

**Waterfront Recreation Committee
Minutes
April 14, 2004**

Attending: Members Steve Gates, Richard Sassara, Michael Schock, Dennis Shypertt, Lori Stirn, Ann Frodel and Commissioners Hoby Streich and Sherry Bohn. Staff Members: Dave Harlan, Mike Doke, and Linda Hull

- 1) Sherry Bohn opened the meeting at 3:05 p.m. with introductions.
- 2) **Financial Overview:** Dave Harlan stated, as he did at the last meeting, that the committee's role is to help staff resolve waterfront recreational issues that periodically arise as part of its function and is a creature of Port policy as laid out in its Strategic Plan. The financial management goal in the Strategic Plan is to have all assets be financially self-supporting, decreasing subsidization from bridge revenues.

Waterfront planning has been an ongoing and lengthy process over a 20-year period. Therefore, the lack of a developed revenue stream from the waterfront properties has extended the reliance on bridge revenues to pay for the recreational areas on Port land. The Port's tax base (\$.033/\$1,000) is very minimal and less than \$40,000 per year is collected.

In looking over the investment, income and expense sheets, for example, Harlan pointed out that from a manager's perspective the \$1.3 million investment for the Event site/Cruise Dock that lost over \$44,000 for FY2003 is not a good picture. The marina and park have an investment of \$3.8 million and lost over \$98,000 last year.

Ann Frodel asked why depreciation is included as an expense because it is not an out-of-pocket expense? Expenses include depreciation, which is a set IRS formula, to account for the reserves needed to replace and repair the assets. ¹ Increasing costs last year, the Port added two new restrooms with no offset in revenue or development opportunity.

Frodel stated if you take out depreciation and wages expenses, the properties would be profitable. Wages are proportioned to the estimated time spent with grounds and administration and are year-round expenses, not just four months in the summer, according to Harlan.

Complicating the fiscal picture at this time is the fact that the bridge replacement project may be reality within 20 years or less. So the Port is charged with planning now to make each property self-supporting.

¹ If your revenue does not cover depreciation you can never replace or repair the asset at the end of the allotted depreciated time. The Port's Strategic Plan requires the Port to hold enough funds in reserve to cover depreciation expense.

3) Facilities: Issues and Fees

Event Site: The committee's recommendation last fall to increase the Event Site daily fee to \$4 and institute fees at the Hood and the Spit was tabled by the Commission until after today's meeting. Bohn said the Commission supported the Event Site increase but were hesitant to charge at the other two places for access without more improvements. Frodel thought people would pay to have better dust abatement and more portable toilets. Michael Schock said with such a small tax base he wondered if there was a consideration to join public and private entities to maintain the free sites. Harlan said most recreational sites in cities are subsidized by property or motel taxes.

Lori Stirn said in Ashland, for example, 1% of food and beverage income goes toward parks and recreation. Hood River Parks & Recreation has development fees to create parks but it doesn't cover operations and maintenance, and neither does the tax base.

Stirn said that CGWA and Hood River Valley Parks & Recreation use the Hook for their joint community education windsurfing classes. She wondered if CGWA would lease the Hook and maintain it with volunteer help? Sassara wondered if the student fees should include a user fee to the Port?

Gates said he thinks his company, Big Winds, pays a base fee + 4% of gross revenue² each year for its school, and perhaps the kiteboarding school concession fees should be raised now that there is so much pressure on the Spit and Hook for schools. Gates felt the businesses making money by using Port amenities should pay their fair share, including Big Winds. Port staff will review the kiteboarding rates³ this year, according to Mike Doke, and they may be raised.

Because the teaching is done 90% at the Hook and 10% at the Event Site, the committee felt that the concession revenue should be accounted for in those areas, not the Marina Park, which is unusable. This would help the bottom line on the return on investment.

Frodel asked if the kiteboarding schools could be on the Marina Beach closest to the Spit and that the Spit itself be used for non-teaching? Harlan stated the biggest concern is for safety of those at the swim beach in the marina. Kiteboarding is a very space-intensive sport and very hazardous.

Discussion was held regarding how to police the sites if entry to all sites was by permit only? Harlan said the city is the enforcer of the Port's ordinances within the city limits.

² Windsurfing schools pay 4½% of gross receipts for teaching and rental activities on Port property, providing evidence of its gross revenues immediately following the season. They pay three \$800 installments. If more than 4½% has been paid to the Port, the Port will rebate overpayment, but in no event will a school pay less than \$1,500 regardless of its gross receipts.

³ Kiteboarding schools paid \$200 per month flat fee in 2002 and 2003.

Gates made a motion to increase the daily fee at the Event Site from \$3 to \$4 provided the annual fee stays the same. No increase to overlength vehicles. Richard Sassara seconded the motion. Motion passed.

Hoby Streich mentioned that to monitor the Hook and Spit would be very labor intensive. Gates felt that the increased revenue was not worth the ill will it would generate. Streich said the Commission would welcome any new ideas for revenue. Schock asked if there was a kiteboarding association? Would that group and CGWA voluntarily maintain the Hook and the Spit to help reduce expenses.

Bohn reiterated that the consensus of the committee today was not charge fees at the Hook or the Spit, but increase kiteboarding school concession fees to help offset costs; and to revisit the expense/revenue allocations to the waterfront properties to account for where the concessions were actually taking place.

Cruise Ship Dock: Harlan said the Port's cruise dock received a public facilities waiver from the Coast Guard, which means less costs and work. The effects of 9/11 and the stock market are still being felt in the cruise industry; however, this year's stops are similar to last year's so it may be stabilizing. The dock itself is inadequate to handle the newest and largest vessel, Empress of the North, which is 360' long. Both that vessel and the Queen of the West would prefer a dock parallel to the river, because of the difficulty getting in on windy days. Dennis Shypertt asked about the local fire department boarding for training. Harlan said there is a new portable structure that can do the training in The Dalles and he will get the information to Shypertt. Port staff has talked with local fire department personnel regarding this.

Shypertt also asked if a floating dock could be built in front of Luhr Jensen where the current dolphins are located? Harlan said that is something to explore with the developer of the waterfront to incorporate into the planning process. Harlan estimates it would cost about \$1 million to replace and extend the current dock.

Marina Park: Discussion was held regarding increasing fees to out of district moorage tenants, giving a break for annual payments. Harlan said our rates are low compared to the Portland area, in particular. The Marina Beach has the shoaling problem and to fix it will require creating a breakwater area which involves a long and difficult permitting process, costs to dredge and move the material, and may only last until the next slide on Highway 35 from the glacier. Harlan will do some research on the dredging costs from comparable projects around the state.

The Marina Planning Committee will address the feasibility of paying for improvements through increased revenue options, including buildings that can be leased as in the original plan for the area.

Kiteboarding from the Marina Beach was again discussed. Would you charge all users of the Marina Park? How can you separate the areas? How can you stop the kites from encroaching on the swimmers? Schock wondered why the Port is even doing parks

anyway? Harlan said Ports are authorized by Oregon statute to develop recreation facilities as part of their many diverse activities, in conjunction with economic development. Harlan said the city will probably be asking their voters to pay for the next one on the waterfront in conjunction with waterfront development.

Meeting was adjourned at 4:45 p.m.

4) **Next Meeting:** to be determined

Prepared by Linda Hull