

# PORT OF PORT TOWNSEND INFORMATIONAL MEMO

**DATE:** 5/17/2018  
**TO:** Commission  
**FROM:** Port staff  
**SUBJECT:** Rate Adjustments for Boat Haven Yard

## ISSUE

Overall demand in the Boat Haven Boatyard needs to be increased especially during the Fall and Winter seasons. Rates are one component affecting demand. Yard rates are subject to ongoing review and updates. Changes to seasonal rates is expected to incent customers to generate additional future demand. The proposed rate schedule is a joint recommendation between the Port staff and the Port Task Force.

## BACKGROUND

Since late January, Port staff has been working with the Port Task Force to jointly review market data and develop a shared understanding of the Port's rates and market positioning. The Port Task Force is comprised of individuals with the intent of providing objective, third party analysis for the Marine Trades, tenants, stakeholders to provide feedback about Port pricing for yard services. A broader group, including members of the Port Townsend Marine Trades Association, tenants, and independent consultants have also been involved in the vetting of the results. This effort has been a collaborative one and has resulted in the following joint recommendations.

## DISCUSSION

Presented is an amended rate structure and business practices relating to determination of yard rates that the Port staff and the Task Force both support and recommend.

### Rate Structure

Current rate structure will be amended (see attachment A) to target seasonal demand during the period from September to March. The Study's yard rate data was reviewed and accepted by Port staff and representatives from the Port Townsend Marine Trades Association. The data indicates an opportunity to be more competitive in multi month work yard rates on a seasonal basis. The goal is simply to adjust line item pricing to incent customers to choose the Port Townsend Boat Haven Yard. The pricing changes are conducted on a line item basis only.

### Rates Changes:

Add new Boatyard rates for fall and winter rate of \$0.35 PLF/day or \$10.50 PLF/mo. with 60-day minimum stay.

In practice: Customer would make the following choice; a, b, or c, as part of the reservation or haul-out, selected time frame. Charges for any reduced rates such as monthly or longer must be prepaid.

- a. **Daily Rate:** \$0.75 PLF/day

b. **Monthly Rate (30 day) minimum:** \$0.60 PLF/day or \$18.25 PLF/mo.

c. **Two-month Rate (60 day) minimum, seasonal (Sept-Mar): \$0.35 PLF/day or \$10.50 PLF/mo.**  
To obtain this rate, the customer must pay the full sixty days in advance. Thereafter, the customer must pay for each additional month in advance. There will be no pro-rating or refunds for early departures before 60 days. After 60 days any unused prepaid lay days would be prorated and credited to final settlement at launch.

A customer could change from the daily or the one-month rate to a longer stay rate (when available) at any time during their stay. The new time block and its applicable rate would start at the time of change. When changing from one-month at \$0.60 PLF/day to a two-month time block at \$0.35 PLF/day, charges would be prorated for the portion of the one-month time block used, at the higher rate (\$0.60). Lay days over the minimum one-month or two-month time blocks would be prorated by day at the rate in effect for that customer.

Also, **add a \$20 environmental fee** on every vessel using the yard and to each additional month storage thereafter.

Lastly, for the **Long-Term Storage Yard rates**, adopt a 3-month minimum at the current rate of \$8.00 PLF/mo. and 6-month minimum at \$6.50 PLF/mo.

### **Business Practices**

#### **Future Rate Increases:**

- After September 1, 2019, allow annual rate increases indexed to the CPI + 1% to be implemented administratively without specific commission action.
- Any rate changes except for the CPI + 1% would require 60 days prior notice to the PTMTA and commissioners before taking effect. Such notice would include the specific details of the proposed rate change.
- Create and appoint an advisory group on an ad hoc basis.
- Conduct an annual competitive rate survey based on a streamlined version of the current study model.
- All lift and yard operation rates would remain consistent except for rate changes as described. Discounts and promotional rates will be limited to specific marketing campaigns and posted publicly.

#### **Recommendation for Long-Term Storage:**

Increase long-term storage capacity with the goal of doubling density. Over the next four months, analyze the cost/benefit of using a trailer or other means for increasing density followed by a recommendation of action to the commissioners.

#### **Revenue Goals:**

It is anticipated that it will take months for marketing and word-of-mouth to impact operations. A goal has been established of a 10% increase in boat yard storage revenue for the period September

1, 2018 to September 1, 2019 as compared to September 1, 2017 to September 1, 2018. Revenue goals for additional years are to be established; a minimum of 10% year over year increase in revenue should be targeted. These revenue goals are shared goals between the Port and stakeholders.

**Marketing:** Marketing and improved customer experiences are key to filling the yard, increasing revenue and making POPT yard operations a success. A joint marketing group comprised of PTMTA and Port staff will be formed to identify target markets, plan marketing and implement the program. Individual PTMTA members will create links to the POPT and spread the word. Stakeholders will work together to create an identity for the whole facility (Port and Marine Trades) as a service destination.

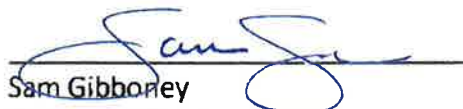
**FISCAL IMPACT**

The downside risk to the Port is estimated to range between \$12,000 - \$25,000 in lost direct revenue for the yard. Exact risk is difficult to determine because the potential of lost revenue is directly related to future results based on current assumptions. Also, any changes can have unanticipated effects to other profit centers. Nevertheless, both staff and task force members believe the potential for increased revenue, in both the Work Yard and Long-Term Storage is worth the short term financial risk.

**RECOMMENDATIONS**

Port staff, Port Task Force, and the PTMTA recommend the Commission support the recommended yard rates and support the business practices as provided.

In support of this recommendation:


  
\_\_\_\_\_  
Sam Gibboney  
Executive Director

  
\_\_\_\_\_  
Greg Englin  
Director, Operations & Business Development

  
\_\_\_\_\_  
TJ Quandt  
Business Manager

  
\_\_\_\_\_  
Terry Khile  
Yard Manager


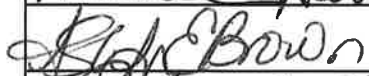
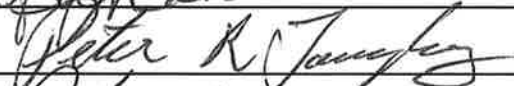




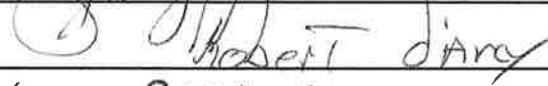






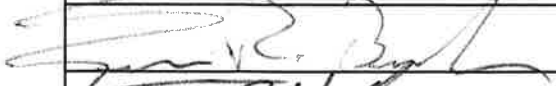

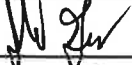
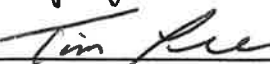

  
\_\_\_\_\_  
Chris Brignoli  
Port Task Force

  
\_\_\_\_\_  
Mark Burn  
Port Task Force

May 21, 2018

If you support the proposed rate and policy changes your signature showing support will help the proposal become adopted.

In support of this recommendation, PTMTA members and stakeholders:

Sign	Print name
	MATHEW HENDERSON
	ASHLYN BROWN PTWATERCRAFT
	Peter R. Langley P.T. Foundry LLC
	Don Breazale Don Breazale & Assoc.
	Pam Petranek
	Chris Sauot
	Gwendolyn Tracy
	Robert J. Arc
	IRENA BREAZALE
	William R. Cotsinger
	Ryan Charrier
	Matthew + Mortensen
	DIANA CLAUSEN
	PETE RUIT
	ERIC R. BREZDEN <sup>OWNER/PARTNER</sup> PT SHIPWRIGHTS
	Tim P. Hoffmann
	Jeff Geley
	Tim Lee
	ERNIE BAIRD

