



Port Of Brownsville

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

Commissioners:

Fred Perkins
Bob Kalmbach
Jack Bailey

September 25, 2017

CALL TO ORDER

Commissioner Fred Perkins called the special meeting to order at 1:01 PM. In attendance were Commissioner Jack Bailey, Commissioner Bob Kalmbach, Interim Port Manager Matt Appleton, and Contract Manager Jerry Rowland.

PLEDGE OF ALLEGIANCE

Commissioners led pledge of allegiance.

APPROVAL OF AGENDA

Commissioner Bob Kalmbach made a motion to approve the agenda. Commissioner Jack Bailey seconded the motion and agenda was approved unanimously as written.

RESOLUTION 17-11 – Establishing an Industrial Development District (IDD)

Fred Perkins made a statement about the purpose of the special meeting. It was to discuss the plan to establish an Industrial Development District which would create an increase in property taxes collected for the Port of Brownsville to a maximum of 45 cents per 1,000 dollar value of the property. He further explained that the State enacted a law that allowed this amount to be spread out over 20 years instead of the previous 6 years. This would allow the Port to increase their revenue and therefore be able to get revenue bonds to complete the restoration of the marina. The only other alternative was to raise the moorage rates which would cause vacancies and then in turn would decrease the amount of revenue the Port gets.

Jack Bailey stated that in the future the financial cost of borrowing would increase from what it is today. The interest rates would be higher and the construction costs would increase. Inflation increases by 4% annum so to wait to complete the renovation of the marina would only cost the Port more money. The best possible rates are now.

a. Fred Perkins said the legislation set a limit on the amount of property taxes to 45 cents per 1,000 dollar value of the property. Since the Port asks for a set dollar amount, not a cents per 1,000 amount, the rate to be collected each year would go up or down depending on the value of the property. He said he wanted some clarification on the payback for the revenue bonds that would be generated if the IDD was established. Jim Blumenthal stated that revenue received can be used for any project that the Port sets as a priority. In other words, if a project planned suddenly becomes more of a necessity than others the money can be used for that.

Jack Bailey reminded everyone that the cost of dredging will be more money in the future, less amount to do it now. He also said that houses now are selling for 30% more than one year ago so property values are increasing. Jim Blumenthal agreed that people are moving here from the Seattle area which is driving property values up.



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b. Jerry Rowland went over all of the improvements made in the past, what the source of funding was and improvements needed in the future. To date the Port has completed improvements that amounted to 4.9 million dollars with no additional taxes from property owners. He added that there projects that were completed prior to 1992 that were not part of this number such as new fuel tanks, new east breakwater, north breakwater access, Pavilion Installation, Upper Park improvements, floating restrooms, pump out boat, new fuel building, new main gate (lighthouse), boat ramp float section (twice), all the finger piers on B, D and E docks, all of which was an additional 2.5 million dollars funded by grants, bonds and general fund money. There are still improvements to be made. Up to now there has been no increase in taxes for the Brownsville district taxpayers. He reviewed the amount of taxes collected (cents per thousand) since 2001 and it is steadily decreasing.

Jerry Rowland then reviewed the improvements that still need to be made to complete the restoration:

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 and Walking Trail is estimated to cost \$220,000 (Could be funded by ILEA Grant or remaining revenue bond). Survey taken for walking trail had all in favor, none against.

The rest of the improvements cannot be accomplished without help from the taxpayers:

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

Main Pier with new longer access ramp to make ADA approved 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 – this is required for the Port to continue having a good credit rating.

Total Estimated Costs for all Projects and maintain reserve - **\$3,461,000**

Total Current Bond Income - **\$1,800,000**

This leaves a **shortfall of approximately \$1,732,000** 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. This would probably cause vacancies in the marina which would decrease revenue.

2. Option 2: Voter approved levy lift: 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.



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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 will equate to 17 cents per thousand per year more. This equates to an additional \$51 a year on a house and property valued at \$300,000. Depending on the assessed value of the property taxes could go up or down. All of the revenue debts would be paid off by 2037.

PUBLIC COMMENT

Jerry Rowland stated Ed Wurden brought up some ideas that should be stated. One was adding pilings in the North Breakwater in case of a north storm. Another was that dredging is not necessary at this time, can be delayed and the same with A dock. Delaying these projects would allow the funding available to install the north breakwater pilings. Fred Perkins asked if the pilings were covered in the Comprehensive Scheme and Jerry replied yes. Jack Bailey asked for an estimate of how much pilings would cost. Jerry Rowland replied that 20 - 24 inch pilings would be needed at \$10,000 per piling so it would be approximately \$200,000. Ed Wurden stated that the piling is absolutely necessary. The Port has been lucky up to now with north storms. He has been at the Port for 47 years. He brought up other items that may need attention such as the wave attenuation boards on the East Breakwater (what is the plan if they fail). There are things that jeopardize paying the bonds off such as a financial crisis similar to 2008. He announced that the Wurden family would have to pay, if this IDD went into effect, would be \$600 a year and in 20 years it would be \$12,000. He says his family could afford it but he is concerned with those that can't.

Ed Wurden continued with noting the tides and the depth of the marina at the high and low zero tides he addressed. Based on his values he measured he felt that dredging of the marina was not needed at this time. He suggested that the green buoy near the fuel dock should be moved. Fuel dock has cracks in concrete but rebar is enough to stabilize or get new floats for the dock. Main pier can be repaired with a system that puts concrete around the pilings in place. It costs much less than replacement.

Jack Bailey made comments about Ed Wurdens statements. He stated the rebar in concrete in saltwater expands and deteriorates. A dock is not floating well because of the concrete and wooden framing. He discussed with an engineer in Seattle about the cast concrete pilings and the process requires dowels to existing pilings. The engineer stated based on pictures that it is too late for the main dock pilings, they are too far deteriorated. Jack continued with the tide evaluation. Ed Wurden went to 0 tide for his comments but the Port has minus tides, some of them severe. Google Earth shows the Port from overhead and it shows the channel. Jerry added that another not addressed was under the docks. They are less depth than the channel. Jack Bailey said these points need to be considered. He added now is the time to do it before construction costs are big. Jerry Rowland added that Ed Wurden does represent a large constituency of Brownsville. Ed Wurden stated to Jerry that if the North Breakwater pilings were added, he had no issue with the plan, he just was not sure of the funding source for the pilings.



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Jack Bailey stated the construction cost is a big factor in consideration of when to do these improvements. They will increase with time.

Jim Blumenthal clarified that if the IDD was approved then it would be 17 cents per \$1,000 property value until 2032 then it drops off. In terms of impact to the community for a \$300,000 home it would equate to \$4.25 a month and \$50 a year.

Bob Kalmbach stated that he agrees that the improvements to the marina presented do need to be done but it is matter of when and how. He also wanted the other commissioners to consider that per the legislature when the IDD is completed it should diversify economies of cities and counties, provide additional employment opportunities, increase tax revenues to those cities, county and state making the community stronger. He did not feel the IDD for the Port of Brownsville would accomplish these things. He requested a structural engineer and past marina owner to walk the marina and discuss the improvement of the main pier. The engineer stated that the main pier was overbuilt and had many years of life left. Based on this Bob stated this project could be delayed 5 to 10 years. He said that silt build up only affected the marina at lowest tides which could be dealt with warning signs until dredging can be accomplished.

Bob Kalmbach went on to have his fellow commissioners consider the following:

Before asking for the Brownsville taxing district for additional money the Port should first consider if these projects need to be done right now. He felt that some can be delayed.

Have the commissioners consider all funding sources to accomplish these improvements without increasing taxes? He felt that they had not.

Have the commissioners considered new ways of increasing the Ports revenues? He felt some have been considered but not to the extent that should be.

Have the commissioners considered ways of lowering costs to save for paying for these improvements? He feels they have not.

He said by being conservative the Port could save at a minimum \$225,000 per year over the next 10 years which could fund the improvements without going to the taxpayers.

He added that it may be only \$50 a year tax amount for a \$300,000 valued property but it is not the dollar amount, it is that the Port is doing something that it should not be doing.

Bob Kalmbach thanked everyone for listening to his opinions and he hoped the commission would do the right thing for the people that voted for them and who they represent.

Fred Perkins stated he now understood how the President of the United States aged so much. Fred says he has a hard time not doing an IDD because of the increase of expenses to do it later. He also does not want to decrease the services the Port provides by cutting them for cost sake. People like coming to the marina. These improvements will benefit not only the current population but generations to come.

Jack Bailey stated that he discussed the wave attenuator with Jerry Rowland and it gets inspected and is still in good shape. Jerry Rowland said the maintenance plan tightens the bolts every 2 years but it will last for quite a while. Jack Bailey said deferred maintenance is expensive due to the increased costs of interest rates and construction costs.



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Fred Perkins asked if the commissioners waited until the October 18 meeting if it would still be able to be in effect by January 1, 2018. Jerry Rowland stated he did not think the county would have time to put it in the place by January 1, 2018. Fred Perkins stated he felt the Port did not do enough to publicize to the public what the Port was considering and wanted more public input. Ned Cook asked the commissioners what they were going to do that had not been previously done. Bob Kalmbach said possibly notify the newspaper what was being considered, maybe put it in the newsletter. Jack Bailey said the Port has done what is legally required to notify the public. Fred Perkins said he was not comfortable with the amount of information provided to the public and the input the public has given. Bob Kalmbach said he felt that the public does not know what the Port is considering. Jack Bailey said the public will not have the research done that the commissioners have done and that is why they have this position is to make these decisions. Fred Perkins said he was not ready to vote at this time. Bob Kalmbach said he also was not ready to vote.

Fred Perkins tabled the resolution until the October 18, 2017, meeting.

CLOSE MEETING / ADJOURN

Meeting was adjourned at 2:09 PM.

September 13, 2017 meeting

President / Commissioner

Secretary / Commissioner

Commissioner

Recording Secretary