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Press Release

FOR IMMEDIATE RELEASE

Contact: Mayor Jason Jelinek

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Possible Acquisition of Salmon Harbor Marina

Next to our residents, our harbor front is one of our most valuable assets. The strategic development and use of our lakefront are key to our economic vitality. How our harbor is developed and managed will play a large part in our community's economic destiny. It is with this reality in mind that the City has performed extensive waterfront planning with input from our residents. The City's Harbor Master Plan was created and then approved by the council unanimously on April 14, 2019. Within that plan it calls for investment by the City to acquire the Salmon Harbor Marina and the nine acres of land between the Marina and Kewaunee Fabrication. This and other plans can be found on the cityofkewaunee.org website. The reasoning behind this investment is to ensure the use of the site will be determined by the entire community and not just short-term speculative interests. There is a desire to ensure that the marina, campground and boat launch facilities remain accessible to the public and that the vacant land is developed with community input. Recent flooding also adds to the importance of retaining the only accessible lakefront launch in Kewaunee. What is to happen with the current boat launch/campground area which is currently flooded? That site continues to be a priority and concern for public access to our community. An engineering study has been conducted for potential improvements needed and the city is exploring feasible options to pursue funding to bring that facility up to acceptable operation. Acquisition of Salmon Harbor does not mean that the city boat launch will be abandoned.

For the past two and a half years, the City of Kewaunee has been working to get from planning to action. The City has performed a comprehensive appraisal, determining the value using a sales comparison and income capitalization approach. The bottom line is that that the Salmon Harbor Marina is appraised at \$1.8 million dollars. The City also prepared cash flow projections for the Salmon Harbor Marina and an RV park; prepared cash flow analyses for the Salmon Harbor Marina and RV park if combined with the city Marina and RV park operations. The good news is that acquiring Salmon Harbor Marina, even with incurring debt, positively cash flows and does so without taking it out of the tax base as a PILOT (payment in lieu of taxes) payment has been a part of financial projections throughout the process.

The City of Kewaunee is currently preparing an Economic Development Administration proposal which, if successful, would provide grant funds to acquire the Salmon Harbor Marina and make improvements to Salmon Harbor's boat launch to have a multi accessible launch once again, more camp sites, improved bath/shower/gathering facilities, fish cleaning stations, entry roadway and parking areas. The EDA grant has the potential of providing up to \$2,785,320 million dollars to acquire and improve the facility. The grant has an 80/20 match, so should the

city be awarded the whole amount it would need to match 20%. Those match dollars would likely be through a loan which would be repaid with profits of the facility, a \$60,000 matching grant from Wisconsin Coastal Management, City Staff time and/or partially with funds from the city marina fund which is yet to be determined by the council. In short, not taken from any General funds, not property tax dollars. This will be an economic stimulation for the downtown businesses, not a burden for tax payers.

The EDA grant is one that recently became available and we have been informed that, while highly competitive, an acquisition project would have the greatest likelihood of being funded versus grants for improvements which are even more competitive and very difficult to obtain, which we did evaluate as well. However, even if we are unsuccessful in obtaining grant funding, there is the opportunity to look for finances elsewhere. That has not yet been determined by the council and would become a discussion at that time. This debt would not impact the city's ability to use debt for improvements such as streets, infrastructure, development or the like. Also as a progressive measure the mayor and council are working together to create a Harbor Commission to oversee operations, budgets, developments and help seek funding to complete approved plans. This group would be made up of local residents and business owners who reside in the city limits, which ordinance requires. A second action would be to create an Enterprise fund for the Marina facility to ensure that funds generated within marina operations stay in the facility.

Should the city succeed it is the administrations recommendation to go to bid for professional marina management, thereby placing the marina within the private sector. The two marinas would be combined as one asset under the brand of Kewaunee Marina. There are several ways to operate it. One is to bring in a professional marina management group through a bid process for long term management which keeps the city from competing with private services. Another option is to have a management group contracted in order to train and fill the positions needed with local residents creating jobs on a local level. The main importance is to have a professional contractor that understands the market and how to create revenues. It is important to understand that your city council will be the deciding body if, when, and how this opportunity will progress.

If you have questions, concerns, you wish to be involved or to simply share support for or against this venture I recommend contacting your council representative.

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If you have any questions, you can contact Mayor Jelinek, at 920-388-5000 or e-mail jjelinek@cityofkewaunee.org or e-mail admin@cityofkewaunee.org for any questions/concerns.