

## Jensen's Boatyard—Staff Analysis

### History:

The Port conducted a public process and hearing in the winter of 2017/18 to choose an operator to lease the Jensen Boatyard. Mico, a company out of Anacortes was chosen and started their lease in July of 2018.

Mico's pricing, quality, and business practices, specifically resisting self-work and other contractor work on vessels, generated many complaints to the Port.

Previous Jensen Boatyard customers were very dismayed they could no longer work on their own vessels, greatly increasing the price of a haul-out.

Mico struggled to maintain skilled labor and profitability on the island and the Port and Mico voluntarily terminated the lease on October 31, 2021.

The Port then closed the Jensen Boatyard to further lifts, excepting emergencies for November & December 2021 and re-opened the Boatyard, in a new lease with Essential Sailing Industries (ESI) January 2022, operating the chandlery and Port staff operating the travel lift and Boatyard.

The decision was arrived at through a series of public Port Commission meetings. The Commission elected to adopt a Port Townsend/Edmonds model where the Port operates the lift and yard, and multiple private contractors or owners do the marine trades work. The purpose of this model was to safeguard and ensure equal and open access to all island marina contractors and DIY users.

### Current Operations:

The Boatyard currently has 26 spaces for hauled vessels. 9 of these are active working spaces, another 9 are long-term stored vessels that the Port either inherited from the dissolved MICO lease or more recently that have been left by the owners, and 8 working spaces that are also used as short-term winter storage; November through March.

Since May 2023 Boatyard staff have tracked vessel haul-outs by using a scheduling form, which tells them who the haul out was for, i.e., the Port, DIY customers, or which vendors.

In that time, there were 168 hauls with the travel lift. 24 of these were Port related, derelict vessels, emergencies, etc. Of the 144 remaining, it was determined that ESI customers make up approximately 40% of those total haul-outs. The other 60% are DIY owners or other vendors.

Lead time for a vessel once they've made the appointment date is 2 weeks or less to haul-out. No lifts have gone past a 3 weeks lead time unless at the request of the owner/vendor. From speaking with other boatyard operators, our lead times are better than the average for the region.

The Port also works closely with the SJC Derelict Vessel Program and often has 1-2 boats on hard due to emergency situations. The Port also uses the lift and yard routinely for our own derelict vessels/impounded boats and Port construction/demo projects.

Initiatives:

The Port has eliminated long-term/year round storage from both the Boatyard and Shipyard Cove storage area. The long-term storage has an end date of October 31, 2024. Vessels left after this date will be impounded or destroyed. Most of these vessels have been out of water so long, with no work done, that they cannot be launched back to water.

Considerations: *Ideally the operation of the Boatyard would:*

- Adequately & equally serve all island marine vendors and owner conducted work
- Accommodate the decades long practice of winter storage
- Accommodate derelict boat disposal
- Accommodate Port construction needs
- Receive a fair return on the Port's land value and capital investments
- Protect the Port from liability and legal actions
- Ensure total compliance with our environmental permits and remediation efforts

Known Risks:

- Open and equal access to the publicly owned and financed facility
- Aged lift pier and Travel lift (possible lease liability)
- Likely business interruptions due to clean-up and infrastructure upgrades, these are necessary as the Port moves forward with state required remediation
- Maintenance of the Boatyard Permit and associated stormwater system
- Protection from further contamination/recontamination

From the Strategic Plan: *Plans for the Boatyard Area*

*The near future plan for this site to maintain it as a working, highly efficient boat yard that permits self-work while fostering marine trade businesses. If business conditions warrant it, we will consider an expansion of the boatyard. The long-term plan is under discussion at the Commission level and will be added to this document when determined. The vision and goals for this facility are subject to change in the upcoming combined Jensen/Shipyard Cove Master Plan update.*

From the Citizen Advisory Committee: *Facility Operations*

*Consistent with the original recommendation of the Jensen purchase advisory committee, the boatyard should be operated under a facility leased to a reputable and capable private operator.*

*The Port should ensure the availability of adequate infrastructure but not be involved, other than oversight, in the day-to-day operations of lift, yard scheduling, or stormwater/boatyard permit management.*

*The pricing of the facility lease should strive to fully recover the Ports capital investments and maintenance activities.*

*Long-term leases should not be considered unless a lessee is willing to make the capital investments needed.*

*The transition from Port operation of the lift and yard should be delayed until the westerly boatyard area and flexible boatyard area are constructed. It may be advisable to also have the flexible marine industrial area available prior to the transition.*

Possible options:

1. Maintain status quo consistent with the CAC and staff recommendation pending completion of the environmental cleanup and infrastructure upgrades
2. Entertain individual exclusive requests for a private long term facility lease including yard operations
3. Conduct a public process similar to the Mico lease process for a private long term facility lease including yard operations

All options should be evaluated based on:

- A. Needs and wants of the community
- B. Best use of the land as a boatyard
- C. Liability protection for the Port
- D. Access for self-work and all island marine contractors
- E. Local job creation and retention
- F. Private investment and recovery of Port investment
- G. Fair value received for the use of Port property