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Port of Seattle Commissioners
PO Box 1209
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Ref. Seaview West Boatyard Expansion

Ladies and Gentlemen:

I am writing to support the application for expansion of the Seaview West boat yard at Shilshole Bay in Seattle.

BST Associates specializes in analyzing the economic and financial performance of marinas, boatyards and other waterfront facilities. There are three key concepts that impact our decision to support expansion by Seaview Boatyard.

First, the recreational boating industry provides a substantial economic contribution to the state and region. According to the National Marine Manufacturer's Association, Washington State has approximately 254,000 registered boats or approximately 1 boat per 10.4 households. These boats had the following contribution in Washington State*:

- 1,421 firms were engaged in providing goods and services to recreational boaters,
- There were approximately 12,600 direct jobs and 26,000 total jobs associated with these firms,
- The total labor income of was estimated at \$1 billion.

The Port's recently completed economic study† indicates that the Port of Seattle Marinas supported approximately 323 total jobs with an estimated total labor income of \$19 million.

Second, the working waterfront is under increased pressure as land values increase (especially in Seattle), gentrification displaces marine uses and operating costs continue to increase due to changes in regulations. The economic landscape has changed dramatically for water-dependent firms. In 1995, there were 114 boatyard permits in Washington State (37 were

* Source: NMMA, Economic Significance of Recreational Boating in Washington State, 2012.
Total impacts are the sum of direct, indirect and induced impacts.

† Source: Martin Associates, The 2013 Economic Impact of the Port of Seattle.

located in Seattle). The current number of permits stands at 72 in 2015 (17 are located in Seattle). During the past 20 years, the number of permits declined by 37% in Washington State and by 54% in Seattle.

Seaview Boatyard has operated in Seattle for more than 40 years, providing great service to its customers, the majority of whom are also the Port's marina customers (primarily tenants of Shilshole Bay Marina). Boater's selection of a marina is driven by the availability of amenities and services. Having a boatyard located at Shilshole Bay Marina is an important factor.

Third, firms that have succeeded in the boatyard industry have established efficient facilities that can weather the ups and downs of the economy.

This must be accomplished by efficient use of facilities and wise capital investments. Seaview's boatyard is approximately 1.5 acres. BST Associates recently reviewed 22 boatyards in Puget Sound, which ranged in size from 0.6 acres to 6.0 acres with an average size of 2.5 acres. Seaview is a smaller yard than most of the boatyards that it competes with. The expansion will increase the size of Seaview's yard to 1.7 acres. This will allow more efficient service, which is particularly important in the peak repair season.

Many of the competing yards in Puget Sound are owned by public entities (ports and cities) and operated by the public entity or a private tenant. In many cases, the public entity offers a discounted rent for a tenant that generates a significant level of employment and/or invests its own funds in capital development. This has occurred for boatyard/shipyard operations in Blaine, Bellingham, Anacortes and Des Moines, among other locations. The discount provides for a lower rental rate for the tenant and/or use of publicly owned facilities without charge (Travelift pier and/or Travelift).

The current rental rate for boatyards/shipyards typically ranges from \$0.05 to \$0.10 per square foot per month from Blaine to Everett, which is significantly lower than the rent paid by Seaview. The Port of Seattle lease with Seaview Boatyard is at the market rate for waterfront industrial property in Seattle (at a blended rate of \$0.22 per square foot per month). There is no discount for the employment (30 employees) or the investment by Seaview (\$1.95 million).

This modest expansion will help the yard continue to provide excellent service for Seattle boaters well into the future.

Very Truly Yours,



Paul Sorensen
Principal

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