FRIDAY HARBOR PORT DISTRICT
Port Commission Meeting
(Call in Information Below)
Wednesday March 10, 2021 at 12 pm
Meeting Agenda

The public is prohibited from attending in person due to COVID-19 restrictions but may dial into the meeting via the link listed below. Comments can be e-mailed to the Port or addressed to the commission during the public comment section.

Join Zoom Meeting
https://zoom.us/j/3796847063?pwd=d3NoTW05aXNqaWUzL1g0UVhsN1RoQT09

Meeting ID: 379 684 7063
Password: 7063

Citizen comments/requests: Citizens can make a brief comment or may ask the Commission to schedule a topic for further discussion at a future meeting.

If you choose to comment please identify advise the Commission of your first and last name for the record before you begin your comments.

Discussion Items:

A. Jensen's Marina update

   a. Covered moorage discussions
   b. Update on Carlson Construction work
   c. Update on Ellisport Engineering work
   d. Update on emergency permitting

Action Items:

Regular Business:

A. Approve Minutes from February 24, 2021.
B. Approve payroll and vouchers.

Staff Reports:

A. Airport development update
B. Lease updates (San Juan Excursions) new lessee

P**ort Commissioner and Committee Reports:**

Citizen comments/requests: Citizens can make a brief comment or may ask the Commission to schedule a topic for further discussion at a future meeting.

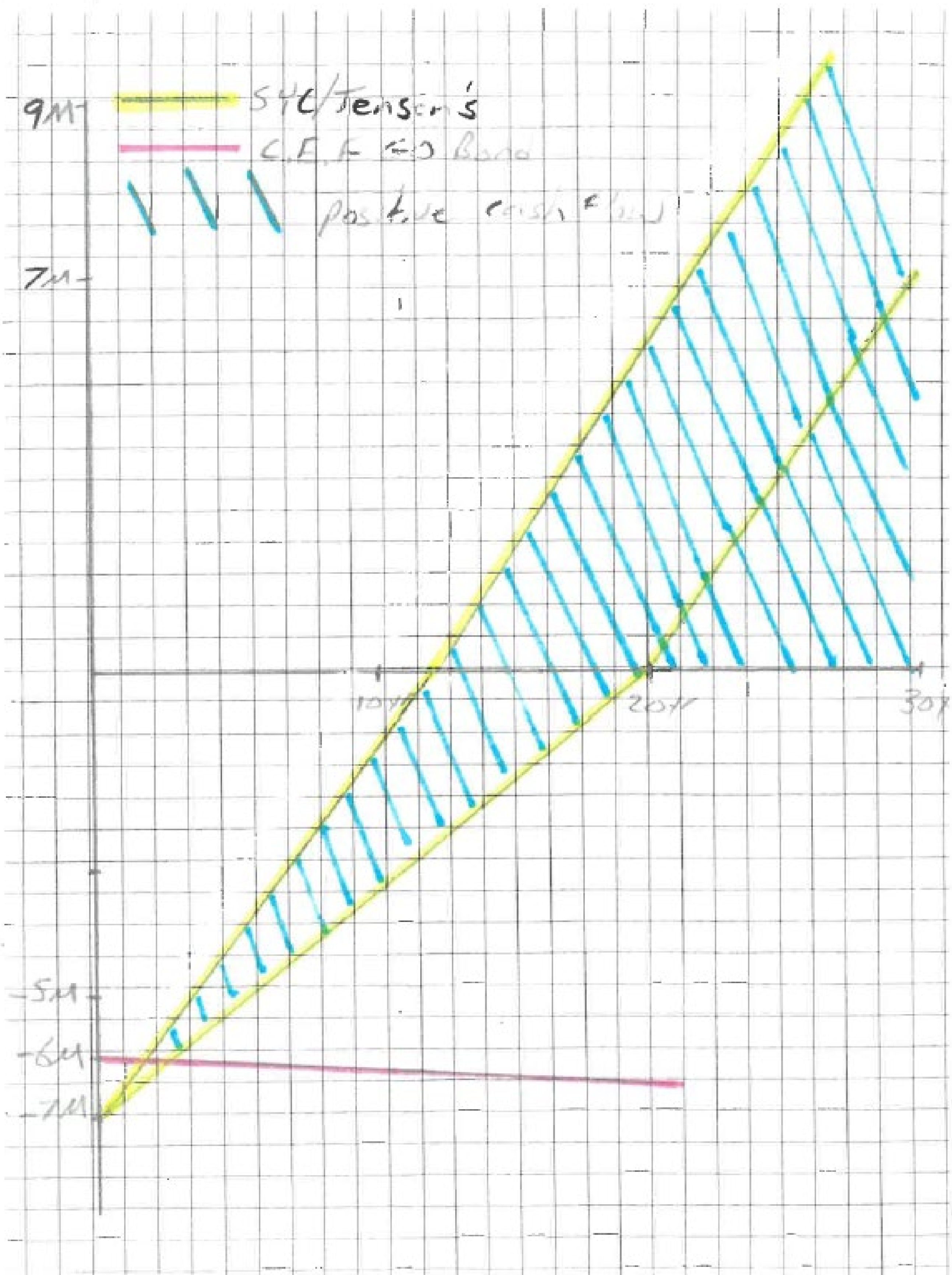
Adjourn:

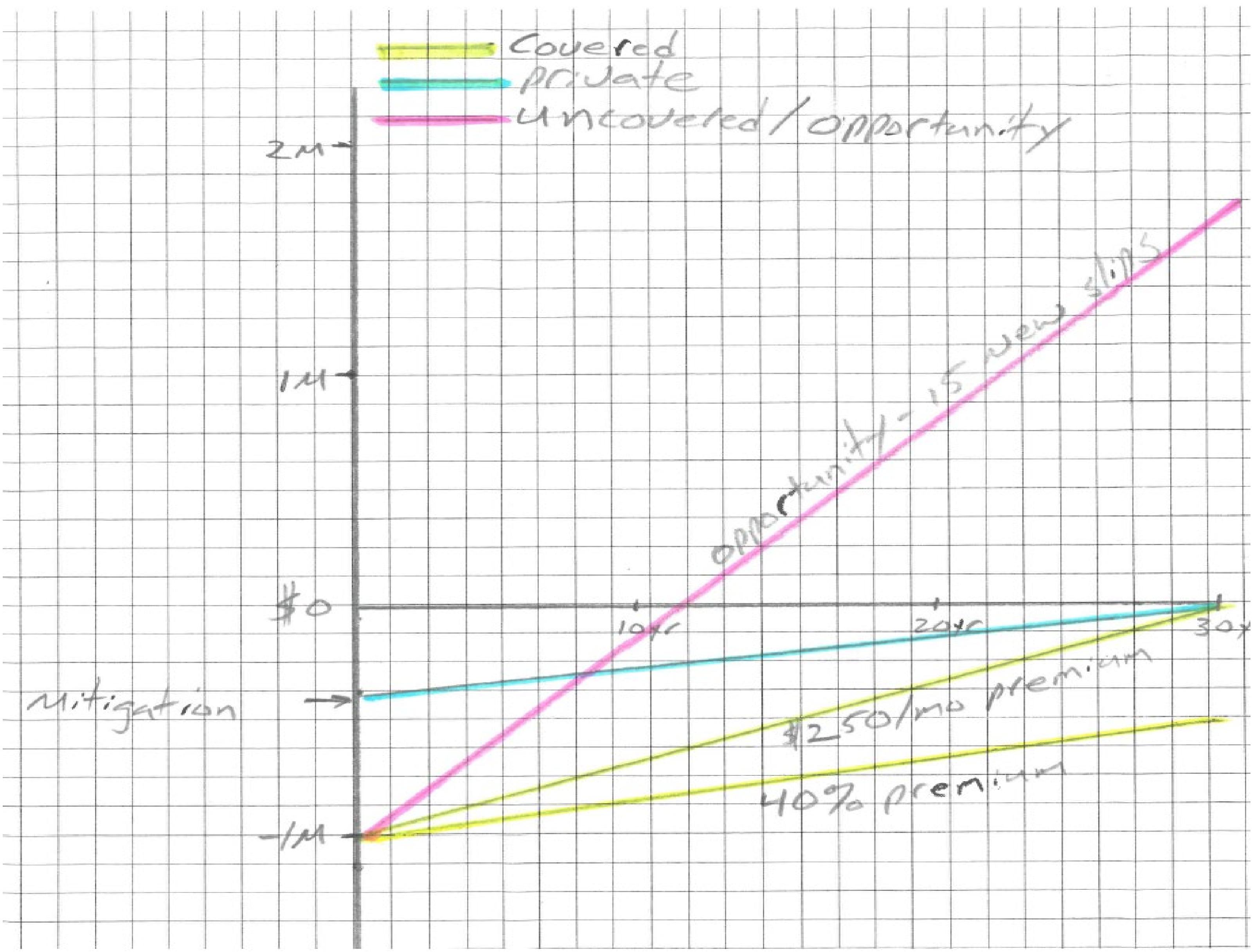
Strategic Considerations

1. The Port has two types of debt financed assets:
   a. Self-sustaining like Spring Street Landing, the proposed Marine Technical Center, Jensen's marina, and Shipyard Cove. These assets produce enough income to pay their own debt service and produce generational income once they are paid off.
   b. Pure maintenance like the C, E, F dock rebuild that create no new revenue. These investments must be repaid by drawing upon existing Port revenues. The C, E, F project still has a deferred and unpaid $6M debt service form 2014. It is extremely difficult to absorb large non-revenue producing debt service projects into existing revenues without damaging our ability to maintain the broader facilities.

2. The Port has significant and foreseeable future maintenance and replacement projects throughout our broader marina facilities. The Port has a multifaceted strategy to address these long-term needs:
   a. Pursue a break even cashflow at the airport (historically runs at a $500,000 deficit) through increased land lease contracts.
   b. Conduct all marina rebuild projects in-house to the greatest extent possible lowering our overall cost by approximately two thirds.

In the short to mid-term, favor revenue generating expansion projects over avoidable negative cashflow projects.


9M
S4C/Jensen's
C.E.F
Bond
positive cash flow
7M
10Y
20Y
30Y
-5M
-6M
-7M



Covered
private
uncovered/opportunity
2M
1M
$0
10yr
20yr
30yr
Mitigation
-1M
opportunity - 15 new slips
$250/mo premium
40% premium

Covered Moorage Replacement Cost Considerations

Assumes:

1. No fire sprinkler system.
2. No Code snow load requirements but includes a snow removal system.
3. Float mounted cover – not pile mounted.
4. Piling mounted covers would be significantly more expensive but could be offset to an unknown degree by not needing concrete floats. Permitting timelines, cost, and mitigation costs would all likely increase significantly.
5. Base cost of uncovered moorage design, permitting, piling and HDPE floats are excluded from incremental cost considerations of covered moorage.

Likely incremental covered moorage costs:

$60,000	(ROM est.)	Design/Engineering
$400,000	(ROM est.)	Roof Structure
$530,000	(NMFS calculator)	Mitigation Cost Differential Between Uncovered and Covered
$400,000	(Prelim est.)	Concrete floats and walkways for reserve buoyancy

Port constructed HDPE docks at $40/sq. ft. have substantially less reserve buoyancy to carry snow load relative to purchased $115/sq. ft. concrete floats. The use of HDPE floats for covered structures appears feasible but not necessarily wise. The use of HDPE floats will substantially reduce the margin of safety for effective preventative snow removal and increases the possibility of future structure/vessel damage.

Port staff's best available information at this point leads to a calculated $1.4M incremental additional cost for 18 covered slips versus the uncovered option.

Path 1: Port Rebuilds Covered Moorage at Port's Expense.

Pros:

- Maintains moorage type status quo for 18 of 22 existing customers.
- Maintains limited covered moorage space in the area that is impossible to replace once released.
- Supports retention of wooden boat heritage.

Cons:

- Would likely substantially increase covered moorage cost even if subsidized by other sources (Port maintenance funds or other moorage tenants).
- Substantial additional upfront Port debt service cost – would likely be paid back to break even over a 30-year period.
- Opportunity cost – cash flow. (see graphs comparing debt finance covered moorage versus Shipyard Cove expansion).
- Opportunity cost – limits future ability/timeline for serving existing wait list customers.
- Loss of two slips relative to uncovered moorage.

Risks:

- Insufficient debt financing capacity partially dependent on the outcome of our insurance settlement.

Aggregate Cost:

Demo	312K
Piling	173K
Design/permit	160K
Floats	658K
Mitigation	230K
Roof	400K
Electric	300K
Total	**$2.2M**

Path 2: Port Rebuilds Uncovered Moorage

Pros:

- Substantially lower reconstruction and maintenance costs.
- Opportunity – cash flow. (see graphs comparing debt finance covered moorage versus Shipyard Cove expansion).
- Opportunity – Increases future ability/timeline for serving existing wait list customers.
- Avoids shifting costs from uncovered Port tenants, maintenance funds, or potential expansion funds to the benefit of covered moorage tenants.
- Best strategic option for maintaining month over month cash flow and debt repayment capacity, as well as producing the best outcome for long term maintenance of the remainder of Port facilities.

Cons:

- Irretrievable loss of 18 covered moorage spaces.
- Less supportive of wooden boat heritage.

Risks:

- Lowest risk option

Aggregate Cost:

Demo	312K
Piling	173K
Design/permit	100K
Floats	185K
Mitigation	(300K)
Electric	300K
Total	**$770K**

Path 3: Port Rebuilds Some Uncovered Moorage And Allows Some Privately Owned Boathouses To Replace Portions Of The Existing Covered Moorage Areas

Pros:

- Avoids a significant portion, but not all, additional Port debt financing on the rebuild.
- Allows a path for some or all current tenants to retain covered moorage.
- Allows a path for support of some of the historic wooden boat heritage.

Cons:

- Still incurs significant environmental mitigation cost.
- Adds complexity to the operation and management of the facility.
- Loose several available moorage slips.
- Places greater strain on the primary piling and walkway system of the rebuilt marina.
- Likely highest cost option to benefitted moorage tenants though initial calculations indicate this may not be a significantly higher cost option versus privately funded covered moorage.

Risks:

- County may or may not allow covered moorage to be replaced by private boathouses. Initial inquiries indicate that it would be allowable but there remains no certainty of this point.

Aggregate Cost:

Demo	312K
Piling	173K
Design/permit	100K
Floats	110K
Mitigation	230K
Electric	300K
Total	**$1.2M**
Tenant share	500K?

Path 4: Port Rebuilds Covered Moorage And Sells The Covered Improvements Along With A Long-term Transferable Lease (Similar To The F Hangar Airport Project)

Pros:

- Can allocate most or all the incremental cost of covered moorage to the directly benefitted parties.
- Avoids Port debt financing on the covered portion of the rebuild.
- Allows a path for most or all current tenants to retain covered moorage.
- Lower cost option for tenants relative to individual boathouses.
- Lower moorage cost to covered tenants relative to boathouses or Port owned covered moorage.
- Tenant's investments can be recovered via a sale.
- Does not incur an opportunity cost.

Cons:

- The individual investment would be lower than a boathouse but still significant – ROM estimate $40k – $80K per slip (likely at the higher end).
- Long-term maintenance and insurance costs would presumably also increase the cost of ownership to the slip owners.
- Still incurs significant environmental mitigation cost but these would be recovered in the sales.
- Long term Port maintenance and management efforts required far in excess of uncovered moorage.

Risks:

- High incremental construction and mitigation cost make the sales of the covered moorage untenable or attractive. This could be guarded against via a prepaid escrow account from the covered moorage tenant group.

Aggregate Cost:

Demo	312K
Piling	173K
Design/permit	160K
Floats	658K
Mitigation	230K
Roof	400K
Electric	300K
Total	**$2.2M**
Tenant share	1.4M?

Commissioners Discussion: