

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 3/14/2018
TO: Commission
FROM: Greg Englin, Director Operations & Business Development
CC: Sam Gibboney, Executive Director
SUBJECT: Commercial Passenger Fees

ISSUE

Commercial Passenger Fees need to be adjusted for the 2018 cruise season.

BACKGROUND

Passenger fees have been charged for over 15 years. Historically, the rate has been set at \$0.60 per passenger for an embarkation and/or disembarkation since at least 2004. The Port of Port Townsend has not consistently and publicly reviewed these rates for many years. The assets being used for shoreside support of cruise and tourism experience wear and tear and will require reinvestment. Also, the Port has ongoing operational costs that need to be covered. Passenger fees help support these expenses and future recapitalization of the assets. Total passenger counts in 2017 exceeded 15,000. In 2018, passenger counts are projected at over 17,000. The Port already charges for dockage (moorage) and garbage costs are a pass through to the customer. Only Puget Sound Express has historically paid a passenger fee.

DISCUSSION

Staff proposes to increase the passenger fee to \$1.00 per passenger for either a round trip or a one-way trip.

The \$1.00 per passenger fee places Port Townsend at the low end of the market when compared to Port of Friday Harbor, Port of Edmonds and the Port of Anacortes for comparable services.

For American Cruise Lines only, the overall fixed costs per port call (landing fees and moorage) combine to rank the ports as follows:

Friday Harbor	\$1,170.00
Anacortes	\$1,050.00
Port Townsend	\$ 667.25
Port Angeles	\$ 370.00

For Puget Sound Express, the passenger fee correlates almost exactly to the price differential between ticket charges between the two ports, i.e. Edmonds at \$1.25 per passenger versus Port Townsend at \$1.00. The fee proposed is near the low end of other ports and the rationale behind a more moderate increase is based on the timing of the proposed rate. Future increases are likely though incremental. Going forward, passenger fees will be reviewed in the fall after the cruise season has ended and scope of services defined and estimated expenses assembled. The rate recommendations are expected to be packaged with moorage rate changes effective in January for

the following cruise and tourist season. Customers need to know what changes are being implemented for their own budgeting process. These rate changes were discussed with both Puget Sound Express and American Cruise Lines though precise amounts had not been established.

FISCAL IMPACT

Estimated total passenger fee revenue would equal approximately \$17,150 annually for 2018 (versus approximately \$10,000 in 2017).

RECOMMENDATIONS

Staff recommends adopting the rate change for passenger fees only from the previous \$0.60 per passenger to \$1.00 per passenger.