Joanna Sanders

From: Jeff Kelety <jgkelety@gmail.com>
Sent: Sunday, August 6, 2023 9:34 PM
To: Pam Petranek; Carol Hasse; Pete Hanke
Cc: Eron Berg; Joanna Sanders
Subject: 2024 Moorage Rates
Attachments: 2024 Moorage Rate Policy Proposal.pdf

Commissioners –

Please accept the attached comments for your review regarding 2024 moorage rates.

Respectfully,
Jeff Kelety
Moorage Tenant

Moorage Rate Policy Proposal

- Current port moorage rate increase policy is based on a combination of CPI and/or market rate comparisons.

- Alternate, proposed policy: adopt a consistent predictable, baseline 3% rate increase.

- Rationale:

    - The port's moorage rate policy should be based on making public access as affordable and predictable as possible to insure retaining the historically local flavor of our maritime culture, not on automatic CPI or market rate increases.

    - Can the Port afford to do this? Yes. A 3% rate increase vs an automatic 4.6% rate increase means only approximately $16K less revenue next year or $21K over 10 years. Since the port has sufficient funds to expand into upland enterprises such as farming at a cost to tenants of $400k, the port can well afford to prioritize local public access.

    - Why should moorage tenants be charged a lower rate increase then other tenants like business leases? Because businesses can exert control over their revenue and profits. Moorage tenants, particularly local, fixed income and younger boat owners, are constrained by their incomes.

    - Why 3%? Because that is commensurate with historical, inflationary trends.

    - How long should a 3% rate increase be in effect? As long as the Port can afford it.

    - Does this mean moorage tenants won't be paying their fair share? No. Quite to the contrary. Moorage tenants contribute 53% of total net operating income annually, more than any other tenant group.

    - Doesn't the Port need CPI increases in order to fund moorage-related capital projects such as dock replacements? No. Moorage fees already generate both the highest Port profit margins and total NOI of all Port activities. (Several activities, in fact, generate little to no NOI such as the yard and airport and, presumably, the upcoming farm activity as well). Therefore, an annual 3% rate is more than sufficient to fund both moorage-related operating costs as well as to contribute equitably to capital improvements.

- NOI and Profitability By Activity (Numbers taken from 2023 Port Budget)

Department	Revenue	Expenses w/Debt	NOI w/Debt	Profit Margin w/Debt	Pct Positive NOI w/Debt	Debt Service	Expense wo/Debt	NOI wo/Debt	Profit Margin wo/Debt	Pct Positive NOI wo/Debt
BH Moorage	$2,048,710.00	$1,652,770.00	$395,940.00	19%	51%	400,133	$1,252,637.00	$796,073.00	39%	53%
Yard	$2,578,591.00	$2,503,816.00	$74,775.00	3%	10%	81,955	$2,421,861.00	$156,730.00	6%	10%
Point Hudson	$1,521,485.00	$1,829,729.00	-$308,244.00	-20%		539,000	$1,290,729.00	$230,756.00	15%	15%
BH Properties	$922,134.00	$612,261.00	$309,873.00	34%	40%	0	$612,261.00	$309,873.00	34%	21%
Quilcene	$175,567.00	$202,743.00	-$27,176.00	-15%		0	$202,743.00	-$27,176.00	-15%	
Ramps	$52,367.00	$51,778.00	$589.00	1%	0%	0	$51,778.00	$589.00	1%	0%
Airport	$181,246.00	$233,342.00	-$52,096.00	-29%		0	$233,342.00	-$52,096.00	-29%	
Maintenance		$427,028.00					$427,028.00	-$427,028.00		
Total	$7,480,100.00	$7,513,467.00	$393,661.00		100%		$6,492,379.00	$987,721.00		100%

Tot Positive NOI	With Debt	Without Debt
	$780,588.00	$1,494,021.00

Joanna Sanders

From: Eron Berg
Sent: Monday, August 7, 2023 8:18 AM
To: Joanna Sanders; Eric Toews; Abigail Berg
Subject: Fwd: fixed 3% annual increase for moorage
Attachments: 3% vs 4.6%.pdf

From: Bertram Levy <bertramlevymusic@gmail.com>
Sent: Monday, August 7, 2023 8:10:54 AM
To: Pete Hanke <phanke@portofpt.com>; Pam Petranek <Pam@portofpt.com>; Eron Berg <Eron@portofpt.com>; Carol Hasse <Carol@portofpt.com>
Subject: fixed 3% annual increase for moorage

Enclosed is an outline of the discussion on a fixed 3% annual increase in moorage rates. After our meeting with Eron last week he suggested I send this for the Wednesday morning discussion.   I would be happy to elaborate on these points. Thank you.

Bertram

Why 3.% fixed annual increase is important to the tenants.

Local Tenants generally own smaller boats and deserve to have predictability in their financial lives.

Can the Port Afford the difference between 3% and the proposed 4.6%?

$16000.0 can easily be saved in the next years budget and is a strong gesture of partnership.

Will the fixed rate jeopardize the large projects?

Not at $16000. 00 and worthy of a discussion about where tenants funds go.

Is it preferential treatment for an isolated group?

Yes! but the Port already does this with the farm investment in the second district and the moorage transfer to support a racing community. Both worthy projects. The support and appreciation by the moorage tenants for the past 2 years has been great and benefitted the Port in the creation of a friendly place to be.

How would it be structured?

Do a 5 year plan and the opportunity to review and renew

The tenant could see their moorage for 2029 and make a prediction as to whether they can stay in the marina or need to plan a sale that doesn’t feel like a fire-sale.