

THE JOHN WAYNE MARINA

Background and Q & A

Background

The Port built the John Wayne Marina (JWM) in the 1980s on acreage and tidelands at Pitship Point which had been donated by the actor John Wayne. Since then, it has become a highly-used and valued community asset for both local and visiting families, boaters, kayakers, and other outdoor recreationists. Also, the Jamestown S'Klallam Tribe has an oyster aquaculture operation at the marina.

In October 2017, developer Ron Cole approached Port staff about a possible sale of JWM to his company, Buffalo River Holdings of Bend, Oregon. In March 2018, Mr. Cole indicated he was interested in submitting a proposal if the Port was willing to receive one. The issue was then brought to the attention of the Port Board of Commissioners at a public board meeting on March 13 to seek Commission direction on the potential offer.

The Port Commission believes that this potential unsolicited offer created an opportunity to initiate a public process to explore the performance of JWM and its role as a community asset. Staff has been gathering information to address the many issues that must be considered before making a decision.

General questions that have been raised by community members about the possible sale of the JWM are addressed below. More detailed information is available on the Port's website: portofpa.com.

Q & A

1. Why is the Port considering selling JWM?

In the 1980s when the Port developed JWM, Clallam County had a vibrant forest products and commercial fishing economy. This created a surplus reserve for the Port, allowing it to develop the marina with the idea that it would be self-sustaining in the long run. The strong natural resource-based economy in Clallam County has changed with restrictions on forest harvests and the collapse of fish stocks, and the Port's annual cash flow is now less than half of what it was 30 years ago. With fewer dollars for reinvestment, it is necessary for the Port to first fund capital projects that create the highest economic impacts and are aligned with the Port's core mission of economic development.



The cash flow analysis of JWM shows that the marina operating surplus has not been adequate to recoup the funds borrowed to build the marina, nor is it adequate to cover future marina improvements (anticipated float and pile replacement, plus repair to the breakwater and shoreline is estimated to cost over \$22 million in 2035). The Commission must determine whether it has the financial ability to subsidize the marina from its other business lines and if doing so would be in the best economic interest of the county.

2. How would public access to the marina be maintained?

The Port will require that the marina remain publicly accessible. In a sale to a private party, the Port would include deed restrictions regarding public access that could be enforced by the Port. The Port could also grant access easements to the public, and those easements could be enforced by any member of the public, as well as the Port, the City of Sequim, or Clallam County. Additionally, the City of Sequim, through its Shoreline Master Program, will have regulatory oversight of all actions at the Marina that may adversely impact existing public access to the shoreline, including beach access, viewing areas, and parking. The state Shoreline Management Act authorizes the City of Sequim to require a substantial development permit for any activity that reduces existing public access, and it gives the City enforcement authority to stop non-permitted development or activity that reduces existing public access, even if the Marina is owned by a private party.

3. What is the plus side of selling JWM?

Proceeds from the sale and avoiding future capital expenditures would allow funds to be used for priority capital investments that generate more jobs, better economic impacts, and potentially higher financial returns so the Port can continue to invest in Clallam County. With measures to preserve public access to the marina, boat launch and shoreline, the community

could have both the marina and more funds for capital projects to raise the economic well-being of the community.

4. What other options for funding the JWM have been suggested?

a. Levy a property tax for those in Sequim School District:

The Port is a county-wide special purpose district and it must levy a tax for the whole district. The Port does not have the option to levy a tax for just District 1.

b. Collect taxes to pay for the JWM like the City and County do for parks: County and City governments receive significantly more taxes than the Port in order to provide public services. The Port's share of property taxes is only 2.0%. The County receives 14.3% and the City receives 16.4%. Both the County and the City have a Parks department; the Port does not. Plus, the County and Cities receive sales taxes, utility taxes, lodging taxes, gas taxes and other taxes to help provide public services. The Port must rely on generating revenues from its business lines to support operations, capital projects and funding for economic development initiatives.

c. Create a park district: The City of Sequim has indicated an interest in JWM becoming part of a park district. The City or County could form a metropolitan park district and determine the boundaries to be the Sequim area and only tax those who live in the Sequim area. Additionally, the City of Sequim could levy a tax on everyone within the Sequim city limits. The Port cannot initiate this process because the Port does not have the statutory authority for a park district.

d. Request money from the City of Sequim and Clallam County: The most likely model for City or County participation in Marina operations would be through an interlocal agreement under which the Marina would be operated jointly by the Port and either the City or the County, or both, with all participants contributing to maintenance, repair, and capital costs, in exchange for joint management authority over the operations of the Marina. From the Port's perspective, this is a very inefficient method for managing a Port asset. It is also improbable that either the City or County would be willing or able to contribute the necessary capital and staff support to make such an arrangement work.

e. Build revenue-generating businesses on the land around the JWM: The Port has not approached Wayne Enterprises about selling land on which to operate businesses that would supplement marina income. The Port's focus is on industrial development and it does not have the statutory authority to operate businesses that would be appropriate for the marina. The land around the marina is zoned as Planned Resort Community. The Port can lease land to a business owner, but that is generally a much lower return than the profits from operating a business.

f. Convert the parks and parking spaces at JWM into high end restaurants: The Port, just like a private entity, cannot reduce public access. While there is some undeveloped land that could be converted to other uses, the Port's expertise is in industrial properties, not restaurants or other commercial activity.

5. Why doesn't the Port use my taxes for community amenities like the JWM? It is true that JWM is used as a park by many, but that use, however beneficial to the community, does not generate additional revenues. Moorage fees and other marina revenues have been insufficient to cover both operating and capital project costs. Not all businesses have the same level of profitability and jobs. The detailed analysis has provided performance data to inform the future of JWM. Based on what we learned, even if moorage rates were doubled, it would not cover the future costs to replace the floats and pilings. If Port funds are used for JWM, then they are not available for other capital projects that have a higher financial and economic return to the citizens of Clallam County.

Cities, counties and ports have different missions based on statutory authority. They also have different sources of funding. The Port is charged with economic development. The Port builds capital intensive infrastructure that can be used by multiple companies. The Port earns revenues from its different business lines by charging businesses fees for using Port infrastructure to support operations and to re-invest capital to grow economic impacts (money that comes into the community). Cities and Counties are charged with providing public services. They collect taxes from citizens to pay for law enforcement, streets, parks, and other services (money that comes out of the community).