

From the Commissioners

Why the Port has proposed an IDD levy

Pursuant to state law, the Port of Port Townsend is permitted to provide one objective and fair presentation of the facts for the Industrial Development District (IDD) levy. Following is the Port's presentation, prepared by Bill Putney, Commissioner District 2 and Port Commission President.

Calculating the IDD levy

The levy that the Port is asking voters to approve in November 2019 is quite a bit different than a general property tax increase for a number of reasons.

First, by state law, the Port can only use this levy authority up to three times. It was used once before in the 1960s, so this is the second time. A third levy period would require prior approval by voters.

Second, this proposed levy can only be used for capital projects and cannot be used for Port operations.

Third, this proposed tax has an end and a limit. By law, this proposed levy is limited to a 20-year term and would be limited to a total collected amount of \$2.70 per \$1,000 dollars of 2019 assessed valuation over the entire term – not per year – but over the entire 20-year term.

If approved, this levy formula would be fixed in 2019 dollars and yield approximately \$15 million over its 20-year term. Any increase in future property values will not increase the amount of the levy. Also the maximum that can be levied by the Port in any one year is 45 cents per \$1,000 of assessed property value. Because of these limitations, if 45 cents was taken six years in a row, the \$2.70 maximum would be reached and the levy would expire after six years. Assuming the levy is spread equally over 20 years, then 13 cents per \$1,000 assessed valuation would be taken each year for 20 years and the levy would be over. For a \$350,000 home, a 13-cent levy would be \$45.50 per year. Once this tax levy is over, a potential third and final IDD levy period would require advance approval by Jefferson County voters.

What taxes does the port currently collect and how does it operate?

Today the Port's general tax levy is approximately 18 cents per \$1,000 of assessed valuation, which represents approximately 2 percent of all the



A December 2018 windstorm combined with a king tide almost breached the breakwater at Point Hudson, threatening boats and businesses within.

property taxes collected in Jefferson County.

Unlike most governments of which you may be familiar, the Port earns a majority of its operating funds from the commercial facilities and services it operates. About one-fifth of the Port's income is from any sort of tax. The Port today collects about \$1 million in tax and about \$6 million from its business operations.

What will the funds be spent on?

By law, the amounts raised by the levy can only be spent on capital infrastructure projects. The funds cannot be used for normal Port operations. A list of capital projects is included in this document and over the possible 20-year life of this levy, other needs will present themselves. Some of this infrastructure has served us well past its useful life. For example, the Point Hudson jetties, which are failing and which put the entire Point Hudson Marina at risk, were built in 1934.

Why collect this levy now?

This one-time special levy is being proposed now because significant portions of the Port's public infrastructure have reached the end of their useful life or are beyond it. Particularly hard hit is the Port's harbor infrastructure, some nearing the century mark, which needs repair or replacement.

In past decades rural governments, like this Port, could count on healthy support from the State and Federal governments to maintain public infrastructure and harbor infrastructure. This support now lags far behind the need.

State law has dictated that property tax increases be held to a maximum of 1 percent per year without voter approval. Over the last 15 years, the annual consumer price increase (which reflects the inflation rate), has varied between 2.5 and 3.5 percent. That means collected tax revenues have steadily fallen behind inflation. In effect, the value of the taxes collected by the Port has steadily

► ► IDD Levy, continued on back

The Port of PT's capital needs

The proposed list of projects that would be funded by the IDD levy includes:

- ◆ Rebuild both north and south Point Hudson jetties (constructed in 1934): \$7.5 million
- ◆ Emergency repairs for the main breakwater at Boat Haven: \$350,000
- ◆ Resurface the Boatyard for stormwater compliance: \$350,000
- ◆ Dredge the marina entrance at Quilcene: \$250,000
- ◆ Repair buildings at Quilcene Marina: \$150,000
- ◆ Rebuild the boat ramp at the Quilcene Marina: \$400,000
- ◆ Remediate asbestos in historic Point Hudson buildings: \$125,000
- ◆ Replace and repair roofs and structures at Boat Haven: \$275,000
- ◆ Renovate and rebuild C and D and Linear Dock at Boat Haven Marina: \$1.7 million
- ◆ Replace creosote pilings at all Port marinas and boat launch facilities: \$375,000
- ◆ Upgrade electrical service at Boat Haven Marina and Boatyard: \$275,000
- ◆ Repave roadways in and around Point Hudson: \$165,000
- ◆ Repair Quilcene Marina docks: \$256,000
- ◆ Rehabilitate the Mats Mats Bay boat ramp: \$300,000
- ◆ Replace and repair roofs on Point Hudson buildings: \$800,000
- ◆ Renovate Jefferson County International Airport (JCIA) hangars: \$600,000
- ◆ Replace fuel tanks at the JCIA: \$300,000
- ◆ Dredge the entrance to the Boat Haven Marina: \$550,000

Total: \$14,721,000

Proposed IDD levy

► ► **Continued from front** decreased year over year.

The Port operates a significant portion of its facilities at or near sea level. Coastal facilities often take a beating from winter storms and the generally unforgiving marine environment. Also, the changing climate is resulting in rising sea levels that pose new challenges to the Port and community.

Over the last 15 years the regulatory requirements, especially environmental, for marine operations, construction and repair have become more stringent, complex, and expensive.

Summary

In sum, the Port's first IDD levy in the 1960s helped to repair basic infrastructure. Now 60 years later the Port Commission is again asking the voters to support Port infrastructure and facilities. This would enable the Port to maintain the infrastructure to meet the challenges posed by our changing environment.

How will the IDD levy be set each year?

As noted above, the total levy rate and the total dollars to be collected are limited, by state law, over a 20-year period. How will the Port set its annual levy rate? Each year, as part of a public budget process, the elected Port Commission holds public meetings to set its budget plan. Budget documents are public. Public scrutiny and testimony are invited. The commission then makes a decision in public. Should the IDD be approved by voters this November, the Port Commission will include its proposed capital projects and the levy rate at future budget meetings.

Again: Once a total of \$2.70 per \$1,000 assessed valuation has been collected (based on a six-year period, but spread over a up to a 20-year period), the tax will expire.

How can the citizens control the annual levy amount and which projects receive funding?

Beyond the vote to establish this levy, the citizens have three controls over it. First, citizens elect the three

Port Commissioners that will operate the Port in ways the citizens think are appropriate. Second, the citizens provide public comment on the annual capital budget and what amount, if any, of the \$2.70 should be used for each project. Third, by law, the levy cannot be used for operations, only capital projects.

What will happen if the voters turn down this levy?

Port operations will continue. But critical infrastructure repairs and improvements will not be made. Without infrastructure repairs, some Port facilities may have reduced usability or, in the future, be curtailed or closed.

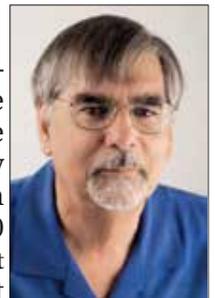
Where can citizens get more information?

The Port is governed by three elected commissioners, each from a separate part of the County. Have questions about anything in this report or other Port issues? Contact us!

The Port Commission meets twice a month on the second Wednesday at 1 p.m. and fourth Wednesday at 5:30 p.m. at 333 Benedict Street in Port Townsend. There is always an opportunity for citizens to comment and ask questions.

Signed

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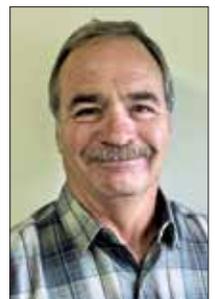


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