



Port Of Brownsville

9790 Ogle Rd • NE Bremerton, WA 98311
Office: 360-692-5498 • FAX 360-698-8023
pob@portofbrownsville.org

Commissioners:

Bob Kalmbach
Jack Bailey
Fred Perkins

Aug 16, 2017

CALL TO ORDER

Commissioner Fred Perkins called the regular session of the meeting to order at 6:04 PM. In attendance were Commissioner Jack Bailey, Commissioner Bob Kalmbach, Interim Port Manager Matt Appleton, Contract Manager Jerry Rowland, Port Attorney John Mitchell and Port Accountant Dennis Bryan.

PLEDGE OF ALLEGIANCE

Commissioners led pledge of allegiance.

APPROVAL OF AGENDA

Commissioner Fred Perkins requested that the voucher dates under item 4 be changed to August instead of July and to add 6a. Projects and move 6a to 6b. Jack Bailey requested to amend the agenda by adding an executive session to discuss personnel. Commissioner Bob Kalmbach made a motion to accept the agenda as amended. Commissioner Jack Bailey seconded the motion and agenda was approved unanimously as amended.

APPROVAL OF CONSENT AGENDA

Consent agenda includes the 19 July 2017 Regular Meeting minutes, vouchers audited and certified by the auditing officer as required by RCW 42.24.080 and those expense reimbursement claims certified as required by RCW 42.24.090, which have been recorded on a listing and have been made available to the public. Those vouchers approved for payment are included in the audited and certified list and further described as follows: August 2017 General Fund voucher numbers 40161 through 41120 for a total amount of \$328,650.29. Also approved for payment was August 2017 Electronic Transfer voucher numbers 2017-58 through 2017-65 for a total amount of \$17,063.57.

Motion made by Commissioner Bob Kalmbach to approve consent agenda. Motion was seconded by Commissioner Jack Bailey and motion was approved unanimously.

PUBLIC COMMENT FOR ITEMS NOT LISTED ON AGENDA

None

PRESENTATIONS TO OR BY THE BOARD

Jerry Rowland gave a presentation on the remaining projects needed to complete the renovation of the marina infrastructure.

B Dock is in progress of being replaced and is estimated to cost \$550,000 (already bonded)



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Launch Ramp Replacement estimated cost is \$950,000 (Portion funded by RCO grant - \$712,441, remaining to be paid by funds from last bond)

Kayak Ramp is estimated to cost \$200,000 (Could be funded by ILEA Grant or last bond)

Main Dock is estimated to cost \$500,000 (Possible sources of funding are Revenue bond and a LTGO Bond)

Dredge Marina is estimated to cost \$660,000 (Possible funding is Revenue Bond and LTGO Bond)

Raise/Lift I Dock is estimated to cost \$100,000 (Possible funding is Revenue Bond and LTGO Bond)

A Dock Replacement is estimated to cost \$708,500 (Possible funding is Revenue Bond and LTGO Bond)

Required Reserve Account of \$1,000,000

Total Estimated Costs for all Projects and maintain reserve - **\$3,961,731**

Total Current Bond Income - **\$2,165,513**

This leaves a **shortfall of \$1,796,218** to complete the renovation of the marina. Possible funding sources are Revenue Bond and LTGO Bond.

Dennis Bryan explained briefly what the difference was between a Revenue Bond and LTGO Bond.

Jack Bailey asked what the debt load would be in proportion to the ability to pay that debt. Jim Blumenthal said the Port would have to increase their income in order to pay any future bonds. Bob Kalmbach asked if the Port was maxed out in debt ratio. Jim Blumenthal said yes.

Dennis Bryan asked if the amount for the Kayak Ramp estimate included the ILEA Grant approval. Jerry Rowland stated no.

Jim Blumenthal gave a presentation to the Commissioners on funding sources. The Port has requested ideas on how to fund the projects just presented by Jerry Rowland.

1. One Option are Revenue Bonds (requires increased income by raising marina rates by \$3.28 per foot). Jerry Rowland said this would increase the marina rate to \$8.00 per foot.

2. Another option is a voting bond which requires a vote of the taxpayers to pledge a certain amount of tax money to cover the increase in revenue needed to pay for the bonds. This would require a 60% passing of 40% of the voters that voted in the last election. If this was approved the increase would be 13 cents per thousand of assessed property value. This equates to \$39.00 a year for 20 years for a \$300,000 house. Ned Cook asked if the assessed value increased would the tax amount increase. Jim Blumenthal said the tax would increase dependent on the assessed value. It could also decrease. Bob Kalmbach clarified that this would be a cost to the \$300,000 home owner of approximately \$780 over 20 years, and a cost to the \$600,000 home owner of approximately \$1,560 over 20 years. More homes would make that amount decrease. Jack Bailey added that this was dependent on voter approval.

3. Next option is nonvoter bonds. No vote of the property owners would be required. In order to do this the Port would need a levy lift. This would make the tax 34 cents per thousand over 6 years. This limits the amount of revenue to be used. Dennis Bryan stated that the end total to the tax payer is less with the 6 years than the 20 years.

4. The last option is the Industrial Development District (IDD). This is only for Ports in Washington State. The Port designates the area as an Industrial District. Under this the Port is allowed to collect 45



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cents per thousand of assessed property value for 6 years. The 2015 legislature changed it so the tax can be collected over 20 years instead of 6 years. This would allow the Port to collect \$3,856,190 over 20 years. This would raise the Port revenue (income increase) and the Port could get another Revenue Bond based on the additional income. New construction will change the amount collected. It would equate to 17 cents per thousand per year. Jack Bailey said this is on top of the 27 cents per thousand that the Port collects now. This would make the tax rate 44 cents per thousand.

Carolyn Thomas asked what the acronym IDD stands for and what does it mean. Jim Blumenthal explained that a Port has the right to declare the area an Industrial District and can tax for the improvements needed for that district or Industrial Development District.

Ned Cook asked if the IDD would require an increase in moorage rate. Jim Blumenthal said the IDD is tax increase only. However, the moorage rates may increase based on Port budgets and rate increases.

Jim Blumenthal stated that the Port of Poulsbo is now figuring out ways to increase their income and their moorage rates are higher than the Port of Brownsville. They are faced with making the same decisions as what is presented now to the Port of Brownsville. It is the Ports responsibility to provide a safe facility and look to the future on how this will be obtained and maintained. Now is a good time to act since interest rates are still low and construction is up. The Port is in a perfect situation to take advantage of a low cost environment.

Jack Bailey stated he felt the IDD was the only way to go and there is an automatic cost of living increase to the moorage rates. He correlated paying for the Tacoma Narrows Bridge to paying for the marina upgrades. If it isn't planned now, the marina will go away. The Port is looking 50 years in the future.

Bob Kalmbach asked if the Port would be able to request more funding if they went forward with the IDD, in other words no more bonds. Jim Blumenthal said there is other ways to get money but today the Port would be credit maxed. Bob Kalmbach said all of the preparations for the IDD have to be completed by November. Jerry Rowland stated that was correct. Bob Kalmbach asked if Jim Blumenthal had done an IDD in the past and he stated personally, no. His company has done debt against IDD's. His company has no concerns. Bob Kalmbach asked John Mitchell if there were any legal concerns and John replied there are no legal concerns, it is legal.

Jack Bailey stated that those items that are not being maintained are a necessity to take care of now such as the Main Pier. Dredging is another item that is a necessity. Jerry Rowland said historically that the Port is dredged every 17 to 20 years and it has been 22 years since it has been dredged.

Jim Blumenthal added that the increase for the taxpayer if an IDD was approved would be 98 cents a week for a \$300,000 house and \$1.96 a week for a \$600,000.

The next step is to have a public hearing to announce the proposal to go forward with an IDD tax increase. Jack Bailey made a motion to go forward with the steps needed to start the IDD process and have a public hearing at the next Port meeting. Fred Perkins seconded the motion. Motion passed 2 in favor and 1 opposed.



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FINANCIAL REPORTS

Port Accountant Dennis Bryan provided the June 30, 2017 end of month financial report. As of June 30, 2017 the balance was \$1,942,987.91. Financial report is available upon request. Dennis Bryan did add to the last discussion about the IDD that the Port debt limit would be maxed initially but it would decrease over time. He also noted that the improvements to the marina would generate new revenue and that could be advertised on the Port's web site. Jack Bailey added that everyone that has seen the improvements to the Port are impressed and want to moor at Brownsville. He told them they may have a wait.

INFORMATION, STAFF AND COMMITTEE REPORTS

- a. Manager Report – Attached. Jack Bailey said there is a web site called Kitsap Daily News with an article about the Tall Ships and the Crane at the Port.
- b. Maintenance Report – Attached. Jack Bailey stated that working conditions with the heat have been hard on the staff. Ned Cook said he has a ring side seat and he has been watching the staff replace B dock and they are doing a great job. Kim Brennan asked if the deck plates on C dock are going to be screwed down. Matt said the staff found a new way to attach the deck plates when doing the B dock replacement and it will be done to the other docks. Jerry Rowland added that the staff also dumped 18,000 ducks at the Silverdale Whaling Days Great Duck Race.
- c. Commissioners Report –

Jack Bailey reported he attended the Commissioners Seminar and several good practices were covered such as memorializing and restitution for the community. It is important to determine what is good for the community. He will be attending the environmental seminar in September 21 through 22. He added that he chaired the last Comprehensive Plan committee meeting and the committee is looking for new ideas to improve the Port to serve the community.

Fred Perkins asked the commissioners if the Sept. 13 is still a good date for the next Port Meeting. The commissioners agreed it was a good date.

- d. Standing Committee Report –

BAD XII – Committee Meeting was held and everything seems to be in order. Actions were assigned. Marjorie Rowland said volunteers are needed for the dunk tank.

Comprehensive Scheme – Next meeting is scheduled for August 22 at 5:30. Jack Bailey said at the Commissioners Seminar it was best to take all ideas from public input even if it is a wild idea.

Carolyn Thomas asked if those ideas were for Kitsap County or just the Port of Brownsville. Jack Bailey said it was just for the Port of Brownsville district.

OLD BUSINESS

- a. Boathouse Compliance – Matt Appleton reported that one is still under construction but everyone else is still in compliance. Kim Brennan asked what was going on with C-32 because there are still gaping



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holes on the side and the radio is up too loud. Jack Bailey said he had concerns about that boat house with the remaining tin which could fly away. Matt Appleton said he would notify the owner and suggest he improve the siding. Matt requested to take this off the agenda but commissioners wanted to leave it on for now.

- b. Boat Launch – Jerry Rowland reported that the RCO Grant was approved for this project and the State has passed the budget but RCO does not know the dollar amount they will be getting from this budget. This project is on hold until 2018.
- c. Boat Compliance list – Matt Appleton reported on boats that did not have current registration and those that were behind in payment. B-50 has paid the \$10 fee and E-55 is doing the same. Matt Appleton said he is helping E-55 to get a hull number which is stopping him from getting a registration. Jack Bailey asked if this hull number would have to be affixed and Matt replied yes in many places on the boat.

NEW BUSINESS

a. Tariff – Matt Appleton said he has not changed the tariff since last meeting. John Mitchell stated as requested by the Commissioners, he has researched the legality of adding a tariff to individuals that are not paying taxes in the Port district. He said it was allowed and could be part of the tariff as long as the Port had justification of the amount that was charged. The Port could also give the Port tax payers a discount. Matt Appleton said it would be easier to charge a fee than to give a discount. Matt Appleton said he would research the amount tax payers pay on average and put in the tariff that amount for people who do not live in the Port. Dennis Bryan stated other organizations are adding surcharges and it is an accepted practice. John Mitchell said regardless the amount it has to be justified.

Jerry Rowland read a letter of appreciation to SEALASKA for their efforts in submitting and obtaining the RCO grant. Jack Bailey moved to give SEALASKA a letter of appreciation. Bob Kalmbach seconded the motion and it passed unanimously.

PUBLIC COMMENT

Carolyn Thomas stated that the entire Port staff (Matt, Tim, Jai, Mike, Garrett and Scott) did a great job at replacing the B dock and still performing their other maintenance duties, as well as being polite.

Jack Bailey said he was pleased with the appearance and grounds of the Port but he wants to improve the entrance and keep the entrance green. It is the first thing people see when they come here. Bob Kalmbach asked why the orange cones are at the entrance. Matt Appleton said it was to keep people from driving on the grass. Matt said he would look into putting up something that is more appealing.

The regular session was recessed at 8:20 for approximately 45 minutes to go into Executive Session.



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EXECUTIVE SESSION

Executive session was convened at 8:20 and adjourned at 8:55. No decisions were made.

CLOSE MEETING / ADJOURN

Commissioner Jack Bailey made a motion to increase Matt Appleton's salary to Step 9 effective May 1, 2017. Commissioner Bob Kalmbach seconded the motion and motion passed unanimously.

Meeting was adjourned at 8:58 PM.

President / Commissioner

Secretary / Commissioner

Commissioner

Recording Secretary