



Serving what matters today, with a view for tomorrow.

**Port of Kingston Board of Commissioners
 Regular Meeting Minutes
 February 23, 2022 at 6:30 p.m.**

Meeting called by: Port of Kingston Commissioners
Type of meeting: Regular Meeting
Location: Hybrid – Kingston Cove Yacht Club/Zoom

**Commission
 in Attendance**
 Steve Heacock
 Mary McClure
 Laura Gronnvoll

Staff in Attendance
 Greg Englin
 Ray Carpenter
 Audra Trainer
 Tarrah Dofelmier

Public in Attendance
 Anthony Hitchman

1. CALL TO ORDER

Commissioner Heacock called the meeting to order at 6:32 p.m.

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

Motion to approve agenda correcting next regular meeting date to March 30, 2022.

Moved: Commissioner McClure

Second: Commissioner Gronnvoll

Vote: Pass 3-0

4. PUBLIC COMMENT

None

5. CONSENT AGENDA

A. Approve January 26, 2022 Regular Meeting Minutes

B. Approve January 2022 Warrants

Motion: Accept the Consent Agenda

Moved: Commissioner Gronnvoll

Second: Commissioner McClure

Vote: Pass 3-0

6. FINANCIAL REPORT

Controller Audra Trainer presented the financial report for year end 2021 and reported the Port continues to perform well. The Total Revenue has reached \$3.14M and \$678K in Net Operating Income.



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The Revenue is categorized as direct or indirect revenue. Direct revenue is generated by business operations. Indirect (nonoperating) revenue is generated from property taxes, interest income, service charges, grants - and interest charges which are deducted from nonoperating revenues. The \$678K includes pension income and the records grant income which amount to \$201K. This pension adjustment is a departure from previous years. Washington State Department of Retirement Systems financial report (PEFI) indicated that PERS 2 & 3 are fully funded, resulting in an adjustment to the pension expense and an asset on the balance sheet. PERS 1 which remains underfunded has a small expense and liability remaining on the balance sheet. Adjusted (or normalized) Net Operating Income is \$477K. This number backs out the pension and records grant. These deductions lower the NOI, which resulted in an Operating Margin of 15.21% using this adjusted NOI. Management is not including or emphasizing depreciation in this analysis. Depreciation runs slightly over \$52.5K every month. A long-term goal of the Port is to focus on our ability to fund the Port's capital requirements over the life of the assets.

The past three years the Port has made an average of \$440K in Net Operating Income. This reversed a trend from the previous two years where the Port had an average loss of -\$54K. A differential of nearly half a million dollars annually. (+\$500K!) The Port has performed exceptionally well and demonstrated it can do so year over year – despite the last two years when we were hit hard by the effects of a 100-year pandemic. This performance will help the Port if we need to take out a loan or issue bonds and has allowed us to build our cash reserves to \$2,148,786.

Operating expenses are generally consistent with expectations. Total Expenses came in at \$1,896,944. The Port is actively controlling our expenses and yet we are not deferring maintenance and repair and are aggressively spending funds on capital investments.

Total cash reserves at the end of 2021 were \$2,149,786. Management has not yet set recommended reserve thresholds but this year we will be developing and recommending Key Performance Indicators (KPI). Generally, Operating Reserves are set at 3-6 months of expenses. Operating expenses usually run roughly \$160K per month or \$480K for 3 months (minimum threshold). By resolution, the Port set aside Environmental Reserves which adjust annually and currently stand at \$106K. these funds are rolled under the General Reserve Fund. The port has achieved these performance metrics already (even after forgiving any bond debt).

The LTGO Bond debt is \$760,000. The bond was issued to cover the cost of the Covered Moorage Roof. We contribute \$52,500 to the Capital Projects fund (formerly known as Marina Rehabilitation fund) quarterly. As of December 31, 2021, the balance in this fund totaled \$1,258,892. We still have significant financial needs to fund our long-term capital plan.



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In response to a question from Commissioner Gronnvoll, Ms. Trainer stated she will provide copies of the financial summary to the commission. She thanked Staci Hebert, Financial Analyst for her assistance in preparing these reports.

7. ACTION ITEMS

A. Approve updated Capital Plan

Port Commission approved a previous version of the Capital Improvement Plan (CIP), also referred to as the Comprehensive Scheme of Harbor Improvements (CSHI). Subsequent to the original Capital Plan included with the Approval of the Budget for 2022, the Recreation and Conservation Office (RCO) notified the Port that the Port of Kingston will likely be approved for the Boating Facilities Program grant. This grant is for a total of \$614,000 of which the Port is required to provide \$192,750 in matching grant funds to the \$421,750 funds being provided by RCO. The amount of \$192,750 was not budgeted because staff did not receive confirmation that it would likely receive this funding. RCO is conducting a site visitation and still needs to provide written confirmation that the grant will be issued to the Port. This Project would increase moorage by up to 200 lineal feet for transient moorage. Amended CIP / CSHI is provided below with total commitment of funds. Source of funds would be the Marina Capital Reserve Fund. Use of funds would result in a reduction of projected reserves of an estimated \$193,000 at the end of the year. Benefit to the Port through additional revenue over the life of the assets is expected to result in a substantial net gain on the initial outlay of \$193K by the Port. Another alternative is for the Port Commission is to not pursue this grant and save the nearly \$193K for preservation of the Marina Reserve Fund and use those funds for future investment in the marina. Staff is requesting Port Commission approve the additional grant funding of \$192,750 assuming RCO approves the BFP grant. This grant would increase available transient moorage and provide partial funding for the Middle Restroom Replacement Project as well.

Motion: Approve Port of Kingston Updated Capital Plan

Moved: Commissioner McClure

Second Commissioner Gronnvoll

Vote: Pass 3-0

8. PUBLIC COMMENT

None

9. COMMISSIONER REPORTS

Commissioner McClure attended the second installment of the three-part community conversations event. This group is working with the Chamber to reframe the community calendar and emphasized the



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importance of community participation and updates. The next community conversation third Saturday in March will include a session on Economic Vitality. Many thanks to organizing team.

In response to request from Commissioner Heacock, Mary gave report on the ATMS grant funding. The ATMS project scored very well at the top of the list and is highly likely to receive funding. This funding for ATMS is the first major piece of the Lindvog intersection. The Realignment project, which takes ferry traffic off Main Street is also likely to receive funding. The Port of Kingston is set up to apply for a project every funding cycle, therefore there are a lot of opportunities to partner with County and Kitsap Transit.

Commissioner Gronnvoll reported she has heard great things about the Community conversation events and hopes to attend the next one in March.

Commissioner Heacock continues to work with the Parks, Trails, and Open Space Committee. The group is currently working with the County on the Sound to Olympic Trail implementation. The County has done a great job with Community Outreach including public discussion and input. He plans to present information on how the Port can get involved at an upcoming work session. Commissioner Heacock also attended the KCAC meeting where they discussed the upcoming Comprehensive Plan and upcoming projects including updates to the County Code, Use Table and Sub Area Plan.

10. STAFF REPORTS

Administrative Manager Tarrah Dofelmier reported she is finishing up the quarterly newsletter which will be published early April. She has been working with Ray and his staff to learn Port operations. She is working with IT to replace laptops and phones and improve accessibility to the key card system and security cameras. The port is now preparing for its yearly document destruction process.

The commission discussed the need to educate the public on incorporation and transportation dollars in upcoming newsletters.

Controller Audra Trainer reported she is working on improving processes for Port staff as well as working to submit the annual report for 2021. She has scheduled upcoming trips to Port of Anacortes and Port of Edmonds. This will give her the opportunity to network and develop working relationships with other Ports. She will be attending the Spring WPPA meeting and Finance Seminar in June.

Harbormaster Ray Carpenter thanked the volunteers at the weather activation shelter at Village Green for their service. He thanked staff for their resilience in challenging times. Port staff has done a great job of reaching out to yacht clubs to keep the marina full. We have many yacht clubs booked as well as the Cruising Club of America. Mr. Carpenter gave a report on the vessel Kokua. It recently broke loose due to north winds. The Coast Guard responded and evacuated the passengers. Now, the professionals are working to determine the best way to get it up and back to land.



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In response to a question from Commissioner Gronnvoll, Mr. Carpenter stated the floats around the vessel are put in to contain hazardous spills

Executive Director Greg Englin thanked staff for managing these vessels and for their compassion toward everyone involved. Port staff testified before both the State House and Senate subcommittees in support of House Bill 1700 which uses revenue from boat tabs to add \$4M to fund the derelict vessel program. It is supported unanimously by both the House and Senate subcommittees and across the industry. He thanked DNR staff and Port staff for all their work to help bring this critical program forward.

Mr. Englin reported the Chamber continues to grow its membership. They have added all the community events to their website calendar. This need was identified in the Kingston Community Conversation that Commissioner McClure and Commissioner Heacock have helped champion. The Chamber board will determine if they take over the Kingston Cove Concerts and the Port will assist with the transition. The Chamber is sponsoring a Wine and Brew Fest again this year in July.

Mr. Englin reported that Port staff testified before Kitsap County's Hearing Examiner. That ruling will be likely be presented to Kitsap County commission for approval on March 16th. DCD staff support the request and they have been fantastic to work with. Their staff provides a wealth of knowledge and have helped us navigate the process.

Mr. Englin reported the Port received 6 SOQs (Statement of Qualifications) in response to the Request for Qualifications that was published in the Daily Journal of Commerce and through the Municipal Research and Service Center (MRSC). Staff will be assessing the SOQs for discussion and likely action at the March 30th Regular Commission meeting. Staff will provide the commission with the ratings and a summary of any interviews and will provide written recommendation for the March 30th regular session.

Mr. Englin thanked Torey and Marvin for installing the bird deterrent system in the roof of the covered moorage and will monitor how it performs going forward.

Mr. Englin gave special recognition to Audra and Staci for performing a 3-year audit to reconcile Port accounts.

11. NEXT REGULAR MEETING: Wednesday March 30, 2021, at 1:00 p.m. Hybrid

12. ADJOURN

Motion to Adjourn at 7:29 p.m.

Moved: Laura

Second Mary

Vote: Pass 3-0



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DocuSigned by:
Steve Heacock
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Steve Heacock, Commissioner

DocuSigned by:
Mary McClure
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Mary McClure, Commissioner

DocuSigned by:
Laura Gronnvoll
8A3CAECBBF8E414...
Laura Gronnvoll, Commissioner

Attest:

DocuSigned by:
Greg Englin
012B2052DBC549D...
Greg Englin, Executive Director