



JOHN WAYNE MARINA



PAST – PRESENT – FUTURE

Request for Information – Marina Management

Final Version Issued on March 12, 2019

Response Presentations due 9am December 10, 2019

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INTRODUCTION

The mission of the Port is to “bring people, resources and industry together to foster economic prosperity and living wage jobs.” We do this by building infrastructure to support commerce. By building capital-intensive facilities it allows companies to do business here and bring jobs to our community.

The Port of Port Angeles is soliciting conceptual proposals for the potential future management and operation of the John Wayne Marina. The Port constructed the marina on donated and purchased tidelands in the early 1980’s and has continually operated the marina since then. At the time the marina was being built, there was a strong natural resource based economy resulting in a good financial position for the Port based on a strong forest products industry. Since then the overall social-economic well-being measures for the Port and the County have declined due to significant reductions in timber harvests and the associated jobs, revenues and taxes to protect endangered species such as the spotted owl. Because of this fundamental change in Clallam County’s economy, the Port’s net annual cash flow averages only half of what the Port used to earn when adjusted for inflation. Clallam County has consistently been classified as a distressed county by the State of Washington. Accordingly the Port’s focus has changed to investing in infrastructure that is self-sustaining and provides high economic benefits in the terms of living wage jobs.

The Port periodically reviews the performance of its business lines and/or assets in order to prioritize capital investments that will have the greatest economic gain for the community and where it is best aligned with the Port’s mission. The analysis of Port business lines and/or assets includes both a financial return and an economic return. A business line and/or asset is considered self-sustaining if it covers operating expenses, maintenance, overhead allocations and capital reinvestment. Ideally, a business line and/or asset covers its operating and capital expenses and provides a surplus to support investments in other economic opportunities. The economic return is based on the number of jobs created and whether those jobs pay a living wage.

At present, JWM operations do not result in enough of a surplus to cover anticipated future capital reinvestment. Since its primary use is as a recreational marina, instead of manufacturing and industrial activities, there is limited economic impacts in jobs, wages, supply chain spending and business taxes. Considering that the marina is not self-sustaining and does not have high economic impacts relative to other Port business lines, the Port is looking at other ownership/management options that could provide a better financial return and could fund the future replacement of marina infrastructure as it reaches the end of its useful life sometime in the mid-2030s. Additionally, the overall demand for Port infrastructure projects far exceeds the Port’s financing capacity.

Over the next 15-20 years the marina will require significant capital investments in order to maintain the level of service and amenities that local residents and traveling boaters have come to expect. Because of the significant expenses associated with the future capital needs of the marina, and because the overall demand for infrastructure projects far exceeds the Port’s capital capacity, the Port has decided to explore alternative ownership and/or management models.

Thus far, no preferred alternative has been identified. The Port is exploring options that could better meet the needs of the Port, marina users and constituents, and the community at large. The only option that Port Commission decided not to consider at this time is a transfer of ownership to a private for-profit entity. The intent of this process is to have proponents bring forward conceptual models for the elected Commissioners of the Port of Port Angeles to consider as they reflect on how the marina can best serve the public in the years to come. This is not a request for a detailed proposal.

Conceptual ownership and management models under consideration, but are not limited to, are as follows:

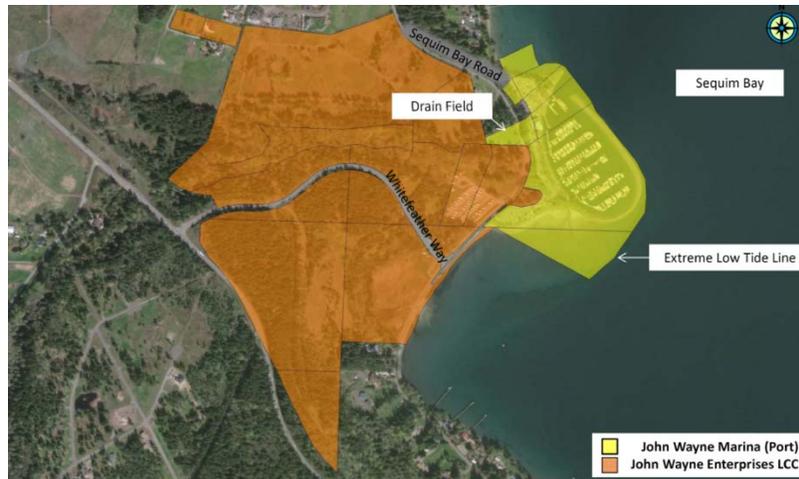
- Transfer of ownership to a public entity such as the county, city, metropolitan park district or tribe.
- Transfer of ownership to a non-profit with a community or maritime focus.
- Facilities lease to a professional marina management company or other entity which can demonstrate ability to manage and recapitalize the marina.
- Some combination of the above or other ideas that could meet the Port's objectives.

HISTORY

Acquisition of Property

By the 1960s, the Port recognized the need for another marina east of Port Angeles, preferably located in or near the city of Sequim. Proposals to build a marina located near the Dungeness Spit met with stiff opposition from the environmental community. In 1975 actor John Wayne (1907-1979) donated to the Port approximately 25 acres of mostly tidelands at Pitship Point on Sequim Bay for the purpose of constructing a marina with the condition that marina construction begin by 1980. There was also opposition from the environmental community to building a marina at Sequim Bay.

During his life, Wayne frequently sailed his yacht, The Wild Goose, in the Pacific Northwest and a marina would provide much better access for everyone to enjoy the area in contrast to the limited small piers. Wayne liked the area so much that he owned over 100 acres along Sequim Bay beyond what he donated. This property is still owned by the Wayne family and is held by John Wayne Enterprises LLC. The marina has enhanced the accessibility of the shoreline for the public and provides value to the surrounding property owners. It is the only public shoreline within the City of Sequim city limits.



Design and Permitting

In 1976, the Port began preparing environmental and engineering reports, acquiring other properties, and obtaining Federal, State and local agencies approvals to proceed with the construction of the Marina. In 1979, John Wayne died and the marina property was left to his children, who subsequently transferred their interest in the property to John Wayne Enterprises. In 1980, the Port had not yet commenced construction of the marina due to the lengthy environmental review process; thus, the property reverted to Wayne Enterprises. The Port proceeded with the permitting and design for the marina, and in 1981, John Wayne Enterprises re-conveyed 28.9 acres of tidelands and 1 acre of upland to the Port for the purpose of constructing a marina. The Port agreed that the marina would be known as “John Wayne Marina”.

Construction Phasing

The Federal Corps of Engineers and Clallam County permits were issued and construction on John Wayne Marina began in the autumn of 1983. Marina construction was conducted in the following phases:

- 1983** – Begin construction of marina basin
- 1984** – Begin construction of marina moorage structures, upland improvements, administration building and marina access road (Whitefeather Way)
- 1985** – Conducted paving of parking lots and access road. **Marina dedicated on September 14, 1985**
- 1986** – Installed security gates at floats
- 1987** – Expanded “G” Float
- 1989** – Expanded “F” Float, constructed south parking lot, and completed harbormaster office and restaurant facility
- 1994** – Expanded “C” and “E” Float

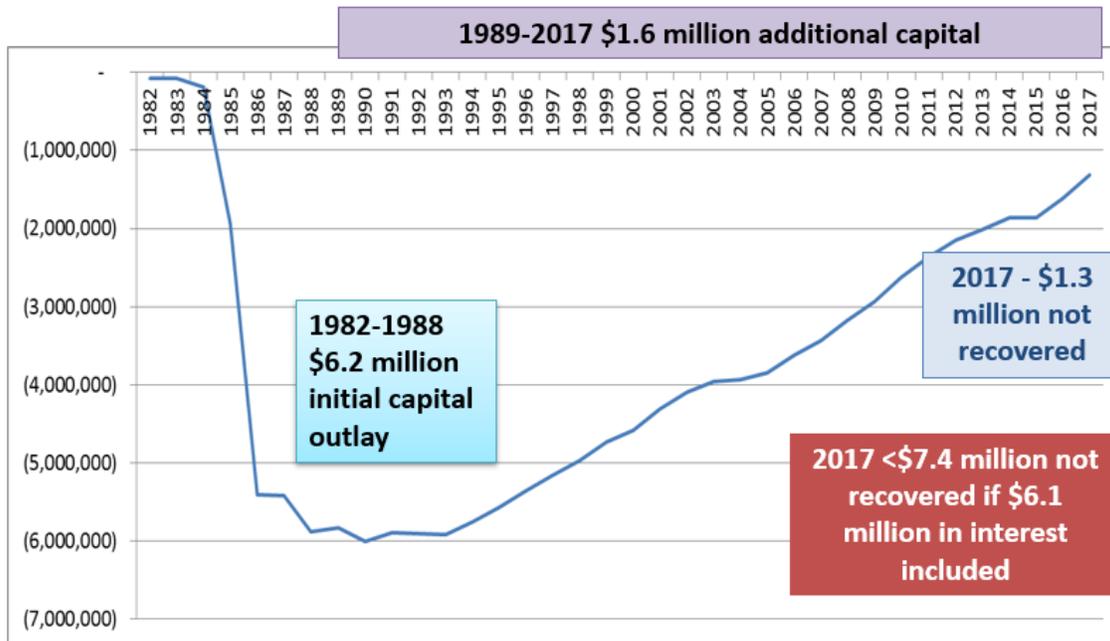
Financial Information and Analysis

In 2018, the Port Commission directed staff to gather information to evaluate JWM's financial and economic impact in relation to the Port's overall mission and to evaluate if the Port would be able to pay for the future replacement of JWM's infrastructure costs.

As mentioned in the Introduction, the Port's financial position and the social-economic well-being of the community declined with the decline in the forest products industry. The Port's five-year average of annual cash flow from 1985-1989 during the strong forest products based economy was \$1.3 million, which converts to \$3.7 million in 2017 dollars. During 2013-2017 the Port's five-year average of annual cash flow is only \$1.5 million. This is a significant decrease in the Port's financial position and therefore the priority of the Port is on investments that are at least self-sustaining and produce living wage jobs in order to improve the overall social-economic well-being of the community.

At the time John Wayne donated the tidelands and uplands, the property was valued at \$468,000. From 1982 to 2017 the Port has invested a total of \$13.9 million comprised of \$7.8 million in capital projects and \$6.1 million in financing costs. As of December 31, 2017, the Port has yet to recover \$7.4 million in total costs, of which \$1.3 million is part of the initial capital costs.

JWM Historical Cash Flow Cash Received vs. Cash Spent



As of 12/31/17, net operating cash flow has not been sufficient to cover debt service payments and additional capital projects.

July 2, 2018

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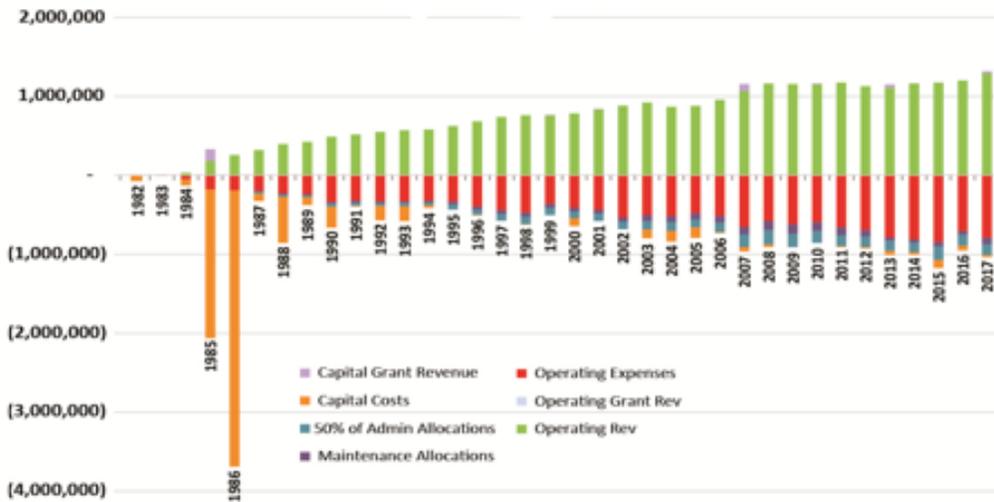
In 2018, the Port conducted a series of public meetings and shared historical financial information. Information about those events and the financial information is located at:

<https://portofpa.com/385/John-Wayne-Marina-Public-Information>

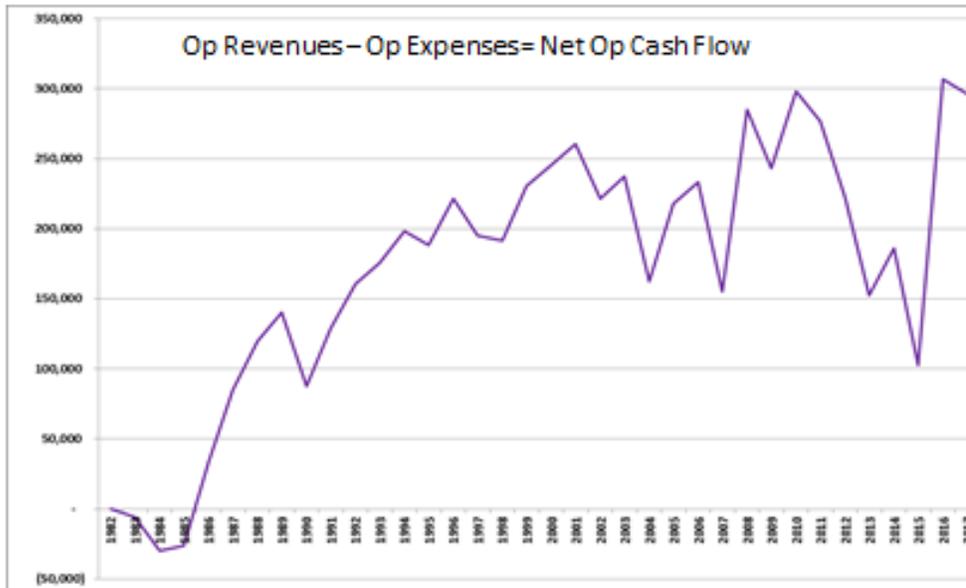
Historical revenues and expenses for JWM can be found here:

<https://portofpa.com/DocumentCenter/View/1718/JWM-Financials-2009-to-2016?bidId=>

JWM Cash Flow by Year



JWM Net Operating Cash Flow



PRESENT

Located at Pitship Point (Longitude 123°02'18"W / Latitude 48°03'43"N) in Sequim Bay (approximately 18 miles east of Port Angeles), John Wayne Marina is easily accessible from Seattle, the San Juan Islands, and Canada. Transient moorage is usually available for those who wish to boat up to Sequim Bay and enjoy the weekend. Its location, plus top-notch amenities, has made it a destination for boaters and non-boaters alike. The marina features permanent and guest moorage, excellent marine services such as a restaurant, showers, laundry and banquet facilities, and boat launch ramps, fuel facilities, public beach access, and picnic areas.

The marina is protected by a 1,900 lineal feet rip rap breakwater and currently has 299 slips, ranging in length from 15 to 100 feet (end-ties). The marina is well utilized, with occupancy rates averaging approximately 93% in recent years. Occupancy is near 100% in the peak season (May through September) and declines somewhat in the off-peak season (October through April).

Existing marina floats are constructed of concrete and wood and secured with creosote treated guide piles. Current slip size distribution is detailed below in Table 1.

Table 1: John Wayne Marina Slip Distribution

LENGTH (ft)	FLOATS							# OF SLIPS	LINEAL ft
	B	C	d	e	F	G	H		
15						2		2	30
28		17	36	18				71	1,988
30				18	30			48	1,440
32					29			29	928
36						24		24	864
40							17	17	680
42		21						21	882
45						10		10	450
50	16						11	27	1350
ET 38				1				1	38
ET 50		1						1	50

ET 58	1							2	58
ET 64			1					2	64
ET 68						1		2	68
ET70					1			2	70
ET98							1	3	98
BS	10	6		10		5	6	37	1,322
Total								299	10,380

Notes: ET = End-tie; BS = Broadside; Assumption is average boat length of 36 feet.

Tenants

- Dockside Grill
- Sequim Bay Yacht Club
- The Water Limousine

Amenities

- Restrooms
- Showers
- Laundry
- Restaurant
- Public Meeting Room
- Park and beach access
- Two parking lots
- Boat launch
- Sewer Pump-Out
- Gas
- Diesel
- Wi-Fi - This service is free to paying marina tenants

Anticipated Capital Projects

Over the next 20 years, there will need to be significant reinvestment of capital into the marina to maintain the current level of services offered. The project summary table below identifies a few of the more significant projects (greater than \$500,000) that will need to occur. Under each subject heading, there is a short description of the project, the assumptions, and a rough order of magnitude budgetary cost estimate. Each estimate is completed as if the project were to occur in 2018. To estimate the future cost an annual inflation percentage of 2.8% is applied, which is recommend by the Washington State Office of Financial Management.



(continued on next page)

PROJECT SUMMARY TABLE

The table below is a summary of the projects, budget estimates, project year and the inflated cost of the project. The estimates within the table have been rounded to the nearest \$10,000 for ease of presentation.

PROJECT DESCRIPTION	2018 \$ (ROUNDED)	PROJECT YEAR	PROJECT YEAR \$
MISC UPGRADES AND PROJECT 2018-2021	\$ 915,000	SOON	\$ 915,000
PARKING LOT REHAB. 1	\$ 400,000	2024	\$ 470,000
SEWER CONNCECTION TO SEQUIM	\$ 730,000	2026	\$ 910,000
PARKING LOT REHAB. 2	\$ 420,000	2026	\$ 520,000
ADMIN. BLDG. MAINT. & IMPROVEMENTS	\$ 750,000	2027	\$ 960,000
MARINA REDEVELOPMENT	\$ 12,900,000	2035	\$ 20,630,000
SHORELINE & BREAKWATER RESTORATION	\$ 1,000,000	2035	\$ 1,600,000

Total Capital Improvements 2023-2038 \$16,200,000 \$26,005,000

Additional details supporting each project cost estimates can be found at:

<https://portofpa.com/DocumentCenter/View/1943/JWM-Engineering-Report-1-18-19>

One future capital project not included in the above estimates is connection of the marina’s potable water system to the City of Sequim public water system. The marina is currently served by a private well system run by the Solmar Water District. The remaining life of the well system as well as its ability to meet fire flow requirement is unknown at this time. The marina’s share of the expense associated with installing an inter-tie to the City water system is also unknown as that improvement will not only serve the marina, but other entities as well such as the neighboring RV park and nearby properties that may be developed in the future.

MARINA REDEVELOPMENT (Estimated Construction Date 2035)

Project Description: This project consists of demolition and complete replacement of wooden pile, utilities, floats and fingers, site furnishings, gangways and fuel system (excluding upland tanks).

Assumptions: It is assumed that this would be a complete replacement and potential reconfiguration of the Marina depending on the outcome of a future moorage study. Replaced float area and number of piles will be the same as existing. The actual construction project would be phased and constructed over multiple years, but for ease of presentation it is shown as a single project. The 30% contingency is adequate to cover the additional cost due to phased construction.

SANITARY SEWER CONNECTION (Estimated Construction Date 2026)

Project Description: This project consists of selective demolition to existing sewer line, complete demolition of the existing wet well, construction of a new lift station and associated piping. City of Sequim sanitary sewer connection fee is based on 16 equivalent residential units based on (2) 2" water services.

Assumptions: Connection to City of Sequim sanitary sewer with W. Sequim Bay Road Right of Way just north of the main Marina entrance at the central parking lot.

PARKING LOT REHABILITATION (Estimated Construction Dates of 2024 & 2026)

Project Description: Complete demolition of existing asphalt at the north, central and south parking lots, fine grading and reuse of existing crushed rock, installation of new asphalt, pavement markings and traffic control.

Assumptions: Additional storm water improvements such as incorporation of Low Impact Development Best Management Practices would not be required.

SHORELINE AND BREAKWATER RESTORATION (Estimated Construction Dates of 2030)

Project Description: Project would consist of installation to repair shoreline armoring (rip rap) along the marina shoreline and breakwater. The replacement would be a mix of Heavy Loose Rip Rap and Light Loose Rip Rap.

Assumptions: Work to be performed from water side due to limited access from upland. It is not possible to accurately predict the timing or the scope of this work, but undoubtedly there will need to be significant maintenance and repairs completed in the future due to natural wave action erosion and potential heavy storm events.

JWM Administration Building (Estimated Construction Dates of 2027)

Project Description: This project would consist of replacement of floor coverings, siding, roofing, windows, interior and exterior paint, deck waterproof weather coating, remodel of restrooms and commercial kitchen, heat pump replacement and lighting upgrades.

Assumptions: Project would be split up into multiple smaller projects, but for ease of presentation they were lumped together into one project.

Construction / Upgrade Permitting Overview

Development and maintenance projects in or above marine environments generally require permits from federal, state agencies and local government (City of Sequim).

The permit process for in-water projects usually takes 6-months to 24-months and requires the submittal of a Joint Aquatic Resource Permit application to four or five distinct local, state and federal agencies.

Local municipality permits are required to cover local building codes and meet the requirements of the Shoreline Management Act and local Shoreline Master Program. Federal and State permits are usually required when impacts to navigable waters or fish and wildlife habitat are anticipated. Development activities waterward of the mean higher high water (MHHW) for tidal waters are regulated by the U.S. Army Corps of Engineers (USACE or Corps), Washington State Department of Ecology (ECY), and the Washington State Department of Fish and Wildlife (WDFW).

In addition, the National Oceanographic and Atmospheric Administration (NOAA Fisheries) and U.S. Fish and Wildlife Service (USFWS) must concur that any project requiring federal approvals (a USACE permit, for example) is consistent with the Endangered Species Act (ESA). These agencies will require that proposed projects avoid or reduce project impacts on certain fish and wildlife species through design and/or environmental controls or mitigate impacts through restoration activities.

FUTURE OWNERSHIP/MANAGEMENT CONSIDERATIONS

The Port prioritizes its capital investments based on its strategic plan to expand industrial infrastructure that supports jobs and economic growth for Clallam County. The Port would like to explore alternative models of ownership and/or management of John Wayne Marina. There is no single metric that will be used to evaluate respondent submittals as this is a preliminary phase to explore a range of conceptual models. If appropriate, respondents will be invited to develop a detailed proposal for consideration. Conceptual models will be presented to the Port Commission in an open public meeting. The Commission anticipates holding several public meetings to gather input to determine which, if any, could better meet the needs of the Port and the diverse group of marina constituents. In addition to the marina tenants and the public, key stakeholders include the City of Sequim and John Wayne Enterprise.

IMPORTANT CONSIDERATIONS

Port Considerations

Over that past 30+ years, and consistent with John Wayne's legacy, the Port has strived to maintain and enhance public access to the waterfront. This concept is paramount and any proposal that would potentially limit or reduce public access would not be acceptable. It is important to maintain public access for picnicking, dog walking, beach combing, kayaking, paddle boarding, boating, and other activities. It is important to allow for rental of the banquet room, support for community events, support for the yacht club and support for tribal aquaculture [the Jamestown S'Klallam Tribe currently

operates multiple vessels in support of their aquaculture activities]. The marina has a high level of customer service and above average amenities. Any proposals would need to explain how the respondent would maintain or enhance public access as well as maintain the services and amenities the marina is known for and address the anticipated capital projects.

Tribal Considerations

Since time immemorial, the S’Klallam people have hunted, fished and gathered in and around Sequim Bay. John Wayne Marina (JWM) is located within the Tribe’s ceded usual and accustomed (U&A) territory and is part of the Tribe’s economic base. The Tribe’s governmental buildings sit at the south end of Sequim Bay where elders and younger Tribal citizens enjoy some of the same activities that their ancestors engaged in for thousands of years.

The Tribe has invested substantial resources to restore the ecological systems of Sequim Bay which has resulted in native re-vegetation, reduced flooding, cleaner waterways, as well as the Tribe re-engaging in aquaculture. The Tribe’s on-going commitment to the environmental integrity of Sequim Bay has been further demonstrated by the restoration of the Jimmy-Come-Lately Creek and the estuary located on the northwest side of the bay. Addressing the habitat problems caused by the Sequim Waste Water system has long been a priority for the Jamestown people.

Today, the Tribe exercises its Treaty rights by operating successful enterprises out of JWM that significantly contribute to the local economy. In addition to preserving natural habitats and ensuring the sustainability of a commercial aquaculture program, the Tribe is aligned with John Wayne Enterprises’ original intent that JWM continue to be operated as a first-class marina and remain open to the public. As the waters of Sequim Bay are important to the Tribe’s heritage and economic well-being, the Port encourages any Respondent to communicate with the Jamestown S’Klallam Tribe prior to submitting any information to the Port.

City of Sequim Considerations

The marina lies within the Sequim city limits, and it is subject to the City’s Shoreline Master program (SMP). In general, City residents value the park-like setting at the marina and have a vested interest in (1) its continued operation, and (2) its accessibility to the public. The Port encourages all Respondents to communicate with the City to discuss whether their proposal meets the requirements of the SMP as interpreted by the City.

The City and the Port have previously communicated about the SMP, and they have a different interpretation as to the SMP’s effect on any possible sale of the property and/or future management and operation of the marina. Correspondence concerning this difference of opinion may be found at the following link: <https://portofpa.com/385/John-Wayne-Marina-Public-Information> under the correspondence tab at the bottom of the page.

Both the City of Sequim and Washington State Department of Ecology have regulatory authority over development and use of the shoreline. The Port recommends that any Respondent carefully review the Shoreline Management Act (chapter 90.58 RCW) and the City's local SMP, when developing a proposal to ensure compliance with important regulatory and public policy goals: *i.e.* environmental protection and public access.

As John Wayne Marina is the only shoreline that is accessible to the public within the city limits of Sequim, the City has expressed a desire that the property/marina remain in public ownership. To that end, the City has indicated that it may submit its own proposal for the Port's consideration.

John Wayne Enterprises Considerations

John Wayne Enterprises (JWE), which represents the Wayne Family, is an important stakeholder. For more than 30 years, the "John Wayne" name has been associated with the area and the marina. It was Mr. Wayne himself, and then the Wayne Family, that conveyed most of the tidelands and property (which had an assessed value of \$468,000) that facilitated the establishment of a first-class, public marina on Sequim Bay. As such, and in recognition of this extraordinary gift, the Port requires that the marina continue to be operated as a first-class marina and open to the public.

Additionally, JWE retains the legal right to the "John Wayne" name, and if ownership is transferred there would need to be negotiations with JWE regarding any continued use of the name. Also, JWE owns more than 100 acres of adjacent undeveloped property, which could be negatively or positively affected by any transfer in ownership and change in operation of the marina.

JWE has raised concerns when the Port has contemplated selling the marina in the past. These concerns are contained in correspondence that may be found at the following link:

<https://portofpa.com/385/John-Wayne-Marina-Public-Information> under the email attachments and correspondence tabs.

The Port encourages any Respondent to communicate with JWE prior to submitting any information to the Port.

PROPOSAL PROCESS

Timeline

Because of the complexity of the situation and the time needed for due diligence, the Port has given 9 months for respondents to prepare their responses. Port staff is willing to review proposals, without retaining any material, in advance of the delivery to the Port Commission. The formal public presentation is tentatively scheduled for December 10, 2019 at 9am.

Proposal Content

The following information should be contained within any proposals received by the Port:

1. The proposal should include such topics as:

- a. Conceptual business model to provide ongoing operations and invest in future infrastructure
- b. Additional revenue sources that could enhance support of marina operations and future capital costs
- c. Financial capacity to make infrastructure improvements as identified by Port staff
- d. Additional amenities contemplated
- e. Qualifications to operating JWM as a first-class marina
- f. Address how the following objectives will be met:
 - i. Retain or expand public access to marina facilities, beach, picnic areas and parking
 - ii. Support a vibrant community yacht club
 - iii. Support community events
 - iv. Support tribal aquaculture
 - v. Collaborate with John Wayne Enterprises
 - vi. Collaborate with the City of Sequim
 - vii. Collaborate with Jamestown S’Klallam Tribe
 - viii. Support the ecological well-being of Sequim Bay and surrounding habitats

Contact Information

Questions regarding the process and qualifications of respondents should be directed to:

Port of Port Angeles
Attn: John Nutter – Director of Property, Marinas, and Airports
338 West 1st Street, Port Angeles WA 98362
360-417-3363
JohnN@PortofPA.com

Process

Following the receipt and evaluation of conceptual models and qualifications, the Port Commission will determine which if any response or responses will merit additional due diligence and/or a more detailed RFP process which could potentially take several months to complete in 2020.

Respondents are encouraged NOT to submit any written proposals prior to the presentation date of December 10, 2019. All written questions, statements, proposals, or emails will be immediately posted on the Port’s website in the spirit of transparency and public interest. All written materials received by the Port are subject to public disclosure under the Washington Public Records Act. All written questions and responses received or sent will be posted to the correspondence section of the JWM marina public information webpage: <https://portofpa.com/385/John-Wayne-Marina-Public-Information>