

City of Bayfield

Bayfield Harbor Commission

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December 2022

Dear Bayfield Taxpayers, Seasonal Boaters, and Commercial Operators,

I am pleased to provide an update on several Bayfield Harbor Commission (BHC) matters, including the first summer of visits by the Viking Octantis cruise ship, the Bayfield Harbor Breakwater project, and the future management structure of the Apostle Islands Marina. At a forty-year high, inflation arrived in a city already running lean. The City struggles to balance its budget without cutting services to residents and visitors. Maintaining marina infrastructure, keeping slip rentals competitive, and generating a profit to help offset resident and commercial property taxes are challenging. We're working on finger pier replacements on City Dock and have implemented a commercial vessel Passenger Fee. Some decisions are unpopular but have been made only after due diligence.

Weather prevented Viking Octantis guests from coming ashore on the inaugural visit to Bayfield but proved cooperative the balance of the summer. As a result, many local businesses report an uptick in sales due to cruise boat passengers and residents visiting Bayfield to view the ship. Viking Expedition Ltd. covered BHC's upfront costs of \$25,000. This summer grossed \$70,000 in per-visit fees and is a new revenue source for the BHC. These fees are legally required to benefit harbor maintenance and improvements.

The Harbor Breakwater project came in under budget. The Harbor Commission borrowed \$650,000 with an annual debt service of \$45,000. The Army Corps of Engineers and the Wisconsin Harbor Assistance Program covered about 85% of the nearly five-million-dollar project. I thank the Harbor Commissioners, Mayor Ringberg, Tom Kovachevich, and Bill Peterson, who dedicated countless hours to the undertaking. Particular thanks to Billie Hoopman, whose attention to detail and creativity shaved substantial and innumerable dollars to the overall cost.

Two years ago, the BHC learned Bill & Doreen Peterson listed their business, BD Marine, for sale. BD Marine holds a lease with the City of Bayfield to operate the Apostle Islands Marina and has done an outstanding job in its tenure. The BHC asked whether Bill and Doreen would remain operators if the lease renewed. They confirmed they intend to exit the business at the lease termination in December of 2023. We thank Bill & Doreen for their years of service at AIM and the Bayfield community. They will be a tough act to follow.

The BHC has worked with UW Extension to evaluate criteria for different management strategies that improve the net outcome for the City yet maintain services to recreational boaters. Based on prioritized criteria, a dozen options were winnowed to two: issue a request for proposal for a new management lessee or adoption of a municipally managed model. In 2022 the BHC hired a seasoned marina operator to complete a strength, weakness, opportunities, and threats (SWOTs) analysis and financial analysis. The BHC has decided to pursue a municipally managed model based on the comprehensive findings. BHC will hire a Harbor Master in 2023 to manage the transition, and the marina will be fully staffed and equipped to launch boats in May 2024.

The BHC has learned of the need to replace the finger piers on City Dock. There appears to be deterioration at the finger pier and primary dock connection points. The BHC is considering an engineering proposal for structural analysis, design, bidding, and oversight. Initial cost projections are significant, and we are anxious to move this project forward.

At the November Harbor Commission Meeting, a Passenger Vessel Policy was approved, which charges commercial vessel operators a user fee of \$2.00 per passenger. The Bayfield City Council subsequently approved the policy effective on January 1, 2023. Therefore, for the foreseeable future, the BHC will allocate dollars generated on the City Dock to repairs of the City Dock.

Bayfield Harbor Commission Meetings are open to the public, and I welcome you to attend.

Happy Holidays & Best Regards,

Ted Dougherty

Bayfield Harbor Commission Chair

Bayfield City Alderperson

Established in 1913.

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