to be in the best interest of the Port. Properties identified as needed for long-range needs will be acquired by negotiation and held for future development. Whenever possible, these properties will be leased for interim uses in an effort to generate operating revenue to offset the cost of the acquisition until further development occurs.
5. As part of the Port's economic development goals, the Port will lease its land and/or facilities in order to generate revenue in accordance with the Port's financial goals and policies.

6. The Port will cooperate with other public and private organizations (including other port districts) to reduce impediments to trade, improve the efficiency and economy of Port operations, maintain national security, and establish equitable and compensatory charges for services.
7. It is the responsibility of the Port Executive Director to operate the Port under the goals, policies, and objectives adopted by the Port.
8. In meeting the requirements of land use planning and the shoreline management act, the state and national environmental policy acts (SEPA and NEPA), and other applicable laws and regulations, the Port recognizes its responsibility to minimize the impact of its development projects on public health and safety, the environment, and adjoining properties.
9. As a public entity, the Port conducts its official actions in public meetings and maintains its official records in accordance with the open public meetings act. The Port will timely respond to all requests for public records, with a preference for release. In the event the Port determines any record is exempt from disclosure pursuant to state law, it will promptly notify the requesting party in writing of the basis for exemption.
10. Port Commissioners and staff are encouraged to participate in community, regional, state, and national organizations to both give information and become informed about matters affecting or of interest to the district.
11. Port Commissioners and staff are encouraged to participate in appropriate educational opportunities (e.g., Washington Public Ports Association) to further their professional development.

C. PORT DISTRICT FINANCING

To finance projects and activities, port districts utilize several sources of revenue. A port's revenues comprise non-operating income, (i.e., tax levy), operating income, (i.e., lease income), grants, and borrowed funds, (i.e., debt). It is the Port's policy to obtain the lowest cost funds to finance Port projects. Brief descriptions of each option available to the Port follow. Subject to Port Commission direction, Port staff will actively pursue grants and low-interest governmental loans to fund Port projects.

1. Tax Levies

To supplement revenue generated by Port operations, state statutes authorize port districts to levy taxes on the valuation of the taxable property in the district as described below.

a) Basic Regular Levy

In accordance with RCW 53.36.020, a port is allowed to levy a tax up to 0.45 per \$1,000 of assessed valuation of the port district for general port purposes, including the establishment of a capital improvement fund.

b) Extra Voter-Approved Tax Levy

Port districts are allowed to levy up to an additional 0.45 per \$1,000 of assessed valuation in taxes for dredging, canal construction or land leveling or filling, per RCW 53.36.070. The Port has never sought to impose this additional tax levy, and does not envision doing so unless community needs alter to the extent that it should be considered.

c) Industrial Development District Tax Levy

A port district can levy an additional 0.45 per \$1,000 of assessed valuation in taxes to finance Industrial Development District (IDD) improvements. These improvements must be set forth

in the port district's "Comprehensive Scheme of Harbor Improvements and Strategic Plan," and adopted in accordance with RCW 53.25. This tax levy is limited to 12 annual levies, six of which may be subject to voter approval. The levies need not be taken in consecutive years. Adopted: December 2010 / Amended: See Page i Page 4-3 The Port has taken both six-year levies: one from 1958-1964 and one from 1985-1990.

d) **General Obligation Bond Tax Levy**

A port district can levy taxes as required to service interest and principal payments on General Obligation Bonds.

e) **One Percent (1%) Levy Lid**

The total revenues from regular property taxes cannot increase by more than one percent each year, unless a majority vote approves a higher levy, excluding new construction. In any year when a port levy is less than the maximum amount allowed by the one percent, whether voluntarily or as a result of dollar rate limit, the one percent lid for succeeding years will be calculated as though the maximum levy amount allowed by the one percent lid limit had been levied (referred to as "protection of future levy capacity").

2. Port Debt

As a municipal corporation, a port district is expressly permitted by law to issue debt. This borrowing must be in the right form, and must be used for the purposes that are expressly allowed by law. The types of port debt and limitations are summarized below.

a. General Obligation Bonds

An important financing option for a port is through the issuance of general obligation bonds; these are limited by law as follows:

b. Basic Limit

A port is allowed a total of non-voted debt equal to one-quarter of one percent of the assessed value of the taxable property in the district as determined by the County Assessor (RCW 53.36.030). General obligation bonds are limited to a maximum maturity of 50 years (except those subject to a 25-year limit as described in section d below).

c. Voted Debt

With the approval of 60 percent of the voters, general obligation bonds may be issued in an amount not to exceed (together with the existing indebtedness of the district not authorized by the voters) three-quarters of one percent of the assessed value of the taxable property in the district as determined by the County Assessor.

d. Small Ports Exception

Districts with less than \$1.5 billion in taxable property may issue up to three-eighths of one percent of additional debt, per RCW 53.36.030. Maturity of these bonds may exceed 25 years. A port must have a comprehensive plan and a long-term financial plan approved by the Washington State Department of Community, Trade, and Economic Development prior to accessing this additional debt. The Port is considered a Small Port for this exception.

3. Revenue Bonds

Revenue bonds are payable from a stream of non-tax revenues and are not classified as general obligation debt. Tax revenues cannot be used to repay revenue bonds. Although technically there is no legal limit on the amount of revenue bonds a port may issue, as a matter of practice and policy, the limit of a port-issued revenue bond depends on the port's ability to repay the principal and interest from operating revenues. Annual revenue bond payments thereon are a lien against

the current year's operating revenue. A port may mortgage facilities financed with revenue obligations, per RCW 53.40.125.

4. Short Term Obligations

Ports have several short-term financing methods. A port may issue tax-anticipation notes (TANS), bond anticipation notes (BANS), and revenue anticipation notes (RANS). TANS must mature no later than 6 months into the next fiscal year.

A port issues warrants to meet its ongoing financial obligations. These can be interest-bearing revenue or tax-backed general obligation warrants. A port can also access a line of credit for short-term finance needs. A line of credit is usually evidenced by a note.

5. Industrial Development Revenue Bonds

A port is allowed to issue industrial development revenue bonds (IRBs) for funding of private projects through a special port-created industrial development corporation (IDC). Only projects which involve facilities for manufacturing and processing activities may qualify for this type of financing. Interest paid on these bonds is not taxable, thus resulting in below market interest to the qualifying borrower. The transaction is between private lender and private borrower, with the Port acting as a conduit and ensuring that the transaction is properly qualified.

Parties wishing to access this source of funding through the Port's Industrial Development Corporation must be funding a project within Clark County, meet the qualifications for IRB financing, and submit an application to the Port.

6. State and Federal Loan and Grant Programs

As a municipal corporation, a port is eligible to apply for several state and federal loan and grant programs. These loans and grants are typically for infrastructure and industrial facility development. These loans do not apply against a Port's statutory debt limit, but do count against its constitutional debt limit.

APPENDIX A: POLICIES

POLICIES

OPERATING BUDGET POLICY

- The Commission will set a budget on an annual basis. The Port budget will balance operating and non-operating revenues with operating and non-operating expenditures with general fund tax levy revenue being used for capital improvement projects or for the Port reserve fund.
- The annual budget will take into account a reserve fund with at least 6 months' worth of future operating expenditures.
- The annual budget will be prepared to meet established maintenance schedules. All equipment replacement and maintenance needs for the next five years will be projected and the projection will be updated each year. A maintenance and replacement schedule based on this projection will be developed and followed. Capital spent for maintenance, repair, and replacement will be timed at fairly stable intervals so as not to spend excessively in one year and restricted in the next.
- On a quarterly basis, the Port Finance Director will make available to the Commission a report of year-to-date revenues and expenditures through that quarter, against budget, and report to the Commission any material trends and unexpected developments. Financial reports providing balance sheet, income statement, and operating area financials will be provided along with the capital improvement budget. At any quarterly review, should the Port Commissioners determine that there are significant differences in the actual financial performance of the Port compared to the budget, the Executive Director and Finance Director will immediately develop a plan to bring the operating budget back in line. This plan will be presented to the Commission promptly for consideration and approval.
- The proposed annual budget will be presented on the Port website for better communication of financial information to citizens and other interested parties at least two weeks before the public hearing. The adopted budget will be available on the Port website before the new fiscal year begins.
- Quarterly reports will be presented on the Port website for better communication of financial information to citizens and other interested parties.

REVENUE POLICY

- It is the goal of the Port to develop and maintain a diversified and stable stream of operating revenues to shelter it from short-run fluctuations in any one revenue source.
- Restricted revenue will be used only for legally permissible purposes. Programs and services funded by restricted revenue will be clearly designated as such.
- Property tax levy revenue received by the Port will be expended in accordance with the following prioritization:
 - Payment of interest on Port general obligation bonds,
 - Retiring general obligation bonds (principal),
 - Payment of principal and interest on all other lease and debt obligations,
 - Capital expenditures as identified by the Port Commission,
 - Support of Port operations,
 - Reserve fund, and
 - Community projects.
- Grants will be sought to supplement projects which support the Port's goals, policies, and strategies.

CASH RESERVES POLICY

- To mitigate current and future revenue shortfalls, unanticipated expenditures, and maintain the Port's credit rating, the Port will maintain sufficient cash reserves to pay an average of six months of operating and general and administrative expenses, equating to the Port maintaining approximately 25% of total budgeted expenditures in its cash reserves. Should cash reserves fall to levels insufficient to meet these obligations, the Executive Director will immediately take action to raise the level of cash through operations and/or reduction of expenditures.
- The Port will maintain a sufficient fund balance necessary to meet all debt covenants. When it is apparent that the Port will not be in compliance with these cash flow guidelines, a detailed plan to increase the cash flow either through raising of revenues, reduction of expenses, restructuring of debt, or a combination of these, to meet these requirements will be submitted promptly by the Executive Director to the Commission.

OPERATING RATES POLICY

- The Port's "Schedule of Rates and Fees" will be reviewed annually and shared with the Commission. The schedule listing all fees and charges of the Port will be maintained and updated concurrent with the annual budget.
- Port user fees and charges will cover the cost of that service except to the extent that the Commission has determined that the service in question provides a general public benefit.
- The Port will require reimbursement for expenses incurred on behalf of other parties responsible for damages to Port-owned and/or -managed facilities and state waters within Port-owned and/or -managed facilities.
- To establish appropriate pricing of leases, the Port will use the current market value of the leasable assets (land, buildings, and/or related infrastructure) as the basis for rent calculation. The asset will be revalued as appropriate and the pricing will be adjusted as warranted.
 - The Port will charge lease rates that over time will generate sufficient revenue to cover all proportionate direct and indirect costs of operations associated with the use of that asset. When necessary to meet Port economic development objectives, the Commission, on a case by case basis, may also structure leases with deferred payments or reduced rents for a fixed and limited period.
 - It is the policy of the Commission to require security from all Port tenants in accordance with RCW 53.08.085. The security will be in a form acceptable to the Port, and is typically provided by the tenant to the Port in the form of a security deposit of two (2) months' rent under the terms of the lease agreement between Port and the tenant. The Port will realize the security in the event of a default by the tenant. The Commission reserves the right to waive this requirement on a case by case basis.

CASH MANAGEMENT/INVESTMENT POLICY

- All cash and/or checks received by the Port will be immediately receipted and deposited to the bank depository account within that day unless unforeseen circumstances occur; in that case, monies will be placed in a fireproof safe until the next business day and then deposited. These

deposits will then be transferred to the Clark County Treasurer's Office and invested in a manner that will maximize the interest earnings within acceptable measures of risk.

- The Clark County Treasurer acts as the Port's Treasurer. The Port has an Investment Service Agreement with the Clark County Treasurer whereby the Port participates in the Clark County Investment Pool program.
- Investments made by the County Treasurer will be made in conformance with Investment Guidelines as stated within the laws of the State of Washington.
- All directives on investments from the Port to the County Treasurer will be made with maturities that assure adequate resources for payment of all warrants submitted to the County Treasurer on a monthly basis without the premature liquidation of temporary investments.
- Reconciliation of bank statements will be done each month by an employee who has no authorization to write checks.
- The Port will collect all receivables in a manner that will provide for timely receipt of funds owed to the Port. When a receivable is deemed to be uncollectible, the receivable will be referred to the Port's attorney or to a collection agency for collection.

DEBT POLICY

- The Port will not borrow on a short-term basis to cover routine operations. In no instance should short-term borrowing be considered as a financing option unless a detailed plan for repayment of the borrowing is presented to the Commission and subject to their approval prior to the issuance of the debt.
- The Port may use general obligation bonds to finance only those capital improvements and long-term assets which have been determined to be essential to the maintenance of, or improvements to, the Port's infrastructure, or for the purchase of land and buildings which do not have revenue sources sufficient to support repayment of the debt.
- Generally, debt (other than general obligation bonds) should be used only to finance specific improvements that can generate operating cash flows sufficient to service the debt. When the debt is used to finance specific capital projects, the means of repayment must be reasonably certain prior to the debt being issued. All repayment schedules must be submitted to the Commission for review and approval.
- The Port may utilize revenue-supported bonds to finance public improvements which can be shown to be self-liquidating. Financial feasibility studies will be presented for each project to show evidence of the self-liquidating nature of the project.
- At the first optional redemption date for each general obligation or revenue bond issue, an analysis will be done to determine if exercising a call would be financially prudent at that time. If the bonds are not called at that time, this analysis will continue at least every two years.
- Efforts should be made by the Executive Director to maintain or improve the Port's general obligation bond rating.
- The Port will comply with Internal Revenue Service arbitrage regulations for bond issues.

CAPITAL IMPROVEMENT BUDGET POLICY

- The Port will develop a multi-year capital improvement plan (CIP) that will be updated annually. Efforts will be made to invest in capital assets based on the details of the plan. When Port staff or the Commission determines that a project not included in the CIP is of sufficient urgency to be proposed for completion in the current fiscal year, following a detailed review of the project the Commission may approve proceeding with the project and will amend the Port's CIP if necessary.
- Capital improvements will be funded by non-operating revenues, operating revenues, debt, or grants.
- The Port will maintain its physical assets at a level adequate to protect the Port's capital investments and minimize future maintenance and replacement costs. A detailed maintenance schedule will be developed and maintained, and sufficient levels of funding for maintenance will be included in the Port's annual budget.

EXCERPTED FROM THE POPT STRATEGIC PLAN

SUSTAINABLE ECONOMIC DEVELOPMENT

Strategic Direction #2: To promote, develop and manage the Port's properties and facilities to stimulate countywide economic vitality.

Objective 2.3: Serve both residents and visitors by providing accessible Port properties, recreational opportunities, and by protecting historic and community resources.

- Aggressively pursue the development of new and expanded infrastructure and public services at Port properties.
- As appropriate, evaluate the potential for acquiring and managing public lands being transferred or sold by government entities.
- Seek public and private funding to rehabilitate historic buildings at Point Hudson.

Objective 2.5: Employ a "triple bottom line" approach that factors the economic, environmental and social consequences of in Port decision-making.

Objective 2.4: Ensure that all new development of Port properties is compatible with existing uses, well planned, fiscally prudent, and consistent with City and County Comprehensive Plans.

- Actively participate in the periodic updates of the land use plans of Jefferson County and the City of Port Townsend. Advocate the inclusion of policies and implementation steps that support sustainable economic development. Objective

INFRASTRUCTURE MAINTENANCE & DEVELOPMENT

Strategic Direction #3: To develop and maintain sound, safe and self-supporting infrastructure at all Port properties.

Context: The Port of Port Townsend owns, manages, and maintains a variety of infrastructure throughout east Jefferson County, including marinas, an airport and associated buildings and properties. Port properties are home to a diversity of private businesses and recreational opportunities, from larger water dependent businesses (e.g., ship repair) to small sole proprietors. Providing adequate land and infrastructure to support Port tenants and visitors is vital to the long-term success of the Port. The Port seeks to manage its properties utilizing a "cost center" approach in order that each facility be as self-supporting as possible, recognizing that the objective of all Port operations is to serve as a catalyst for sustainable economic growth that serves the entire east Jefferson County community.

Objective 3.1: Maintenance of infrastructure is a top Port budgetary priority.

Objective 3.2: Identify public funding opportunities for specific high priority infrastructure maintenance projects.

- Lobby to secure funding for public infrastructure projects at Port facilities.
- Work to ensure that the community and local government decision-makers broadly support funding requests.

Objective 3.3: Pursue opportunities for new development and redevelopment of Port properties.

FISCAL COMPREHENSIBILITY, TRANSPARENCY & ACCOUNTABILITY

Strategic Direction #6: To strengthen the Port's financial performance and provide user-friendly financial and budgetary information to the public.

Context: The Port challenges itself to find new and better ways of being fiscally responsible that are transparent and wholly consistent with state law and state auditor recommendations. We are dedicated to developing user-friendly informational materials to enable citizens to better understand and participate in Port budgetary decision-making. We are also committed to ensuring that our operational budgets are balanced and that capital infrastructure financing is examined from both short and long-term perspectives.

Objective 6.1: Maintain a financially solvent Port.

Objective 6.2: Maintain a financial plan that balances funds for capital maintenance, operations, and replacement of existing capital facilities with new capital projects, and which provides for prudent levels of financial reserves.

- Develop and adopt Financial Guidelines that clearly identify the accounts to be maintained within the Port's budget, the minimum funding level for each, the procedures for adding or eliminating accounts, as well as the process for changing minimum funding levels.
- Distinguish between new capital projects, capital replacement projects, capital maintenance projects and operations in the annual budgetary information prepared for each Port facility.
- Establish the necessary reserve funds to meet financial contingencies and maintain the financial solvency of the Port of Port Townsend.
- In addition to the reserve fund(s) already maintained by the Port, consider establishing the following reserve accounts:
 - New Capital Projects Account - to provide for installation, development and/or purchase of major equipment (e.g., travel lifts), facilities and infrastructure (e.g., docks and marinas) necessary for new or expanded operations; and
 - Capital Replacement Account - to provide for major repairs to, and replacement of, existing capital infrastructure owned by the Port (e.g., replacement of existing docks, major renovations to existing structures (e.g., the Port Administration building)).
- Ensure that all rents, leases, rates and fees are fair and reasonable, factoring local social and economic conditions, cost, and market demand.
- Conduct periodic surveys to inform Port rent, lease, and moorage rates, as well as user fees.
- In establishing rent and lease rates and user fees for 501(3)(c) non-profit organizations, consider the demonstrated public benefit provided by the organization, and the degree to which those public benefits further the mission of the Port of Port Townsend.
- Develop and implement a system of user charges that fairly distributes the burden of capital projects, capital replacement projects, and operations and maintenance costs between direct users and indirect beneficiaries of the system.

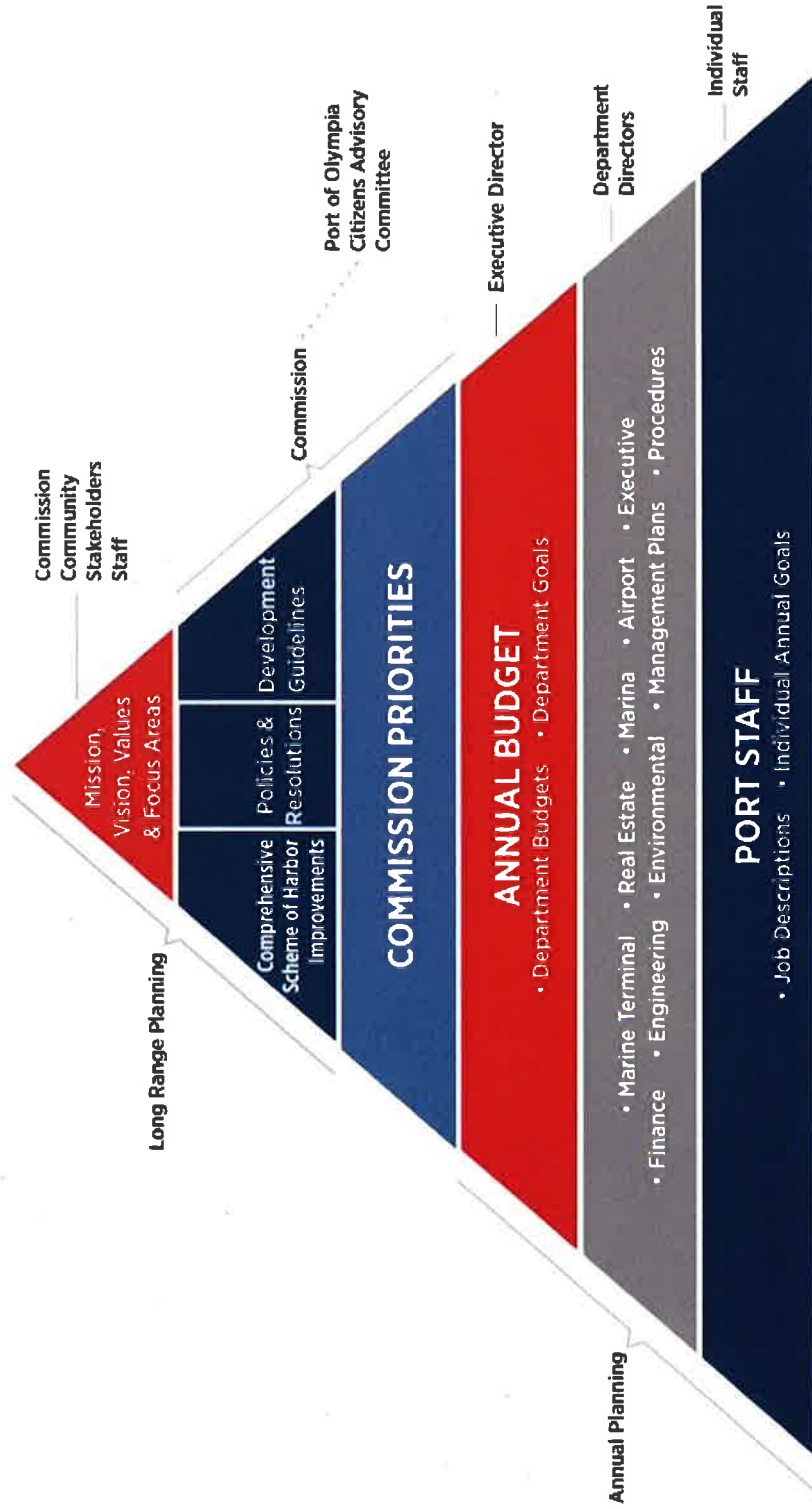
Objective 6.3: Develop new ways to present budgetary information in “layman’s” terms to facilitate an open budgeting process understandable to the general public.

- Prepare a “Citizens’ Guide” to the Port’s annual budget, that explains key terms and concepts.
- Prepare individual Port facility financial information sheets that clearly describe in budget narratives the revenues and expenses for each facility in laymen’s terms, as well as sources and uses of funds.

Objective 6.4: Diversify the Port’s revenue base in a manner consistent with the “triple bottom line” approach to decision-making.

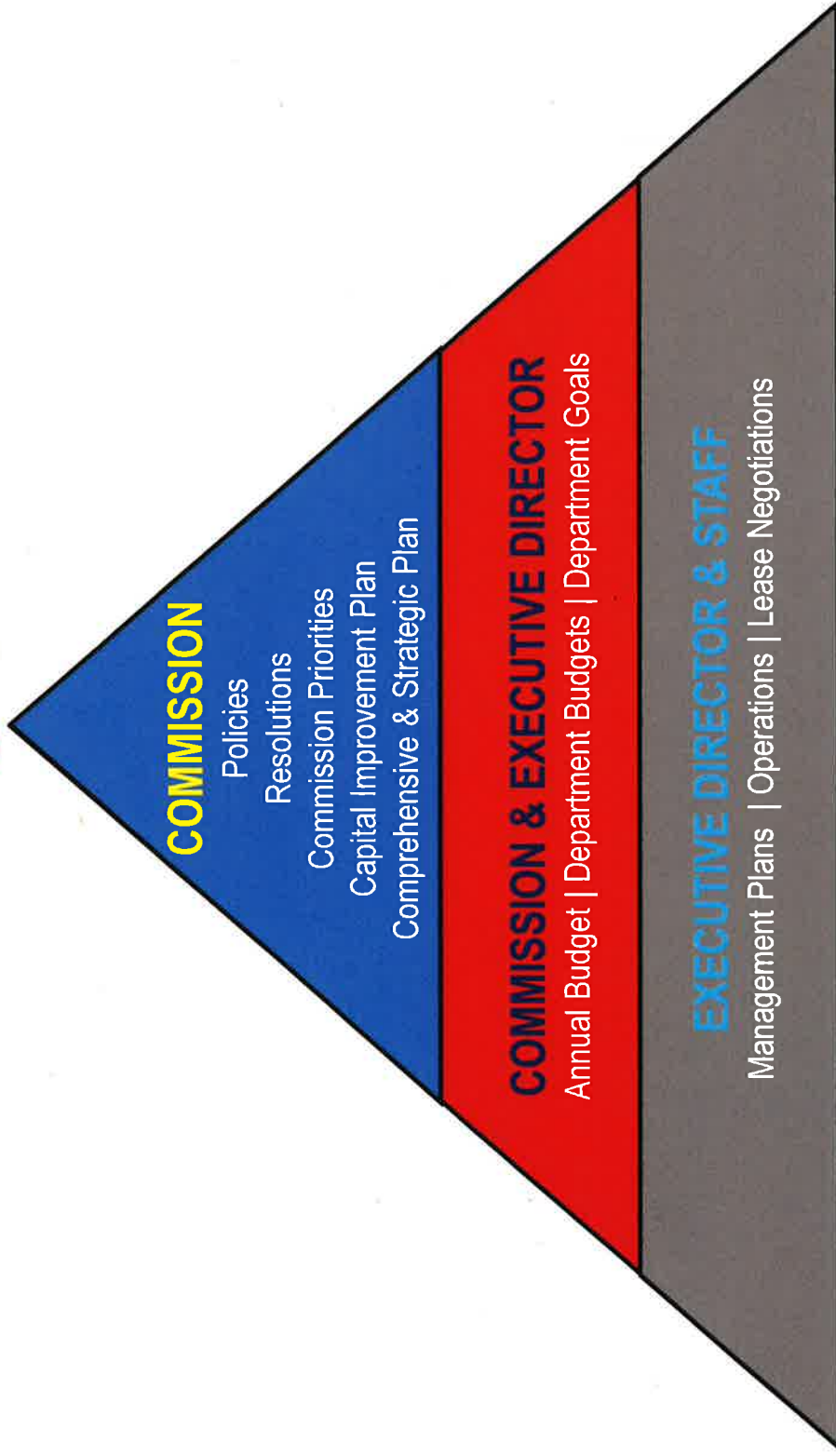
- Assess options to lease out certain Port operations.
- Seek to identify, acquire and rezone/develop appropriate lands for light industrial use within the Port District.

Governance Pyramid



The foundation of the pyramid rests on the authorities and powers of RCW and other regulating factors.

Planning Pyramid



Port of Port Townsend

BUSINESS PRACTICES

The business practices of the Port of Port Townsend are directed toward achieving the Strategic Plan objectives and strategies.

FOR DISCUSSION ONLY

This document is put forth to aid a discussion with the Commission. It does not represent a recommendation.

1. Be a responsible steward of the public resources and operate in a manner which maintains a financially solvent Port while factoring in community values and social and environmental goals.
2. Balance the goals of economic development and market forces with the need for capital maintenance, operations, and replacement of existing capital facilities.
3. Operate as a primarily self-supporting public enterprise which will maintain the financial strength necessary to fulfill our mission on a continuing basis.
4. Justify all new capital projects with a business case that factors in community values and social and environmental goals.
5. Provide services and facilities that do not require continuing subsidy.
6. Give priority to the fostering of economic developments which, directly or indirectly, lead to the creation and maintenance of family wage jobs.
7. Establish and maintain sound and ethical management practices in all relations with the Port's customers, employees and the community at large.

Port of Port Townsend

BUSINESS PRACTICES

The business practices of the Port of Port Townsend are directed toward achieving the Strategic Plan objectives and strategies. Flexibility is needed, however, to adapt to changing conditions of a competitive market and remain mindful of community values. Accordingly, the statements that follow are typical business practices of the Port, subject to change as conditions warrant.

FOR DISCUSSION ONLY

This document is put forth to aid a discussion with the Commission. It does not represent a recommendation.

1. The Port will construct, operate and maintain facilities for industrial and commercial business use. These facilities may be made available to private/public business for lease.
 - a. If determined after a public hearing to be surplus and as directed by the Commission, Port property can be sold.
2. The Port will maintain a financial plan that integrates business goals with identified and expected costs for capital maintenance, operations, and replacement of existing capital facilities. Such plan will identify a funding strategy for capital asset maintenance, operation and replacement.
3. Prices and charges for the use of Port facilities will be set at market rate. The Commissioners may set policy to deviate from market rate when there are sufficient findings of community benefit and value.
 - a. The Port will charge lease rates that over time will generate sufficient revenue to cover all proportionate direct and indirect costs of operations associated with the use of that asset.
 - b. Rates will be designed to recoup over time all expenses, including general and administrative, depreciation, debt service, and some return to the Port.
 - c. Consideration will also be given to the overall economic impact that a tenant will have on the community in determining rates.
 - d. The Port will conduct periodic surveys to inform Port rent, lease, and moorage rates, as well as user fees.
 - e. It is the policy of the Commission to require security from all Port tenants in accordance with RCW 53.08.085.
4. The Port seeks to manage its properties utilizing a "cost center" approach in order that each facility be as self-supporting as possible.
 - a. This cost center approach will include projections for operating revenue, operating costs and capital asset maintenance, operation and replacement.
 - b. Capital asset maintenance and operation costs should be funded by operating income.
 - c. Capital replacement costs should be funded by
 - o operating income from the respective cost center
 - o grant funds, if available
 - o debt serviced by general tax levy revenue, if available