

COVER MEMO

Briefing Date/Time: March 9, 2026

Staff Contact/Title: Mike Reid, Director of Community and Economic Development, miker@portolympia.com

Subject: Public Benefit Rate Adjustment Policy

Purpose: Information Only Decision Needed

Overview

Type of agenda item: Advisory

Staff is presenting a proposed Public Benefit Rate Adjustment Policy for Commission review and discussion. The policy establishes a framework under which the Port may allow limited rate adjustments below standard market rates for certain nonprofit, governmental, and community-based organizations when those uses deliver measurable public benefits aligned with the Port’s statutory purposes.

The intent of the policy is to clarify when reduced rates represent a strategic investment in public benefit outcomes—such as workforce development, maritime education, tourism promotion, environmental stewardship, and community access—rather than a subsidy or donation.

No action is requested at this meeting.

Staff is seeking Commission feedback and direction regarding the proposed policy structure, eligibility criteria, and rate adjustment limits prior to bringing the item back for formal adoption.

Pending Commission input, staff anticipates returning with a final policy and resolution for Commission consideration and potential adoption on March 23, 2026.

Background

From time to time, nonprofit organizations, public agencies, and community-based organizations request access to Port property or facilities at rates below standard market rates. These requests often arise when the proposed activity provides a broader public benefit that aligns with the Port's statutory purposes and community mission.

Examples may include:

1. Youth maritime education programs
2. Workforce training initiatives connected to maritime industries
3. Environmental stewardship or clean marina programs
4. Tourism and visitor engagement activities
5. Community access programs that expand public interaction with the waterfront

While these activities may advance important community objectives, the Port must ensure compliance with Washington State law and constitutional requirements, particularly the prohibition on the gifting of public funds. The proposed policy establishes a consistent, transparent framework for evaluating such requests and documenting how any below-market rate arrangement provides measurable public benefit in return.

The policy is grounded in the Port's statutory authorities, including:

- RCW 53.08.245, which authorizes ports to participate in economic development activities including workforce training and employment initiatives
- RCW 53.08.255, which authorizes ports to promote tourism, industrial development, and related public purposes
- Washington Constitution Article VIII, Section 7, which prohibits the gifting of public funds

The policy also aligns with the Port's adopted strategic framework, including the Comprehensive Scheme of Harbor Improvements and Vision 2050.

By establishing clear standards and documentation requirements, the policy helps ensure that any reduced-rate agreement is structured as a public benefit investment with measurable outcomes, rather than a subsidy.

Documents Attached

Draft Policy 1109 – Public Benefit Rate Adjustment

Summary and Financial Impact

The proposed policy does not authorize any specific agreements or financial commitments. Instead, it establishes the framework and criteria under which future requests may be evaluated.

Key policy elements include:

Eligibility Requirements

- Organizations eligible for consideration must:
 - Be a 501(c)(3) nonprofit organization, tribal government, or public agency
 - Be in good standing with applicable state and federal authorities
 - Primarily serve residents of Thurston County
 - Demonstrate organizational and financial capacity to deliver proposed programs
 - Meet Port insurance and risk-management requirements

Public Benefit Categories

- To qualify for a rate adjustment, proposed activities must advance one or more of the following categories:
 1. Economic development
 2. Workforce development
 3. Tourism and visitor economy
 4. Youth maritime education and safety
 5. Public access and community programming
 6. Environmental stewardship

Rate Adjustment Limits

- The policy establishes guardrails intended to maintain fiscal responsibility:
 - Maximum standard adjustment: up to 50% below standard rates
 - Adjustments exceeding 50% require explicit Commission approval with written findings

Term Limits

- Initial agreement terms are limited to five years
- Renewals are not automatic and require performance review

Performance Accountability

- Each agreement must include measurable deliverables, which may include:
 - Number of program participants
 - Public events or scholarships provided
 - Workforce training outcomes
 - Environmental stewardship activities

Failure to meet deliverables may result in:

- Reversion to standard rates
- Agreement termination
- Other contractual remedies

Transparency and Reporting

- Staff will track:
 - Standard rate or fair market value baseline
 - Discounted rate provided
 - Annual value of foregone revenue
 - Public benefit outcomes achieved

An annual report will be provided to the Commission summarizing program performance and total public benefit investments.

Affected Parties

Potential affected parties include:

1. Local nonprofit organizations
2. Youth maritime and sailing programs
3. Workforce training organizations
4. Environmental and stewardship organizations
5. Tourism and cultural organizations
6. Port tenants and facility users

The policy also provides clearer expectations and evaluation criteria for organizations seeking partnerships with the Port.

Options with Pros and Cons

Option 1 – Provide Feedback and Direction on the Draft Policy (Staff Recommendation):

Pros

1. Allows the Commission to shape the policy before adoption
2. Ensures alignment with Commission priorities and strategic goals
3. Improves clarity and defensibility prior to formal adoption
4. Allows staff to refine implementation procedures

Cons

1. May require revisions prior to final adoption

Option 2 – Direct Staff to disregard the pursuit of a Public Benefit Policy

Pros

1. The Port has operated without one long enough and it can make these decisions on a case by case basis

Cons

1. Leaves the Port without a formal framework for evaluating below-market rate requests
2. May increase legal and policy ambiguity when such requests arise
3. Reduces transparency and consistency in decision-making

Environmental Considerations

The policy itself does not authorize specific environmental actions. However, several qualifying public benefit categories may support environmental objectives, including:

- Environmental education programs
- Marine resource stewardship initiatives
- Clean marina practices
- Community awareness of Puget Sound ecosystem protection

These activities may contribute to the Port’s broader environmental and sustainability goals.

Staff Recommendation

Staff recommends that the Commission review the draft policy and provide feedback or direction regarding its structure, eligibility criteria, and rate adjustment standards.

Following Commission discussion, staff will incorporate any requested revisions and return the item for formal Commission consideration and potential adoption on March 23, 2026.

Next Steps/Timeframe

- **March 9, 2026** – Commission advisory briefing and discussion.
- Staff incorporates Commission feedback and prepares final policy language and resolution.
- **March 23, 2026** – Commission consideration and potential adoption of the policy.