



**Response to the Port of Port Angeles John Wayne Marina RFI Issued March 12, 2019
Submitted by the City of Sequim**



Sequim's Vision for the John Wayne Marina

The shoreline at John Wayne Marina is the only public marine access within the City of Sequim and one of the few public access points along all of Sequim Bay. The marina serves the valuable function of a haven for boat owners in eastern Clallam County as well as being an essential launching point for sport and commercial fisheries. Most visitors, however, think of it as the perfect spot to picnic, walk the dog, launch a kayak, beachcomb, bird watch, or just let the peace of the setting soothe one's soul. The goal of City ownership is to preserve all these uses, but foremost, to maintain public access to the waterfront and a public voice in the future of the marina. We understand this is a different focus than the Port's overriding mission of job creation and respect their desire to promote and invest in ventures of a different nature.

Keeping the marina just as it is will be a challenge; the City has commissioned a study of future maintenance and construction needs which estimates that about \$23 million in 2019 dollars will be required to maintain the current infrastructure over the next twenty years. This amount far exceeds the income generated by the marina and indicates that changes may be necessary. The change may be economic expansion adequate to maintain the facility, or perhaps physical reorganization—reducing infrastructure to a level that can be supported, or most likely a combination of both.

Additional income could potentially come from a number of sources. Current revenues, mostly slip fees, would be evaluated, ensuring they represent a market value and are contributing appropriately to marina expenses. Better marketing and utilization of the existing facilities could increase revenue. Drawing out of towners by supporting them with better transient facilities and access to city shopping and services could help. Seeking out and working with new partners and tenants to develop new business lines could contribute through additional leasing fees. These could be either water or land based. Most of the developable land near the marina is owned by John Wayne Enterprises and the City would work with the Wayne family to see if off-site development could produce new income that would be dedicated to keeping the marina a top-flight regional attraction, thereby benefitting both parties. While grant opportunities may be limited, the City has expertise in applying for, receiving, and administering them. We would certainly pursue investigation of available grants. Bonding is also an option, one that would be at the discretion of City residents or City/County residents if something like a Metropolitan Parks District were created. These, and other ideas, would be the City's focus in the years after acquiring the marina with the idea that the money they generate would be available to tackle the larger capital projects coming in ten to fifteen years.

It would be irresponsible to just assume new revenue sources will be found that can cover all the big projects, especially dock and float replacement. As these replacements become necessary, likely in about ten years, and if revenues and reserves are not enough to cover costs, the City would evaluate decommissioning or reducing some facilities. There may be a “right size” for the marina, that can be sustained financially, that is different than the current size. It is the goal of the City to continue to operate John Wayne as a marina, but it will take some creativity.

The City operates financially somewhat differently than the Port and this will be a benefit to the marina's finances. The marina would be treated as an enterprise fund, similar to a city utility. Enterprise fund money can only be spent on specific purposes. In the case of



the marina, the administrative, maintenance, and material needs to support it would come out of the fees and sales generated by the marina and that revenue would not be used to, say, pave a street or pay off debt from another division. The Port, on the other hand uses revenue from the marina to pay expenses from other business lines, but it leaves the marina with less money to cover its costs. The enterprise fund model would ensure that money generated by the marina would be spent at the marina and any excess revenues would accumulate to pay for more expensive capital projects. Additionally, revenue would not be taken out as profit, as would be if the marina were owned or operated by a private entity.

Change, in some form, at John Wayne Marina is likely, but the constant will always be unfettered public access to the waterfront and launching facilities, a sustainable level of marine services, and a public role in decision making.

Specific topics in the RFI:

What are elements of a conceptual business model to provide support of ongoing marina operations and capital investment in future infrastructure:

- ❖ Treat the marina as an enterprise fund and reinvest revenues into this property exclusively
- ❖ Make it clear that the City desires to continue a positive relationship with the existing tenants, Dockside Grill, Jamestown Seafood, and the Sequim Bay Yacht Club
- ❖ Use the ten year window before major replacements are needed to develop additional revenue sources dedicated to the marina
- ❖ If it becomes evident that revenues will not support the current marina configuration indefinitely, reduce costs by, among other things, downsizing the slip capacity

Additional revenue sources that could enhance support of marina operations and future capital costs:

- ❖ Continue support of existing revenue sources and explore new opportunities, including expanded aquaculture, home basing vessel-oriented ventures such as wildlife tours at the marina, improving services to transient boaters, and expanded use of the administration building.
- ❖ Acquisition of adjacent/near-by property that could be developed to produce income dedicated to the marina



- ❖ Bonding, either through the City of Sequim or a larger City/County geographic area

Sequim's financial capacity to make infrastructure improvements as identified by Port staff:

- ❖ Better use of marina revenues by treating it as an enterprise fund
- ❖ Development of a business plan to generate new revenues as described above
- ❖ Access to the City's financial expertise
- ❖ City bond rating of AA-

Additional amenities contemplated:

- ❖ Expansion of transient facilities
- ❖ Easy access to town for shopping, recreation, and other needs
- ❖ Greater use of the property for festivals and community events
- ❖ Extension of City utilities to the property
- ❖ Repurposing of parts of the administration building

Sequim's qualifications to operate JWM as a first-class marina:

- ❖ Sequim exists as a service organization which is exactly what the marina property needs
- ❖ The City of Sequim has extensive experience in managing, operating, and maintaining \$62+ million worth of facility infrastructure
- ❖ Expertise in utility delivery and billing, customer relations, rentals, and contracting are all applicable to managing the marina
- ❖ All the financial administrative network is in place to support an operation like the marina. The City handles thousands of accounts like those at the marina.
- ❖ Sequim administers a Capital Improvement Program valued at more than \$6 million per year
- ❖ The City's expertise at identifying and obtaining grant funding

How will the following objectives be met?

How would Sequim retain or expand public access?

- ❖ The City of Sequim is a public agency dedicated to free public access to the marina property and a public voice in its operation—maintaining public access is the number one reason for City ownership
- ❖ This access is supported by the City's Comprehensive Plan and Shoreline Master Program

How would Sequim support a vibrant community yacht club?



- ❖ Sequim works with many community groups that utilize City facilities, the same would be true of the yacht club

How would Sequim support community events?

- ❖ Sequim, home of the **Irrigation Festival** and **Lavender Festival** also supports a host of other community events such as:
 - Rally in the Alley
 - Music in the Park
 - Tour de Lavender
 - Dungeness Cup soccer Tournament
 - Open Jam Sessions
 - Annual Block Party
 - Farmer's Market
 - Northwest Colonial Festival
 - Bird Fest
 - North Olympic Discovery Marathon
 - Christmas Street Parade
 - Frosty Moss Relay
 - Car shows
 - *Sequim knows how to support community events!*

How would Sequim support tribal aquaculture?

- ❖ The City and Tribe cooperate on many issues—the Tribes aquaculture work at the marina supplies an important regional shellfish operation and is fully supported by the City
- ❖ Non-tribal aquaculture is another possible business opportunity and income source: Pacific Northwest National Laboratory? Others?

How would Sequim collaborate with John Wayne Enterprises?

- ❖ Sequim and John Wayne Enterprises are currently discussing water system improvements
- ❖ The City looks forward to keeping the name and legacy of John Wayne active at the marina
- ❖ A vibrant community supports surrounding property values

How does the marina fit into the City's plans?

- ❖ The marina is an element of the City's long-range planning for:
 - Water utility extension
 - Sewer utility extension
 - West Sequim Bay Road improvements
 - Marina serves as a de facto eastside community park and the City has a good track record of using park space to draw outside revenue into the region



How would Sequim collaborate with the Jamestown S’Klallam Tribe?

- ❖ Sequim would work with the Tribe to maintain and expand their aquaculture presence at the marina
- ❖ Sequim currently collaborates with the Tribe on many issues:
 - Sewer service to Blyn
 - Off-channel reservoir
 - Tribal transportation plan
 - Promotion of US 101 improvements
 - Emerald Coast Economic Opportunity Zone
 - Sister City cooperation

How would the City support the ecological well-being of Sequim Bay and surrounding habitats?

- ❖ Sequim’s Water Reclamation Facility is state of the art sewage treatment and has led to the opening of hundreds of acres of shellfish beds.
- ❖ Sequim has an adopted Stormwater Management Plan
- ❖ Sequim understands stormwater and its effect on the marine environment. The City uses infiltration rather than transporting stormwater to Sequim Bay and would provide innovative solutions to treat and store stormwater at the marina.
- ❖ The City is a participant in local and regional groups dedicated to environmental well-being:
 - Clallam Marine Resources Committee
 - Dungeness Management Team: Clean Water Work Group
 - Strait Ecosystem Recovery Network
 - North Olympic Peninsula Lead Entity Group for Salmon Recovery
 - West Sound Stormwater Manager’s Group
 - American Water Resource Association—Washington Chapter

Proposal to the Port of Port Angeles Commissioners

1. Ownership and management of the John Wayne Marina property and all its improvements will be transferred to the City of Sequim without cost.
2. Beginning January 1, 2020, all revenue generated by the marina in excess of marina expenses will be placed into a fund for marina improvements. This money becomes part of the transfer.

Questions concerning this response can be directed to:

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