



## BUDGET STRATEGY

The Port of Friday Harbor is pleased to present the 2020 Citizen Budget Guide. The budget represents our priorities in the continuing effort to enhance the conditions that contribute to a healthy economy, and improve the social, economic and natural environment of San Juan Island.

The strategic objective of 2020 is to pursue the highest and best use of all Port personnel, facilities, and properties. Full utilization of our assets allows for the upgrade and maintenance of our existing assets, and funds the investment in new recreation, conservation, and economic development projects.

As of the fall of 2019, the Port has been in the process of acquiring Shipyard Cove, a marina that is located at the south end of the bay. Along with the marina comes an administrative office, barge landing and uplands which will aid the Port in the rebuild and expansion of Jensen's Marina.

The Port has engaged with Islanders Bank to finance the purchase of Shipyard Cove with a revenue bond. In an effort to consolidate other revenue bond debt, the Port has committed to \$8,500,000 at 3% interest rate for 25 years. The 8.5 million funds will encompass: Purchase of Shipyard Cove, payoff of Jensen's Boatyard purchase, purchase new Sea Lift and provide 1.5 million for reconstruction of Jensen/Shipyard Cove Marina.

Since 2012 the Port has offered a guest moorage special, if you spend four nights you receive the fifth night free. Over the past eight years the Port has provided free moorage to over 2,500 guests. This equates to \$100,000 in overnight moorage revenue, in an effort to support local business in the off season.

## BUDGET DEVELOPMENT

Increases to user charges are adjusted annually by the most recent August Consumer Price Index (CPI) of Seattle-Tacoma-Bremerton area. The August 2019 increase is 0.97% which will be reflected in the 2020 rates.

The current year budget continues to support the reconstruction funds for the marina and airport. The previous year reconstruction contribution was \$47,200. For 2020 the contribution has been rounded to

\$50,000, with \$30,000 for marina reconstruction and \$20,000 for hangar reconstruction. This will result in a 2020 balance of \$207,800 Marina Reconstruction Fund and \$444,500 Hangar Reconstruction Fund.

## CAPITAL BUDGET

### MARINA

- The Port will be building a pedestrian public boardwalk parallel to Front Street cantilevered over Fairweather Park. San Juan County is providing \$65,000 in grant funds from the Public Facilities Financing Assistance Program (PFFAP) towards the project. It is anticipated the Town of Friday Harbor will provide curbing between the boardwalk and the road.
- The Port has been awarded grant funds from the Recreation Conservation Organization (RCO) for improvements to the guest showers. The design of the improvements will occur in 2020 with construction beginning in 2021.

### AIRPORT

- The Port will begin an Environmental Assessment which is a federally required analysis of the cumulative environmental impacts of the improvements envisioned as part of the Airport Master Plan.
- Design and Construction of Airfield Crack Sealing will occur in 2020.
- Both the projects will be funded 90% by the FAA.

### HARBOR PROPERTIES

- During 2020 the Port will begin demo and earthwork on "Area B" on Jensen Shipyard. San Juan County is funding \$112,000 of the project from the Public Facilities Financing Assistance Program (PFFAP) for development of a Marine Services Center.

### EQUIPMENT

- The 2020 capital budget totals \$204,500 with grant funds applied. This is significantly less than prior years which typically totaled \$500,000. The excess funds will be held in reserves while the Jensen/Shipyard Cove rebuild is being designed and permitted.
- The Port will concentrate on the redesign of Jensen and Shipyard Cove marinas in order to meet the existing and future demands of various slip sizes.

## BUDGET OVERVIEW

<b>2020 Revenues by Location</b>	
Marinas	\$ 3,351,250
Harbor Properties	312,690
Airport	92,700
Airport Properties	436,740
Taxes	506,600
Grant Funds	772,500
	\$ 5,472,480

<b>2020 Expenses by Location</b>	
Marinas	\$ 2,189,840
Harbor Properties	124,760
Airport	379,540
Airport Properties	26,450
Administrative	776,300
Reconstruction Funds	50,000
Capital Assets	977,000
Debt Service	760,252
Other	40,030
	\$ 5,324,172

Addition to Reserve funds for future reconstruction of Jensen's / Shipyard Cove Marina \$148,308.

## 2020 Revenues

■ Marinas

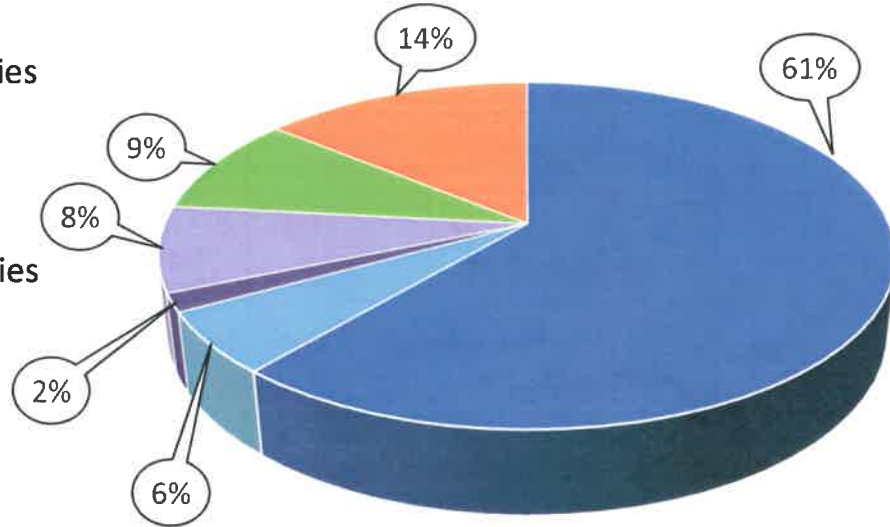
■ Harbor Properties

■ Airport

■ Airport Properties

■ Taxes

■ Grant Funds



## 2020 Expenses

■ Marinas

■ Harbor Properties

■ Airport

■ Airport Properties

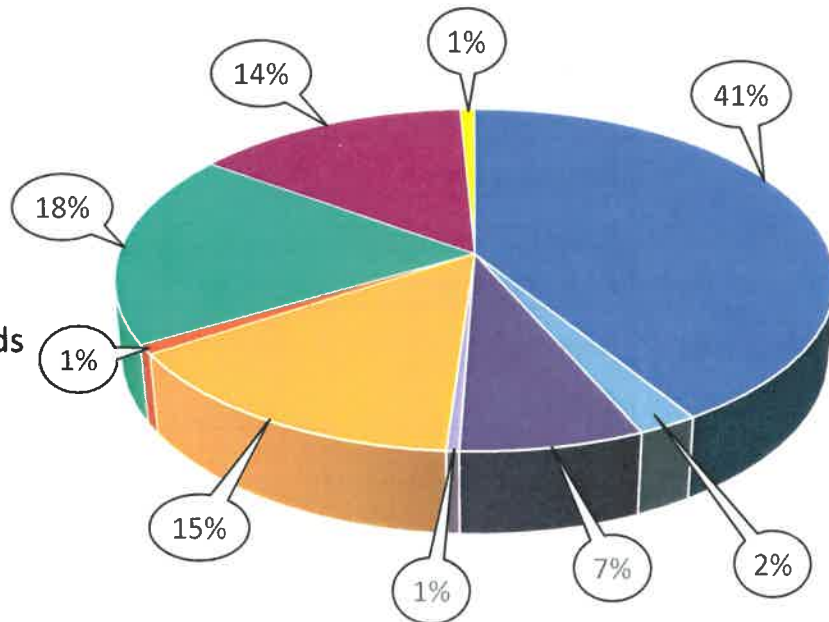
■ Administrative

■ Reconstruction Funds

■ Capital Assets

■ Debt Service

■ Other



## **MARINA OPERATING REVENUE**

- With the purchase of Shipyard Cove comes a new revenue stream of boat ramp fees. These fees along with the current slip rental fees and other user charges result with an increase of marina revenues in the amount of \$448,650 or 30% over the prior year.

## **HARBOR PROPERTIES**

- This revenue is comprised of tenants in the Spring Street Landing Building, San Juan Island Yacht Club Building, J&R Upholstery and MICO the company that operates the boatyard at Jensen's. The revenue is conservatively budgeted using base rent rate. Downriggers Restaurant and Friday Harbor Beer House also contribute a portion of food sales that not reflected in the budget but has historically contributed to paying down debt service of the Spring Street Landing revenue bond.

## **AIRPORT REVENUES**

- Airport revenues are user fees of visitors and local islanders use of the facility.

## **AIRPORT PROPERTIES**

- Airport properties revenue is generated by land and building leases. In late 2019, the Port began site preparation for a kiosk rental business park located near the Northeast tie-down Pilot Welcome Lounge. This micro business park will provide an opportunity for small island business growth.

## **PROPERTY TAXES**

- The Port collects Property Taxes from San Juan Island property owners. The assessed amount is .16 cents per \$1,000 of assessed value.

## **GRANT FUNDS**

- The Port is continuously looking for grant opportunities to help fund improvements. In 2020 we have received grant commitments from Federal Aviation Administration, Recreation Conservation Organization, San Juan County Council, Town of Friday Harbor Council and Washington State Parks Clean Vessel program. A big THANK YOU to the awarding agencies!!

## **MARINA EXPENSES**

- With the acquisition of Jensen Shipyard in 2018 and anticipated purchase of Shipyard Cove in 2019 the operating expenses for the marinas have increased by \$509,155 or 31% over previous year. This is mostly due to additional staffing of maintenance, operations, legal services and insurance expense.

## **OTHER LOCATION EXPENSES**

- The other location expenses remain comparable to past years budget.

## DEBT SERVICE

- The restructure of debt in the south marinas will allow for improvements that will generate additional revenue which will assist with future debt payments.



*Thank you for showing an interest in the Port's activity in 2020. If you would like to learn more or offer suggestions please contact Todd Nicholson, the Port's Executive Director. He will be happy to share his vision of the future.*