

## PORT COMMISSION PUBLIC WORKSHOP – August 10, 2022

The Port of Port Townsend Commission met for a Public Workshop  
Point Hudson Pavilion Building, 355 Hudson Street, Port Townsend

Present: Commissioner Petranek (Excused)  
Commissioner Hasse  
Commissioner Hanke  
Executive Director Berg  
Deputy Director Toews  
Director of Finance and Administration Berg  
Director of Capital Projects & Port Engineer Klontz  
Recorder Sanders

### I. CALL TO ORDER: (Rec. 00:00:12)

Commissioner Hasse opened the Workshop at 9:30 a.m.

### II. AGENDA: (Rec. 00:00:45)

**Discuss 2023 Budget Issues, Goals and Assumptions.** Director of Finance and Administration Berg reported the economy is experiencing high inflation as well as supply chain issues. Financial projections remain challenging. Regarding rate increases, staff would plan to present three different scenarios: 5%, 7.5% and 10.1%.

Commissioners expressed concern over the rate of inflation and any resulting significant rate increase. Although a moorage increase of \$50/month is not that substantial, there was a desire to keep the rates right-sized at 5% and considering a reduction in expenditures. Questions were whether the Port could meet our targets with reserves, implement a long-term solutions such as solar panels like the Port of Camas, or possibly a historic preservation grant opportunity for infrastructure.

Staff reported the Port is not yet meeting operating reserves of 25% and is still hoping to reach the reserve goal by the end of the year. Despite several grant-funded projects, including a request for additional funding, the grants do not support operations. Increased insurance costs of approximately \$400,000 to \$450,00 are a factor in the proposed increase. Executive Director Berg noted legislation for infrastructure may help the Port consider options.

Staff agreed to bring back scenarios with cost increases. Regarding year-to-date projections, revenues are steady, however expenditures appear to be keeping pace. The Port would be retiring the 70-ton lift and purchasing an electric tight packer to more tightly store boats. There was interest in ensuring the tight packer is included in the 2023 budget. Responding to a question about cost recovery for the \$30,000 key fob system, staff noted that the enviro centers experience garbage costs of \$12,000/month, so the Port should see a decrease in garbage fees as well as illegal dumping. Transient tenants can get their own code or a temporary code.

Discussion shifted to ending cash balances and port-wide capital reserves and a model with a 20-year forecast for certain built-in assumptions on rates and replacing aging infrastructure. Although bank charges are up substantially, payments are coming in faster than historically received. Given Commission interest in paying off the 2010 LTGO bond, Staff agreed to discuss the matter with Scott Bauer of Northwest Municipal Securities.

Staff agreed to bring a recommendation forward on the IDD Levy. A 5% increase is the cap negotiated currently in the union contract and CPI is 10.1%. Given the unprecedented inflation, a question was whether one-time stipends would address the current economic conditions and warrant a change in circumstances.

Staff noted the Commission could expect a report of operating expenses with the first draft of budget assumptions. Executive Director Berg spoke about advance payment of permanent


moorage, yard deposits collected, creating a rate for wherry boat storage, fenced area for mast up sailboat parking, and opportunity for increasing revenues regarding the Armory Building.

Commissioner suggestions were as follows: charging an initial versus annual background check for liveboards, conducting simple moorage rate survey, pursuing half of CPI (5%), and doing a rate increase comparison with other marinas. There was also interest in receiving information about capital expenses such as for the taxiway and relocation of the Coast Guard building.

III. ADJOURNMENT: (Rec: 01:16:47)

The Workshop adjourned at 10:47 a.m.

ATTEST:

  
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Peter W. Hanke, Secretary

  
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Pamela A. Petranek, President

  
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Carol Hasse, Vice President