

INTRODUCTION

Each year the Port produces the Citizen Budget Guide to show projections of revenues, expenditures and major projects that will occur in the fiscal year.

BUDGET STRATEGY

The budget represents the Port's priorities for the next year in support of its mission to: "Help create and maintain a healthy, Island-wide economy by promoting long-term economic development in balance with environmental stewardship and sustainability. The Port shall provide outstanding service to our customers, tenants, and the general public."

The strategic objective of 2026 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.

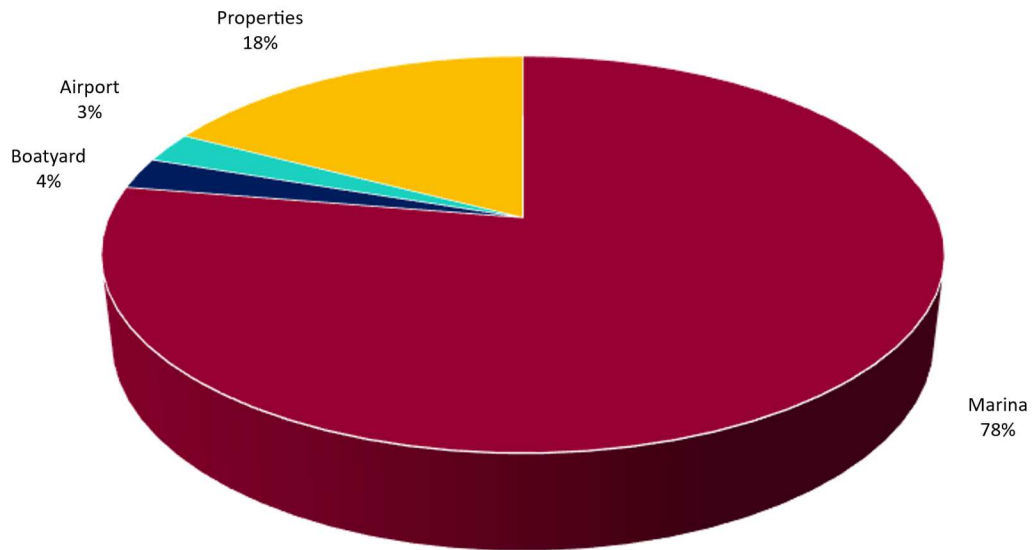
BUDGET DEVELOPMENT

Increases to user charges are adjusted annually by the most recent August Consumer Price Index (CPI) of Seattle-Tacoma-Bremerton area. The August 2025 increase is 2.8% which will be reflected in the 2026 rates.

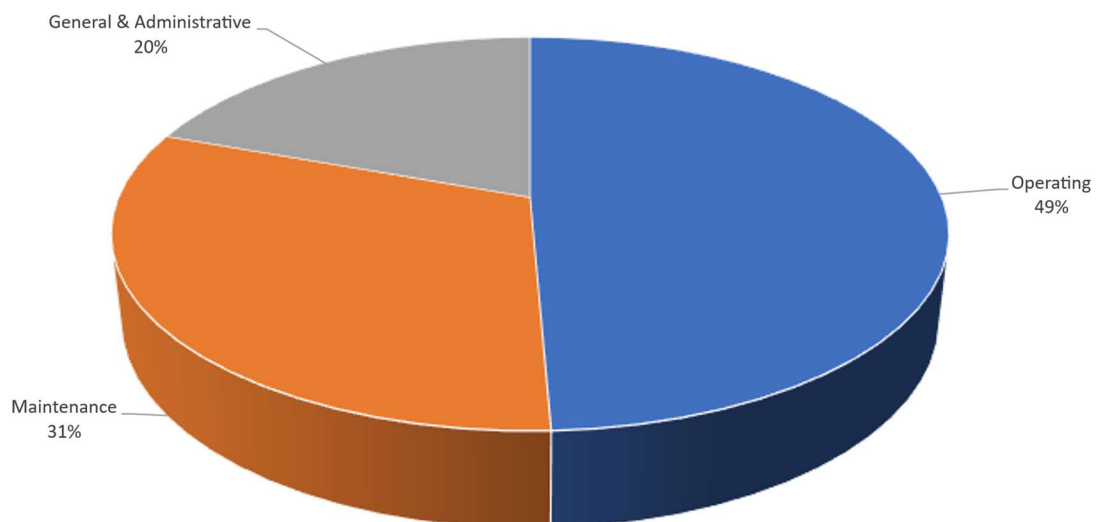
OPERATING BUDGET

The operating budget is built based on historical trends and projected economic outlook. We estimate revenues conservatively to guarantee the expenses will be covered during the fiscal year. The results of the operating budget are used to fund the capital expenditure of the Port. Operating expenses consist of costs incurred to provide the service and maintenance to the Port's different business locations.

2026 Operating Revenue

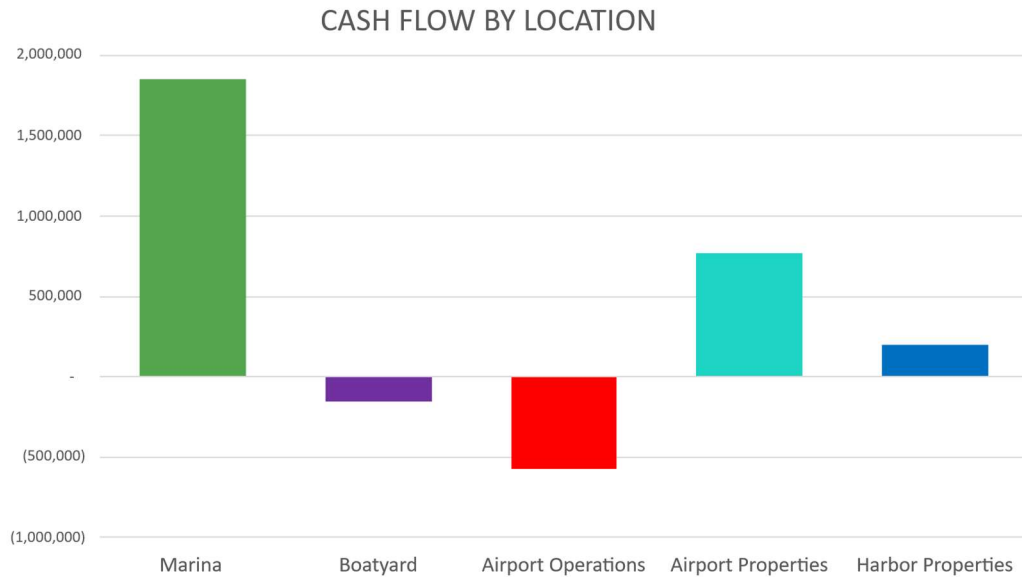


Expenditures by Category



**PORT OF FRIDAY HARBOR
2026 OPERATING BUDGET**

	2026 Budget
OPERATING	
Revenues	
Marina	\$ 5,320,200
Boatyard	176,000
Airport	170,500
Properties	1,188,777
Total Revenues	6,855,477
Expenses	
Operating	2,910,100
Maintenance	1,840,920
General & Administrative	1,147,580
Total Expenses	5,898,600
NET INCOME FROM OPERATIONS	956,877
NON-OPERATING INCOME	
Grant Revenue - Remediation	300,000
Property Taxes	576,000
Other	274,400
Total Non-Operating Income	1,150,400
NON-OPERATING EXPENSES	
Bond Interest	376,313
Bond Principal	588,060
Jensen's Environmental Cleanup	250,000
Other	400
Total Non-Operating Expenses	1,214,773
NET INCOME	\$ 892,504



CASH FLOW BY LOCATION

<i>Marina Revenue</i>	5,320,200
<i>Marina Op Expense</i>	(1,946,960)
<i>Marina Maint Expense</i>	(1,517,930)
Total Marina	1,855,310
<i>Boatyard Revenue</i>	176,000
<i>Boatyard Op Expense</i>	(271,830)
<i>Boatyard Maint Expense</i>	(54,160)
Total Boatyard	(149,990)
<i>Airport Revenue</i>	170,500
<i>Airport Op Expense</i>	(493,110)
<i>Airport Maint Expense</i>	(249,630)
Total Airport Operations	(572,240)
<i>Airport Properties Revenue</i>	798,305
<i>Airport Properties Expense</i>	(28,600)
Total Airport Properties	769,705
<i>Harbor Properties Revenue</i>	390,472
<i>Harbor Properties Expenses</i>	(188,800)
Total Harbor Properties	201,672
<i>Administrative</i>	(1,147,580)
OPERATING INCOME	956,877

GRANTS

The Port has eight (8) capital grants for 2026 and one (1) operation and maintenance grant. Some of which will span a couple of years.

The Federal Aviation Administration (FAA) funding through the Bipartisan Infrastructure Law (BIL) has allotted over \$5M to Friday Harbor Airport for major renovations and expansion projects. The funds are an addition to the normal Airport Improvement Funds (AIP) of \$1M annually the Port receives.

For the budget year 2026 the Port anticipates collecting \$2.8 million in FAA capital grants, through the BIL and AIP programs. We anticipate completion of Hangar 80, Aircraft fueling system and South apron expansion.

The Port has secured two Washington State Department of Transportation (WSDOT) grants. One will be used to install new electrical vehicles (EV) charging units on airport property, located near the Pilot Welcome Center. The other is the Port Electrification Grant, a series of projects and equipment funded through the Washington State Climate Commitment Act aimed at reducing greenhouse gas emissions. For 2026 the Port will use these funds towards the solar canopy located at the main marina parking lot and electrical upgrades of all three marinas.



The Port has received \$650K US Congressional Funds for the Barge Landing Road Project. It is the Port's intent to obligate these funds by June 2026, allowing an additional five (5) years for construction. These funds will provide a paved truck route through Jensen's boatyard.

The Port received a grant from Washington Commerce to install new EV chargers in the main marina parking. We had hoped it would be accomplished last year, but delays in design pushed project construction into 2026.

As of the date of this publication, the Port's administrative team is working on a few grant applications. The current list contains:

- The Port is applying for a Washington Parks Recreation Conservation Office (RCO) Boating Infrastructure Grant (BIG) to electrify breakwater "A", the northern most breakwater in the main marina.
- Washington State Department of Commerce Grant, Rural Ports Program. The Port is asking for \$750,000 to be used to construct a new haul out pier.

- US Maritime Administration Grant (MARAD) this federal grant would be used to construct a new breakwater located at Shipyard Cove Marina. The Port is asking for \$11 million in funds.
- San Juan County Public Facilities Finance Assistance Program has funds available for local infrastructure. The Port is asking between five hundred to seven hundred thousand dollars to construct the new haul out pier at the boatyard. These funds will work hand in hand with the Washington State Department of Commerce Grant.

CAPITAL BUDGET

The Port has many projects planned for 2026 occurring at all three marinas', the airport, and construction of the new Port Administration Building. The next page shows the capital projects by location and the grant funds applied to the project.



PORT OF FRIDAY HARBOR

2026 CAPITAL BUDGET

> Projects continues

AIRPORT (FAA)

> SW DEVELOPMENT ENVIRONMENTAL ASSESSMENT	235,000
> AIRCRAFT FUELING SYSTEM	200,000
> SOUTH APRON EXPANSION	100,000
> HANGAR 80 REPLACEMENT	50,000
E & G HANGAR REHABILITATION	1,050,000
AIRFIELD LIGHTING UPDATES & SIGNAGE REPLACEMENTS	1,000,000
FAA GRANTS RECEIPTS	(2,526,500)
NET AIRPORT FAA	108,500

OTHER AIRPORT PROJECTS

EV CHARGERS	100,000
HQ BUILDING	500,000
WSDOT GRANT RECEIPTS	(90,000)
NET OTHER AIRPORT PROJECTS	510,000

MARINA PROJECTS

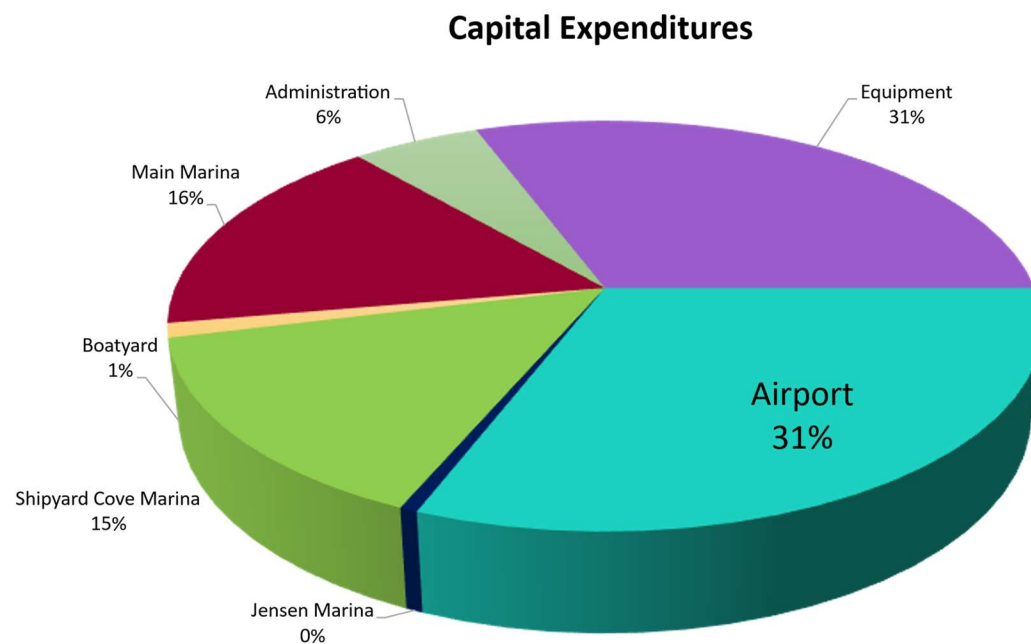
> JENSEN BREAKWATER	50,000
> EV CHARGING STATIONS MAIN MARINA	450,000
> SOLAR CANOPY MAIN MARINA PARKING LOT	1,000,000
HAUL OUT PIER DESIGN	100,000
MARINA ELECTRICAL UPGRADES	1,300,000
COMMERCE & WSDOT GRANT RECEIPTS	(2,637,500)
NET MARINA PROJECTS	262,500

EQUIPMENT

ELECTRIC TRAVELIFT	1,700,000
VARIOUS ELECTRIC BOATS	800,000
POLARIS ELECTRIC VEHICLE	85,000
ELECTRIC TRACTOR	65,000
WI-FI UPGRADE	20,000
MISCELLANEOUS EQUIPMENT	50,000
WSDOT PORT ELECTRIFICATION GRANT RECEIPTS	(2,565,000)
NET EQUIPMENT	155,000

TOTAL 2026 CAPITAL BUDGET EXPENDITURES

1,036,000



- The entire capital budget totals \$8.8 million with grant funds of \$7.8 million. Total budgeted out of pocket cost will be \$1 million. This amount will fluctuate depending on the timing of when projects begin.



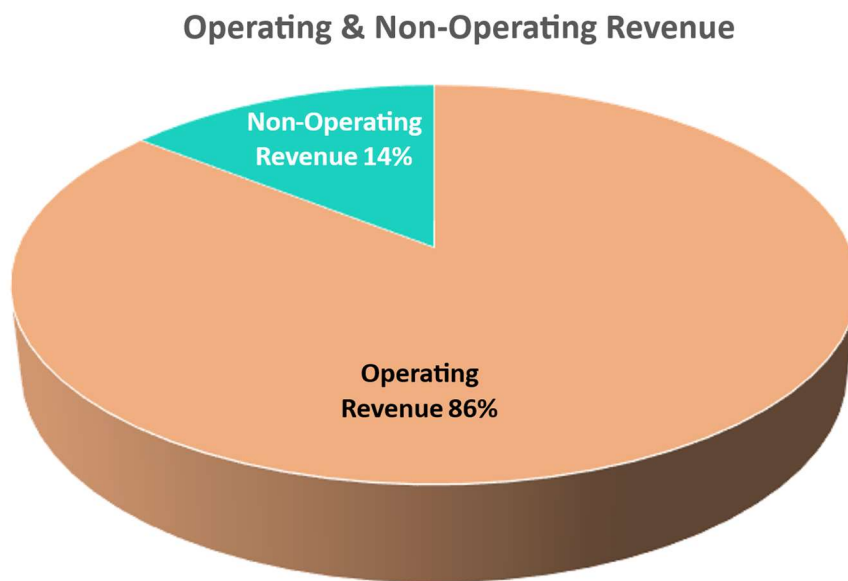
PROPERTY TAXES

- The Port collects Property Taxes from San Juan Island property owners. The assessed amount in 2025 was .0916 per \$1,000 of assessed value. The estimated collection for 2026 is \$576,000. The Port allocates these funds to capital improvement projects.

NON-OPERATING REVENUE

- Non-operating income plays a significant role in the Port's 2026 budget. This amount is made up of taxes, grants funds associated with the Jensen clean-up, along with interest income received on the Port's reserve fund and bond fund.

Below is a graph representing 2026 operating revenue at 86%, and non-operating revenues at 14% of the total projected revenue of the Port.



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 until the year 2040. The general obligation bond was interest only through 2025. This year will be the first year principal is paid on the general obligation bond.
- A monthly contribution is made by the General Fund to the Bond Payment fund in the amount of \$85,000 per month. This amount not only covers the current year's debt service, but also builds the fund for the Revenue bond balloon payment at the end of 2040.

DEBT SERVICE

As of November, the Port has purchased a new parcel known as the Cannery. This property is adjacent to Jackson's Beach. The owner will carry the contract; payments will be made in the amount of \$8,000 per month for fifteen (15) years. As of 2040 the debt will expire.

As of 2040 all current Port debt will be eliminated.

- In 2026 the principal and interest payments for both general obligation, revenue bond, and private contract debt totals \$1,060,373.

CASH BALANCES

With the capital budget exceeding the net income we anticipate using \$143,496 from reserves.

- At the end of 2026 the Port anticipates having the following cash balances:
 - *Reserve Fund \$5M*
 - *Bond Fund \$3.4M*
 - *Bond Reserve Fund \$500,000. These are funds restricted for re-payment of the Revenue Bond as required by statute.*

The requirement for the Bond Reserve Fund is to maintain a minimum of 50% of the current year's principal and interest bond payment. For 2025 the minimum amount is \$227,913. Our projected balance is \$500,000, which far exceeds the minimum requirement. These additional funds will be used on the final balloon payment in 2040.

The Port has taken on many capital projects that have spanned several years; we take great pride in not having to incur new debt to accomplish these projects.





The Port Celebrated it's 75th anniversary in 2025 where several hundred traditionally cooked salmon meals were served. Thank you for helping us celebrate and thank you for showing an interest in the Port's activity in 2026. If you would like to learn more or offer suggestions, please contact Todd Nicholson, the Port's Director.