



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

September 13, 2017

CALL TO ORDER

Commissioner Fred Perkins called the regular session of the meeting to order at 6:02 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 Bob Kalmbach amended the approval agenda for 4b and 4c changing the month from July to September. Bob Kalmbach made a motion to approve agenda as amended. Commissioner Jack Bailey seconded the motion and agenda was approved unanimously as amended.

APPROVAL OF CONSENT AGENDA

Consent agenda includes the 16 August 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: September 2017 General Fund voucher numbers 41121 through 41186 for a total amount of \$333,658.44. Also approved for payment was September 2017 Electronic Transfer voucher numbers 2017-66 through 2017-73 for a total amount of \$18,157.10.

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

PUBLIC COMMENT FOR ITEMS NOT LISTED ON AGENDA

None

PRESENTATIONS TO OR BY THE BOARD

None

FINANCIAL REPORTS

Port Accountant Dennis Bryan provided the July 31, 2017 end of month financial report. As of July 31, 2017 the balance was \$1,863,742.78. Financial report is available upon request.



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INFORMATION, STAFF AND COMMITTEE REPORTS

- a. Manager Report – Attached. Gasoline and Diesel prices were discussed over the last 3 years.
- b. Maintenance Report – Attached.
- c. Commissioners Report –
Bob Kalmbach announced he would be out of town from September 18 through the 22nd.
- d. Standing Committee Report –

BAD XII – Marjorie Rowland reported on the BAD festival for this year. Entertainment is on track including 3 of the local elementary schools. Food is ordered and health permits are on order. Car Show club is ready for the Classic Car Show. Classic Yachts are confirmed to be here. The treasure chest is ready for going in the water. T Shirts are received for the volunteers. Sea Cadets and Washington Youth Academy are confirmed. Other volunteers are signing up in the office. The Dunk Tank volunteers are all scheduled. The Art Show still needs some donations. The Commissioners donated the same amount as last year for the Art Show. Jack Bailey discussed the parking and closure of the road. Jerry Rowland said arrangements would be made to close the road. The Batting Cage was discussed as needing more publicity to get more use. The announcer will publicize it and the information table will have that information.

OLD BUSINESS

- a. Boathouse Compliance – Matt Appleton reported that he sent a letter to C-32 and is awaiting a response. C-25 has started replacing the floats.
- b. Boat Launch – Jerry Rowland reported that the RCO Grant for this project is awaiting the State to pass the capital budget but it has to be passed by the end of the year. John Piconne announced that the RCO is having an interim strategy meeting the next day. After that there may be more details on this grant. This project is on hold until 2018. Bob Kalmbach asked about the check that was signed tonight for SEALASKA. Jerry Rowland explained that this is for what has been done for the boat launch but there is still a contract for on call engineering services which is for future projects. SEALASKA will continue to bill for services rendered. They will also help with the ILEA Grant for the walking trail.
- c. Boat Compliance list – Matt Appleton reported on boats that did not have current registration and those that were behind in payment. He said one was added but he thinks that it will be paid soon. Bob Kalmbach asked about the trawler that was reported on last month, a possible buyer. Matt stated it did sell for \$50. It will be leaving the marina soon. Bob Kalmbach asked about the one that is awaiting registration. Matt said he is paying his fines so no action can be legally taken against this boat owner.

d. Tariff – Fred Perkins made a statement about the amount of improvements have been paid for by the Port via bonds. Now it is time for the tenants that live outside the Port district to help with



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funding the rest of the items that the marina needs to improve and upgrade. This is a change in the tariff.

Jerry Rowland apologized for not having the tariff resolution ready for signing at this meeting. Matt Appleton read the tariff changes since last meeting. The first was an increase in tenant moorage rate for those that live in the Port District. Fred Perkins clarified that this is the normal amount of increase. Matt then gave the tenant moorage rate for those tenants that live outside the Port District.

Matt then covered the increase in Leasehold Excise Tax for tenants inside and outside the Port District. Fred Perkins clarified again that this is the normal amount of increase and asked Jerry Rowland to explain how the fees for tenants living outside the Port district were calculated. Jerry Rowland said that he took the average value amount of a house in the Port District and calculated what they pay for property tax and added that amount to the tenants that are not in the Port District so they are contributing to the capital improvements at the Port the same as tenants that live in the Port District. This equates to \$5.10 a month. Bob Kalmbach explained further that of the tenants in the Port, only 72 live in the Port District. The rest do not pay taxes for capital improvement. This tariff has the tenants that live outside the Port District giving capital funds to the Port the same as those tenants that live in the Port District. Matt Appleton continued with reporting that electricity is going down in cost. Sewage is increasing in cost and water is decreasing in cost at a substantial amount. Added to the tariff is Kayak storage rate of \$3.00 a day or \$30.00 a month.

Fred Perkins noted that this is the first reading of the 2018 Tariff.

PUBLIC HEARING

Fred Perkins adjourned the regular session of the meeting and convened the Public Hearing at 6:44 PM
Jerry Rowland gave a presentation on the funding required to complete the renovation of the marina and the possible funding sources. He started with what has been accomplished in the past few years and the cost that has already been funded by bonds and Port operations. He then went on with a power point presentation.

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)

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

Ned Cook asked the time frame to rebuild A dock. Jerry Rowland said 2019.

Main Pier 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) – usually is done every 20 to 22 years and it has been 24 years since it was dredged.

Raise/Lift I Dock is estimated to cost \$100,000 (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**



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This leaves a **shortfall of \$1,796,218** to complete the renovation of the marina. Possible funding sources are Revenue Bond and LTGO Bond. In order to get these bonds revenue has to increase. Possible sources of this are:

- 1. Option 1:** 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. Option 2:** 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. Option 3:** Industrial District Development. 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 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. This equates to an additional \$51 a year on a house and property valued at \$300,000.

Fred Perkins asked if the IDD was approved when it would go into effect. Jerry Rowland said it would be effective January 1, 2018.

Bob Kalmbach noted that the condition of the marina today would not have to be “lived with” because there are additional ways to raise revenue in the future. It’s not like these projects will never be done. Jerry Rowland agreed with Bob Kalmbach statement but noted that this may take 10 years until the revenue is available. Some of these projects may not wait for 10 years. Bob Kalmbach asked if Jim Blumenthal clarified if the current \$1 Million revenue bond was going to be added to the new revenue bonds. Jerry Rowland replied that he was unable to get in touch with Jim Blumenthal but stated that previous conversations with him were with the understanding that the current revenue bond would be part of the new revenue bond. Jerry Rowland stated that in order for the revenue bonds to go forward the resolution about the IDD should be passed at that meeting.

Fred Perkins said it is key to get the answer from Jim Blumenthal about the amount of the revenue bonds. He proposed having a special meeting in ten days to make the final decision.

Jack Bailey stated he has been looking at the condition of the Port and what needs to be done and from what he sees, A dock needs to be done soon, the dredging is necessary as it is too narrow for boats to turn around, but the most critical is the replacement of the Main Dock. If it is condemned or fails the income from the marina would go away because people could not get to their boats. He feels these items “have”



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to be done. He stated that the IDD will increase the taxes but having a Port in your district does increase the value of the property. He feels it is necessary to make the improvements as soon as possible.

Jerry Rowland said that he will be glad to get Jim Blumenthal at a special meeting to clarify anything the commissioners had questions on.

Fred Perkins said this is a difficult decision to make. He recognizes that some of the improvements have to be done sooner than later. However, he felt that it is important to get the clarifications from Jim Blumenthal before voting on the resolution.

John Piconne suggested voting on the resolution with the contingency of the understanding of the revenue bonds. If the clarification was different than understood then the resolution would not be valid. Jack Bailey said he thought that this is important enough to get clarification before the resolution is voted on.

There was some discussion on the date of the special meeting. Jerry Rowland stated he would contact Jim Blumenthal and set up a special meeting on September 25 or 26.

Bob Kalmbach said he agrees that these improvements need to be made. He is concerned with the way it is to be funded and when these improvements would be made. He also noted that the advertisement for the public meeting was not clear and the public has no idea that the Port would be raising their taxes. He also stated that when the legislature gave the Ports the power to enact an IDD, the idea behind it was each time an industrial development project is completed it will result in diversifying into the economies of counties and cities by increasing employment opportunities, increasing tax revenue and therefore communities are made stronger. He added that it is legal to do it but he doesn't think it is moral. Fred Perkins asked if that was in an RCW. Jerry Rowland stated it was in an RCW. Jack Bailey said harbor improvements do result in stronger communities and if the improvements aren't done there will be a reduction in the economy of the area.

Carolyn Thomas asked Bob Kalmbach what he is against. Bob said currently the Port is at the limit of taking on as much debt as is possible and pursuing this IDD is like maxing out all of your credit cards and then paying them back in 20 years. He then gave examples of improvements that could last longer and could wait 10 years when the revenue of the Port has increased by other means. He ended by saying he felt it was not right for taxpayers to pay for something that benefit a few people.

Fred Perkins adjourned the Public Hearing at 7:16 PM and reconvened the regular session of the meeting.

NEW BUSINESS

- a. Resolution 17-11 Industrial Development District, resolution was deferred to Special Meeting to be scheduled at a later date.
- b. Budget 2018 – Jerry Rowland apologized for not having a resolution to go with the budget report. However, the report can be reviewed by the commissioners and this can be considered the first reading.



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PUBLIC COMMENT.

Carolyn Thomas thanked the commissioners for supporting her through her time as Commodore of the Brownsville Yacht Club. She is no longer the Commodore but will continue to share information with the Commissioners. The Brownsville Yacht Club is going to participate with BAD by donating \$200 for the Art Show and donating the use of the Yacht Club for the Art Show. They will also be doing the dinghy rides. In the future the Brownsville Yacht Club will be hosting the Haunted Harbor “Scare Away Hunger” on October 27. Also there will be a lighted boat parade, time and date to be announced later.

Matt Appleton asked the commissioners to consider changing the date of the next commissioners meeting from October 11 to October 18. He has an event on October 11 that he can’t miss. All commissioners agreed to this date change.

Jerry Rowland stated that Governor Jay Inslee made a visit to the Port on September 1 and looked at Fiddlers Dream Schooner that is in restoration at the Port. Carolyn Thomas added that it was not an official invite but he just stopped by and one of the Fiddlers Dream (Kitsap Maritime Heritage Foundation) volunteers talked to him without knowing who he was. It was all very natural and not staged.

Jack Bailey noted the lack of yellow vehicles at the Port. Matt explained that they need tires and other parts and are under repair. Jack Bailey noted that a wholesale company in Texas had reasonable prices for batteries.

Fred Perkins read a thank you from a visitor to the Port about the staff and the marina. It was stated in the note that “I highly recommend this marina”.

EXECUTIVE SESSION

None



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CLOSE MEETING / ADJOURN

Meeting was adjourned at 7:26 PM.

September 13, 2017 meeting

President / Commissioner

Secretary / Commissioner

Commissioner

Recording Secretary