

CITY OF PORT WASHINGTON
HARBOR COMMISSION MEETING
Monday February 20, 2017, 7:00 P.M.
City Hall, Lower Level Conference Room

Members Present

Jerry Baganz, Jerry Gruen, Sue Knauer, Dan Herlache, Bill Driscoll, and Jordan Schwanz

Others Present

City Administrator Mark Grams

Harbormaster Dennis Cherny

Assistant Harbormaster Lisa Rathke (Secretary)

Kris Halbig Ziehm (Press)

1. **Roll Call:** (Absent: Dave Larson)

2. **Approve Minutes Of Previous Meeting**

Dan Herlache made a motion to approve the minutes as written and Sue Knauer seconded. Motion Carried.

3. **Monthly Financial Report**

City Administrator Grams said that the Fund Balance at the beginning of 2016 was \$154,950. As 2016 comes to a close, we will be starting 2017 with a Fund Balance of \$120,158, give or take a few dollars as remaining bills for 2016 continue to be processed. We should have a final number by our next meeting.

City Administrator Grams said that we will need to monitor things closely and look at things on a monthly basis to ensure that we are keeping our costs down. He also mentioned that he will speak with our financial consultant to see about refinancing the debt service. As for the General Fund monies that were usually taken out in October and November, we will wait and see where we are at in December before that money is taken from the marina.

Harbormaster Cherny asked City Administrator Grams why our insurance costs went up \$13,000 at the end of 2016. That number has remained right around the budgeted amount of \$24,000 the last couple of years. What caused this sudden large increase? City Administrator Grams said that he was expecting the insurance cost to go a little bit over, but not by that much. He will go back and look that over again.

4. **Review Port Washington Marina Study**

Member Jerry Baganz presented his Draft Marina Study to the Harbor Commission. He is looking for input from the Commission, additional ideas, and thoughts that he will then go back and include in the final presentation that would then go before the Common Council.

Member Baganz said that the study focuses on financial analysis, staffing, and marketing strategy. The Port Washington Marina is a cornerstone in the economic success of the City of Port Washington said Member Baganz. Over the years the Marina has contributed directly to city improvement projects. Among these, \$75,000 for the Rotary Park Restrooms, \$50,000 towards the construction of Rotary Park, \$15,000 for the breakwater grant writing, and \$3,000 towards the Denis Sullivan partnership. He feels that since its inception, the Marina has been a highly profitable enterprise for the city.

Member Baganz said that he based his financial analysis on the averages that were calculated using the last five years of statements (2012-2016).

Member Baganz went over his Marina Study. He discussed his financial analysis. He said that the Marina's profit from operations averaged \$231.1 thousand dollars. The Marina's non-operating expenses (Rescue Boat payment, payment in lieu of taxes, and debt service) averaged \$279.6 thousand dollars per year over the last five years. Based on these numbers, Member Baganz said the Marina has lost on average \$49.5 thousand dollars a year over the last five years.

He went on to discuss his recommendations for both the Marina (slip rental goals, reduction in employee costs, look over all vendor agreements, rental fees, etcetera) and the City (review payment "in lieu of taxes" to the City, restructuring the debt, review funding source for Rescue Boat, reconcile the \$289.6 thousand dollars in BMO Harris account held under the name City of Port Washington Marina Account) and timetables for these recommendations.

Member Baganz discussed the staffing needs of the Marina and informed the Commission on the staffing at other marinas (Sheboygan and Manitowoc). Update the Harbormaster's job description and create a job description for the Assistant Harbormaster.

He also went over what the Marina does now for marketing (Facebook, AGLCA, Waterway Guide, PW Marina Website, Tourism and Main Street websites, as well as publications in the Visitors Guide, Lakeland Boating, Harbor Towns Magazine) and what the Marina can do moving forward. Harbormaster Cherny added that the Marina just updated our website to promote ourselves as the premier *Destination Marina* on the western shores of Lake Michigan. We had visibility at the Chicago Boat Show and Expos being held at the Washington County Fair Grounds this winter. Member Baganz recommended finding areas for revenue growth and developing marketing strategies aimed at these opportunities such as the occupancy of the North Slip and increasing transient traffic.

Member Baganz said the last pages of the Marina Study show where he took the financial statements apart and reorganized them in the way that you see before you to determine what the operating profits were each year and compared the operating costs versus the revenues and those are listed on page 7. What is really dramatic in looking at that is the impact of the non-operating expenses. The Marina has been earning on average \$227,000 profit a year in operations against \$1.1 million dollars of revenue. Most business men and women would be really happy to have \$227,000 in operating profit against \$1.1 million of revenue. That is a pretty strong number. Then you take out the non-operating expenses, particularly the debt service, which contributes to the net worth of the marina, and that is the genesis of some of the losses that have been experienced by the Marina in the last five years. If you look at 2011, before the impact of the renovation occurred where the debt service was \$128,000, versus the \$225,000 average we've seen recently makes all the difference in the world.

Member Baganz looks forward to getting the Commission's input.

Member Driscoll had a few things that he would like looked into. The big thing is looking at restructuring the debt. Also, look at the next 15-20 years and what would be the things that would need to be upgraded. Harbormaster Cherny said that the fuel system may need to be upgraded and the parking lot needs repair. Member Driscoll also wanted to find out if these other marinas are profitable or not. Member Baganz shared an article from the Mayor of Sheboygan stating that their Marina's net profit was a \$102,000 compared to our Marina's net profit of an average of \$261,000. Member Driscoll said that proves his point. They have a larger staff, but they are losing money.

Member Gruen thanked Member Baganz for all his hard work and thought it best that each individual member of the Commission look over and digest the information and brought their ideas and thoughts back when the Commission meets next month.

5. Review Rules And Regulations Of The Marina

Harbormaster Cherny asked the members of the Commission to look over the Rules and Regulations for the Marina and North Slip booklet. We are out of them and need to have a bunch printed. We wanted to see if anyone one had any additions or corrections before doing so. If you could please let us know your thoughts by the March meeting we would appreciate it.

6. Harbormaster's Report

Harbormaster Cherny said that the weather has been cooperative so we haven't had to run the ice eaters. The marina boat is in that the city may use it to look at the wall in the North Slip. The Marina's website has been updated as discussed earlier, so please make sure to take a look at that. We are participating in the Channel 10 Auction again. We give them a couple of gift certificates for overnight dockage to auction off. There are 11 open slips in the Main Marina and 11 open slips in the North Slip.

7. Marina Tenants' Comments

No comments.

8. Any Other Business That May Come Properly Before The Commission

No comments.

9. Adjournment

Bill Driscoll made a motion to adjourn the meeting at 8:15 pm and Dan Herlache seconded. Motion Carried.