

## COVER MEMO

**Briefing Date/Time:** April 27, 2026

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**Subject:** Public Benefit Rate Adjustment Policy

**Purpose:**  Information Only  Decision Needed

### **Overview**

Type of agenda item: Action

Staff is presenting a proposed Public Benefit Rate Adjustment Policy for Commission review and discussion. The policy establishes a framework for the Port to allow limited rental rate adjustments below standard market rates for certain nonprofit, governmental, and community-based organizations when their 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.

Staff seeks Commission approval of the proposed policy.

### **Background**

From time to time, nonprofit organizations, public agencies, and community-based organizations request the use of 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 specific below-market rate rental 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 as 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:

1. Specific eligibility requirements;
2. Specific categories of public benefits eligible for a rate reduction;
3. Specified limits to the amount of rate reduction the Port will allow;
4. Limited terms for these agreements;
5. Performance accountability with the tenant required to provide measurable public benefit outcomes;
6. Transparent tracking and reporting by the Port of the rate reductions and the public benefit outcomes achieved.

### **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 – Approve the Policy (Staff Recommendation):**

Pros

1. Allows the Port to partner with organizations that provide a public benefit in ways we were not able to previously;
2. Allows the Port to support organizations with missions aligned with the Port's mission and vision.

Cons

1. Places additional process burdens on both the Port and those who want to lease from the Port and provide a public benefit;
2. Reduces total revenue the Port can generate from its real property holdings

**Option 2 – Do Not Adopt a Public Benefit Policy:**

Pros

1. The Port has operated without a policy so far and has made 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 approve the policy.