



Serving what matters today, with a view for tomorrow.

Port of Kingston Board of Commissioners
Special Meeting – Public Hearing
Minutes

November 9, 2021, at 6:30 pm

Meeting called by: Port of Kingston Commissioners
Type of meeting: Special Meeting
Location: Hybrid

A. In Person:
 Village Green Community Center
 Windermere Room
 26159 Dulay Rd NE
 Kingston, WA 98346

Virtual via Zoom:
<https://us02web.zoom.us/j/89598576780>
 Meeting ID: 895 9857 6780
 One tap mobile +12532158782

Commission in Attendance

Laura Gronnvoll
 Steve Heacock
 Mary McClure

Public in Attendance

Jack Bryce
 Jerry Kirshner
 Nancy Langwith
 Steve Young
 Marc Horton
 Rebecca Pirtle

Staff in Attendance

Greg Englin
 Tarrah Dofelmier
 Ray Carpenter

1. CALL TO ORDER: Meeting called to order by Commissioner Gronnvoll at 6:32 p.m.

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

Motion: Approve agenda as written
 Moved: Commissioner McClure
 Second: Commissioner Heacock
 Vote: Pass 3-0

4. PUBLIC COMMENT

Jack Bryce, marina tenant: Mr. Bryce stated there has been sizable rate increases over the last several years and inquired on the reasoning for the increases.



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Executive Director Englin explained that an analysis of port financials determined the need for future marina and asset replacement. The port also looked at other funding sources, including grants. The Port conducted a Marina Rate Analysis which included a survey of 52 marinas and determined the Port of Kingston was in the bottom 5 for rates in December 2018. The rate increase is part of a three-year plan to bring the Port closer to the market average rate. Mr. Bryce asked the commission to look at the rate increase closely again prior to making a final decision.

Jerry Kirshner, marina tenant: Mr. Kirshner stated rates have increased significantly over the last several years and asked the Port to look closely at revenue vs. provided services. As Kingston gets closer to fair market, there should be services that coincide with rate increase. There are critical issues that need to be addressed including sanitary conditions from birds. There are services that should coincide with rate increases such as portable pump outs, oil disposal services and recycled material disposal services. Mr. Kirshner asked the commission to look at increasing taxes within the district as the Port is utilized by the entire community.

Commissioner Heacock stated bird deterrents are in the budget and planned for 2022.

Nancy Langwith, boat owner: Ms. Langwith echoed Mr. Kirshner's comments. Ms. Langwith read a letter from Jack Lott, a marina tenant. He cited the clean marina program when describing critical tenant issues including animal waste, bird droppings. Photos and letter from Mr. Lott were provided to the commission for consideration. Mr. Lott asked the Port to use a portion of the rate increase to mitigate these critical issues.

Ms. Langwith thanked the Port for their hard work on getting the lights together for Kingston Cove Christmas. Ms. Langwith offered to put volunteer groups together for the event. She noted that social media posts for the event have reached over 7500 people in Kitsap County. The community is engaged and excited about this event.

Steve Young, marina tenant: Mr. Young discussed the continued rate increases and expressed discouragement that the port doesn't look to the community for additional tax revenue. The community gets the same enjoyment from the park, but taxes are not raised. Mr. Young discussed history of tenants making up gaps for insurance increases. He added he appreciates the Port and Commission and is proud of the park and employees. He feels the tenants are bearing the brunt of expenses.

Bill McKee, marina tenant: Mr. McKee stated the increase is a bit much at these unprecedented times. Those of us that live in another zip code are spending hundreds of dollars extra a month alone on travel expenses.



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Commissioner Gronnvoll commented the Port is trying to get closer to average market rate, and still falls below average. She discussed implications of charging too little for rates and noted lawsuits brought forth in other jurisdictions for not charging fair market value.

BUDGET PRESENTATION

Executive Director Englin presented the Budget and Capital Budget and reviewed Capital Projects for 2022. The proposed budget uses 2021 as the baseline for next year and the various revenues and expense line items have been adjusted to reflect trends we are experiencing.

We have seen a reduction in parking revenue this year due to the pandemic. When the effects from the pandemic subside, we would expect parking to rebound. Given the uncertainty we are not budgeting significant increases, however.

The pandemic has strengthened boating since people can recreate and socially distance at the same time. We believe this trend will continue. So guest and transient moorage continue to strengthen.

The Port is projecting Operating Revenues of \$3.34M and staff is budgeting Operating Expenses of \$2.7M. The Net Ordinary Income under this draft version of the budget would be \$474K. \$192K would be deducted for the capital program.

Revenues:

- Permanent moorage revenues should increase with the rate increases. We have a Wait list that continues to remain strong even though we have taken customers from the wait list, and they now have moorage but have been backfilled with new demand.
- Transient Moorage should remain strong, and we are steadily building seasonal demand from yacht clubs especially.
- Seasonal moorage has been grown steadily and we see this trend continuing through the next 2-3 years before it will likely plateau.
- Utilities are going to be closely monitored so we can recover these costs.
- Real estate and lease revenue should stay relatively flat except for CPI adjustments where applicable.
- Property taxes increase 1%.
- Parking is challenging to predict. The pandemic has affected commuters and we are way down from previous revenue levels. We are keeping rates flat and expect maybe a slight uptick as we surface from the effects of the pandemic.

Fuel:

- Fuel assumptions are a challenge also.



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- Fuel prices have increased significantly so the revenues have been increased – but so have the costs of goods sold for fuel. However, we expect revenue over Cost of Goods Sold to remain the around current levels based on consistent costs of goods sold.

Expenses:

- Budget reflects a CPI adjustment only across the board for all employees.
- We are adding one FTE in accounting and finance. Some of this cost will be offset by a reduction in consulting fees.
- We base compensation on Market Data and Performance.
- We want to retain staff and compensate them competitively.
- Cost of living has gone up and CPI adjustment will help wages keep up with these costs.
- Competition for qualified staff has become even more challenging in the public sector as well as private.
- Employee medical is staying pretty much flat. We are just receiving the actual quotes for the same benefits plan we have.
- The Pension contribution requirements issued by the State of Washington were reduced in July from 7.9% to 6.36% for the individual employee contribution and from 12.97% to 10.25%.
- We are increasing our training and education budget to invest in our staff. COVID prevented some of the training we had hoped staff would pursue. Again, we hope that these training and educational opportunities will open.
- Staff has put in a lot of effort to track our utility costs. We are putting measures in place to ensure we maximize cost recovery.
- Another place that helps with cost recovery is the result of adding another employee in accounting and finance. We are now able to more accurately charge and recover excise tax. We are currently looking at recovering about \$20K.
- We have been paying pretty hefty fees. Our Controller Audra Trainer identified this as an area of concern. We believe we can likely reduce credit card charges by nearly \$30K annually. We continue to convert payments over to ACH transactions for our permanent moorage customers and away from credit cards to avoid these fees.
- ACH means Automated Clearing House – bank to bank transactions.

Reserves and Financial Policies:

- Our reserves currently stand at \$2.21M, this includes a payment of over \$122K for insurance already in September.
- We will have an LTGO debt payment of \$85,514.10 for 2021 (including both interest and principal).
- We need to develop the financial policies regarding reserves and codify them with the commission this coming year. I have a spreadsheet with some of the proposed assumptions and we are developing a cash flow projection that will capture the complete life cycle for the assets as well.



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Capital Program:

The Capital Program is focused on three areas:

- Repair and maintenance of the marina.
- Replacement of the Middle Bathroom in Mike Wallace Park.
- Economic development emphasizing new construction in the Tent Pad area along Washington Blvd

1. First and foremost, we always want to promote safety of life and property.
2. Secondly, we strive to maintain continuity of operations.
3. And third we want to create new opportunities.

We are trying to stay around \$200K annually as a cap for our repair and replacement of existing assets.

The primary lines of business where we are spending funds are:

- the marina
- economic development and
- projects that support our responsibility as a transportation hub

Bird deterrents will be addressed in the Capital budget. For new construction we have budgeted about \$500K for development of the Tent Pad. This effort would be followed up by a multimillion-dollar investment in construction of buildings for commercial use.

5. PUBLIC COMMENT

None

6. NEXT REGULAR MEETING: Wednesday November 17, 2021, at 1:00 p.m. Hybrid (Zoom & Village Greens Community Center)

7. ADJOURN:

Motion: Adjourn meeting at 7:52 p.m.

Moved: Commissioner Heacock

Second: Commissioner McClure

Vote: Pass 3-0



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DocuSigned by:
Laura Gronnvoll
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Laura Gronnvoll, Commissioner

DocuSigned by:
Steve Heacock
9790F1E429B44CD...
Steve Heacock, Commissioner

DocuSigned by:
Mary McClure
6F7F071EE8D14EF...
Mary McClure, Commissioner

Attest:

DocuSigned by:
Greg Englin
012B2052DBC849D...
Greg Englin, Executive Director