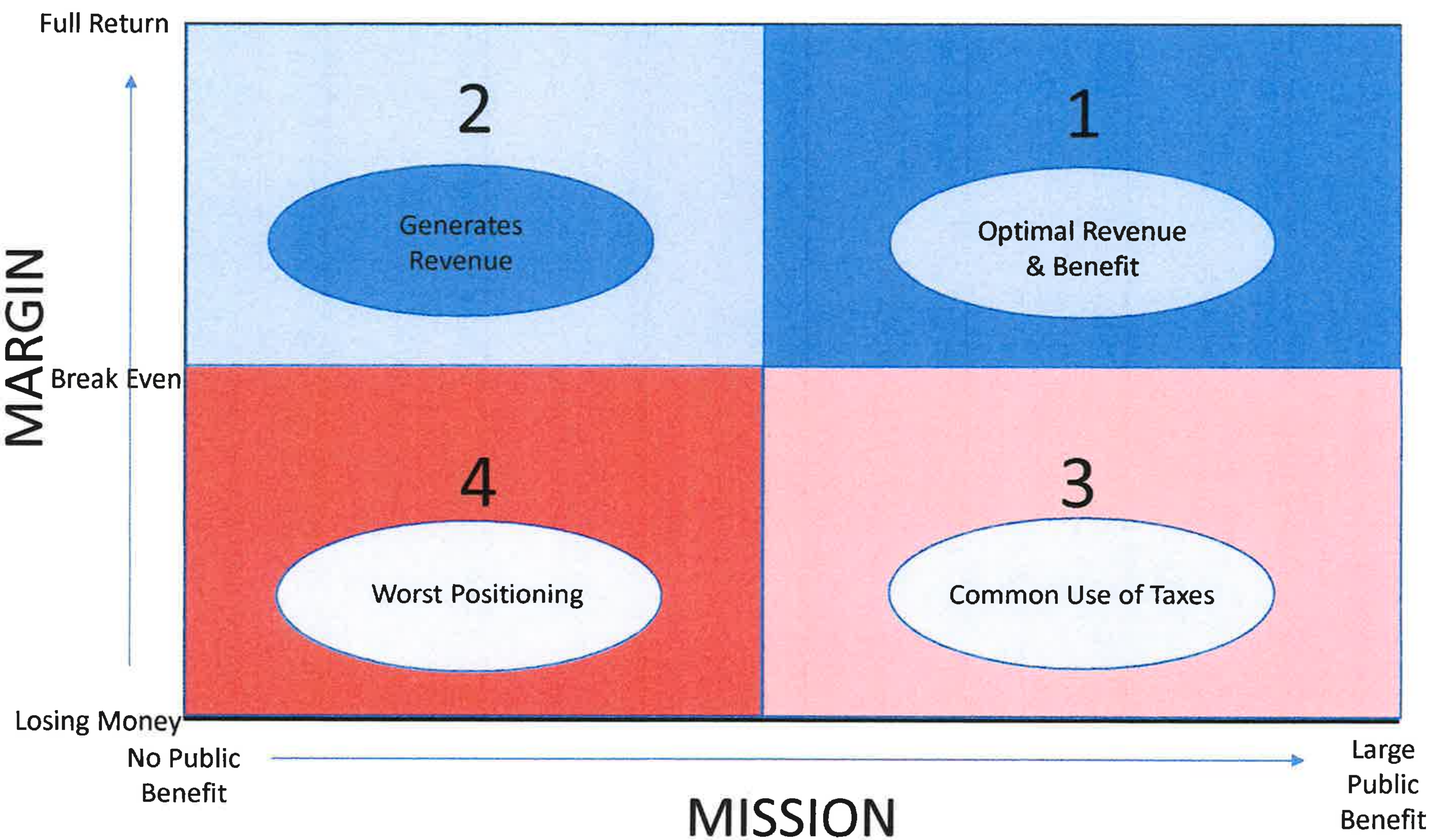
PORT OF PORT TOWNSEND

# MISSION vs MARGIN

NOTE: Thanks to Jim Darling of Maul Foster Alongi




5/23/18 Public Workshop Handout

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# 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.

**5-23-18**

**DRAFT**

**FOR DISCUSSION**

1. The Port will maintain a financial plan that integrates the Port's guiding documents; the Comprehensive Scheme of Harbor Improvements & Strategic Plan, Business Plan and Capital Improvement Plan. These plans will consider market conditions and identified and expected costs for capital maintenance, operations, and replacement of existing capital facilities.

2. 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, replacement costs, debt service, and some return to the Port.
   c. Consideration may also be given to the overall economic impact that a tenant will have on the community in determining if rates could warrant a subsidy.
   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.

3. 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 and common area 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
      - operating income from the respective cost center
      - grant funds, if available
      - debt serviced by general tax levy revenue, if available