

Friday Harbor Port District

Port Commission Meeting
San Juan Island Yacht Club
Friday March 27th at 10:00 AM
Regular Meeting Minutes

Commissioners Present: Barbara Marrett
Richard Goodhart
Gib Black

Port Staff Present: Todd Nicholson, Executive Director (Zoom)
Kyle Gropp, Deputy Director
Phyllis Johnson, Port Auditor
Mike Roling, IT Administrator
Megan Workman, Staff Accountant

Public Present: Jill Belcovson, LWVSJ
Michael McKelvey, Rift Cut Construction
Jayson Schmit

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.

None

Consent Agenda:

- A. Approval of Payroll and Vouchers
- B. Approval of Minutes: March 13, 2026

Commissioner Goodhart moved to approve the consent agenda as a whole; Commissioner Marrett seconded the motion. Commissioner Marrett asked about the attorney bill; Executive Director Nicholson explained that was for a couple of items including personnel policy review, the ongoing Friday Harbor House legal issue, and input on sauna related questions. Approved unanimously.

Action Items:

A. Friday Harbor Hangar F Condo – Lease Amendment
Commissioner Marrett moved to approve the Lease Amendment; Commissioner Black seconded the motion. Motion approved unanimously.

Discussion Items:

A. Rift Cut Construction Office Proposal
Michael McKelvey of Rift Cut Construction provided some background on his business and his proposal for an office on an airport parcel facing Spring St. He highlighted his desire to

work with the natural terrain and keep the trees. The proposal is for a 750 – 1200 sq ft office at the front of the parcel, a path through the trees to parking at the back side of the parcel. He noted that this site would just be the office headquarters; there would be no equipment storage.

The commissioners were in favor of allowing the proposal to move forward; it was noted that there was a desire to keep the trees. Executive Director Nicholson said that mapping of trees being removed and kept could be a requirement of the site plan.

Michael McKelvey reiterated his desire to have as minimal impact on the land as feasible.

B. Puget Sound Partnership – Cannery Pier Clean-up

Executive Director Nicholson explained that as part of the acquisition of the Cannery we assured the DNR that we'd clean up the dock. The Puget Sound Partnership would like to have the Port manage the clean-up project; they'd then reimburse the Port's costs and keep the clean-up credits.

He noted that letting PSP pay for the clean-up would help the Port pay for other projects, such as the work at Shipyard Cove. However, he cautioned that a couple of years of work on C, E, and F docks in the Friday Harbor Marina would require credits that would have to be purchased back from PSP, possibly at a higher cost.

He has a meeting with PSP coming up after the Commission meeting and is looking for guidance from the Commission for their preference. The Commission indicated they would like to see some sort of equitable deal, such as a 5-year opportunity to buy the credits back at the same cost if the Port requires them for a near-term project. He will meet with PSP and see what the options for a deal are.

C. Sauna RFP

Deputy Director Gropp explained the responses from legal, insurance, and other parties regarding the possible sauna. Legal's opinion is that the sauna is likely allowable by all regulators. The town's code prohibits or highly restricts non-water dependent businesses over the water. Insurance is uncomfortable with the idea in the marina, especially a plunge pool. A sauna especially with a plunge pool could cause a risk reassessment from Enduris.

DNR indicated that a floating sauna would be a non-water dependent use and provided some guidance on how they determine if something is water dependent. Indicating that a commercial vessel must routinely navigate out of the marina to perform its primary function.

Alternative options include a sauna vessel that leaves the marina on regular sailings or a sauna trailer. Jackson Beach could host a sauna trailer, potentially at the northern end where the Kayak companies launch from. There is also potential for a temporary placing on the main pier where the Port has been approved for temporary commercial activities.

The Commission is in favor of continuing to pursue a sauna boat and is open to allowing a temporary sauna trailer at Jackson's Beach with a plunge or main pier without a plunge. Staff will try to get clarification from Enduris whether they have an issue with either option and update the RFP for a future meeting.

Staff Report: Port Auditor Johnson

Port Auditor Johnson provided a 2025 year-end review of the Port's finances. Airport Capital projects spent 75% of the forecasted amount due to delays on some FAA projects. Marina Capital projects spent 43% of the forecasted amount primarily due to permit delays for the solar canopy and barge landing road.

Equipment purchases only reached 57% of the expected total, this was primarily due to the new Travelift being deferred to provide more time to build the new Travelift pier. The overall capital expenditure came in at 55% of the budgeted amount. Budget expenditures by project remain unchanged but the delivery year has moved to 2026.

Revenue came in at 111% of forecasted amount, operation expenses came in at 121% of expected; most of the overage however came in the form of reimbursable expenses related to boat crushing. The maintenance and administrative expenses were within 1% of the forecasted amount.

There was significant non-operating income, these were primarily due to final payouts from insurance related to the Jensen collapse and a contractor default at the airport. This brought the year-end income to 2 million dollars. It was noted that the general obligation bond principal payments start in 2026.

Boat nights continue to see a slight downward trend, but revenue has climbed due to a shift to larger vessels. PFC revenue has shown a slight drop from the 2023 peak, but enplanement numbers are still well above the 10,000 mark.

The marina waitlist remains strong with over 220 people on the waitlist.

Executive Director Report:

None

Deputy Director Report:

Deputy Director Gropp informed the Commission that the old party barge was going to be surplus and disposed of at zero value.

Port Auditor Johnson asked the Commission if any of them wanted to attend the WPPA Spring Meeting. None of the Commissioners were going to be available to attend.


Port Commissioner Reports and New Business: Commissioners may share information or introduce topics for discussion at future meetings.

Commissioner Marrett reported she attended her last Climate and Sustainability meeting. She said that Kyle will be attending the Climate Convergence Conference at the Grange on Thursday.

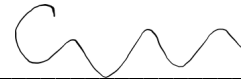
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None

Adjourn: 11:55am



Barbara Marrett, Commissioner



Graham Black, Commissioner



Rich Goodhart, Commissioner