

BUDGET STRATEGY

The Port of Friday Harbor is pleased to present the 2021 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 2021 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.

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 2,788 guests. This equates to \$125,000 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 2020 increase is 3.74% which will be reflected in the 2021 rates.

In past years the budget has included reserve increases to its reconstruction funds for the marina and airport. The prior year contribution was \$50,000. For the year 2021 the Port has elected not to contribute to these reserve funds due to the Capital projects that will draw from the existing reserves.

CAPITAL BUDGET

MARINAS

- The Port will be replacing Jensen's main walkway and fingers with new docks constructed by Port staff. This project also includes replacing the associated piling with steel piles and an upgrade of the electrical service.
- In 2021 the Port will purchase a new pump-out barge and install a holding system for Friday Harbor Marina to assist the town treatment plant operations. This infrastructure will cost approximately \$140,000 and is anticipated to be 100% grant funded.
- The Port has been awarded grant funds from the Recreation Conservation Organization (RCO) for improvements to the guest showers. The design of the improvements began in 2020 and construction will occur in 2021.

AIRPORT

- In 2020 the Port began an Environmental Assessment (EA) which is a federally required analysis of the cumulative environmental impacts of the improvements envisioned in the Airport Master Plan. In 2021 the EA will be completed at an estimated cost of \$500,000. This assessment will be funded 90% by the FAA.
- For the past decade, the Port has been contributing to a Hangar Reconstruction Fund (HRF). Since completion of the Airport Master Plan the development location has been identified and will comply with FAA B-II Standards. For 2021 the Port will begin construction and replacement of dilapidated open hangars with new closed hangars. This new development will use approximately \$380,000 of the Hangar Reconstruction Fund.

HARBOR PROPERTIES

- In 2018-2020 the Port received funds from San Juan County in a total amount of \$299,000 for earthwork and construction of the Marine Trades Center (MTC) building with funds from the Public Facilities Financing Assistance Program (PFFAP). In 2020 the design of the MTC will be completed. The permitting and site work will occur in 2021. It is anticipated construction will be completed in 2022. The result will be a 15,000 square foot building that will house Island Oil Spill Association (IOSA) headquarters and other marine related businesses.
- The Port is creating a three bay self-work area at Shipyard Cove for work to be performed by boat owners and local marine trades people.

AIRPORT PROPERTIES

- In 2020 the FAA released several parcels of property for non-aeronautical uses. The Port's Property Manager is working towards leasing out the newly available parcels.

OVERVIEW

- The 2021 capital budget totals \$801,000 with grant funds and reconstruction funds applied. This is significantly greater than prior years which typically total \$500,000. This is due to the necessity of large infrastructure repairs.
- The Port is looking at purchasing two (2) electric vehicles for mobility of staff at the various Port locations in the most economical way possible.
- Non-operating expenditures are the remedial investigation of contamination of Jensen's Boat Yard. This is estimated to be \$287,000 for 2021, of which the Port anticipates that a grant from the Department of Ecology and insurance settlement will cover 100% cost of the investigation.



BUDGET OVERVIEW

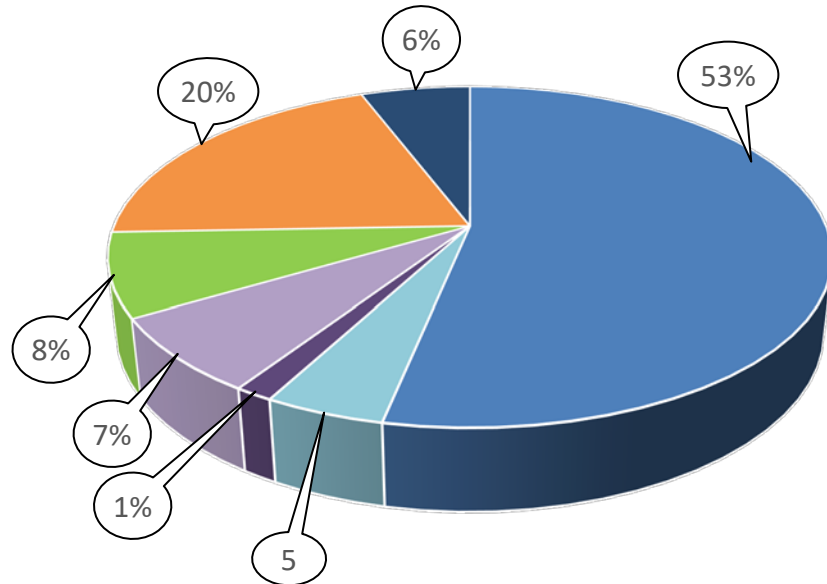
2021 Revenues by Location	
Marinas	\$ 3,490,649
Harbor Properties	300,111
Airport	96,200
Airport Properties	471,837
Taxes	519,600
Grant Funds	1,297,000
Reconstruction Funds	380,000
	\$ 6,555,397

2021 Expenses by Location	
Marinas	\$ 2,003,094
Harbor Properties	113,900
Airport	719,391
Airport Properties	28,500
Administrative	630,117
Remedial Investigation	287,000
Capital Assets	2,191,000
Debt Service	736,208
Other	40,032
	\$ 6,749,242

Shortage of funds in the amount of \$193,845 will be used from Marina Reconstruction Fund (MRF) and General Reserves.

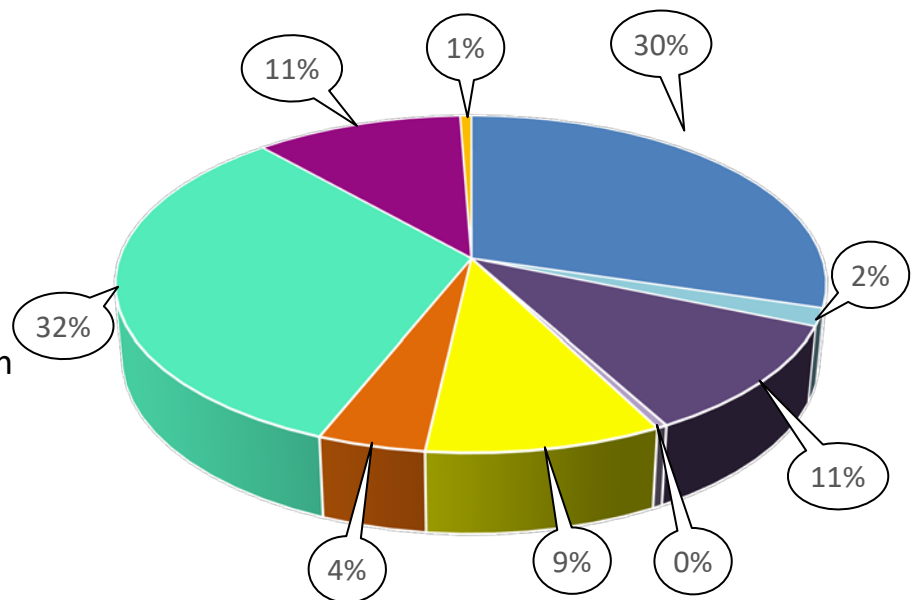
2021 Revenues

- Marinas
- Harbor Properties
- Airport
- Airport Properties
- Taxes
- Grant Funds
- Reconstruction Funds



2021 Expenses

- Marinas
- Harbor Properties
- Airport
- Airport Properties
- Administrative
- Remedial Investigation
- Capital Assets
- Debt Service
- Other



MARINA OPERATING REVENUE

- In 2020 the Port Commission elected to a phased in multi-year rate increase for Shipyard Cove tenants. This increase would result in rates equal to 85% of the moorage rates of the Ports main marina. No single year increase will be in excess of 12.50%.

HARBOR PROPERTIES REVENUE

- This revenue is comprised of tenants in the Spring Street Landing Building, San Juan Island Yacht Club Building, Fuel Pier, 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.

AIRPORT REVENUES

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

AIRPORT PROPERTIES REVENUE

- Airport properties revenue is generated by land and building leases.

PROPERTY TAXES

- The Port collects Property Taxes from San Juan Island property owners. The assessed amount is .1426 cents per \$1,000 of assessed value.

GRANT FUNDS

- The Port is continuously looking for grant opportunities to help fund improvements. In 2021 we have received grant commitments from Federal Aviation Administration, Recreation Conservation Organization, San Juan County Council, Department of Ecology, Northwest Foundation, and Washington State Parks Clean Vessel program. A big THANK YOU to the awarding agencies!!

MARINA EXPENSES

- These expenses include operating and maintenance costs of all three marina's and Jackson Beach, including insurance costs and legal fees for contamination insurance recovery from Jensen's prior ownership coverage.

AIRPORT EXPENSES

- The Airports largest expenses are administrative overhead for capital projects, insurance, engineering and utility costs.

PROPERTIES EXPENSES (HARBOR & AIRPORT)

- The expenditures for Port's properties are primarily utility operating costs and routine maintenance.

OTHER LOCATION EXPENSES

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

DEBT SERVICE

- The Port currently carries general obligation and revenue bond debt in two of the three marina's which total \$12 Million. The repayment of the bond debt is scheduled through 2040. The general obligation bond is interest only until 2026.
- The Port has option of drawing on the remainder of the revenue bond capacity in the amount of \$2,250,000 and has until May 31, 2021 to do so. As of this date, we have not committed to the final available amount.



Thank you for showing an interest in the Port's activity in 2021. 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.