Friday Harbor Port District

Port Commission Meeting
San Juan Island Yacht Club
Friday July 24th at 10:00 AM
Regular Meeting Minutes

Commissioners Present: Gib Black
Barbara Marrett
Richard Goodhart

Port Staff Present: Todd Nicholson, Executive Director
Phyllis Johnson, Port Auditor
Mike Roling, IT Administrator
Jacob Heeren, Harbormaster

Public Present: Stacey Lewis, Pacifica Law Group (Zoom)
Duncan Brown, PFM Financial Advisors LLC (Zoom)
Jayson Schmidt
Michael McKelvey, Rift Cut Construction

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: June 26, 2026; July 10, 2026

Commissioner Goodhart moved to approve the entire consent agenda, Commissioner Marrett seconded the motion. Motion approved unanimously.

Action Items:

- **A.** Resolution 26-008 – Approval of Bond Resolution

Executive Director Nicholson explained that the existing G.O. Bond was switching away from interest only to interest and principal, but also re-indexed the interest rate which increased the cost significantly. Because of that he reached out to see if there was a better deal on the market. Cashmere Bank was able to provide an option at a lower rate saving 1.5 – 2 million dollars over the life of the bond.

Commissioner Marrett asked about the repayment schedule. Duncan Brown explained that the schedule shown is a semi-annual payment schedule with principal and interest

separated out. Each year the combined payment is roughly the same at about $690,000 through 2036.
Commissioner Black confirmed that the annual payment was approximately the same as it would be without the new bond. Executive Director Nicholson confirmed that the annual payment is about the same but ends 4 years sooner.

Commissioner Goodhart noted a line in the agreement that mentioned 'Additional Terms and Conditions not Disclosed' and asked what some like that may be. Stacey Lewis confirmed that the final bond purchase agreement is in place with no additional terms or conditions.

Commissioner Marrett moved to approve Resolution 26-008, Commissioner Goodhart seconded the motion. Resolution 26-008 approved unanimously.

B. Resolution 26-009 – Updated Lease Policy Guidelines
Executive Director Nicholson explained that was part of updating just one section of the lease policy, based on prior discussions it has been written to be lessee friendly regarding when they can ask for a new lease. There is a 2% fee associated with the early renewal, that is based on the appraised value when not associated with a sale. Otherwise, it is 2% of the sale price when associated with a sale. In both cases there is the requirement for substantial investments and an engineering report to determine the remaining life of the building. Useful life of the building must be at least 10 years beyond the new lease; the new lease will not be greater than 25 years.

Commissioner Black asked about the 2% fee and asked at what point does that trigger. Executive Director Nicholson said that the 2% fee will happen when the transaction finishes, if they don't do the new lease the fee won't be assessed, but the engineering report and other incurred fees will still be required to be reimbursed.

Commissioner Marrett asked about the possibility of someone paying for a new lease then selling a year later and having to pay another 2%. Executive Director Nicholson explained that they will be warned when doing the initial renewal and if they are looking to sell they should consider doing it as part of the sale. He noted that some people will still want to have the new lease in place for marketability and be willing to pay that.

Commissioner Black moved to approve Resolution 26-009, Commissioner Goodhart seconded. Resolution 26-009 approved unanimously.

C. Resolution 26-010 – W33 Entitlement transfer to Lopez Island Airport (S31)
D. Resolution 26-011 – W33 Entitlement transfer to Anacortes Airport (74S)
Commissioner Black asked to discuss both Resolution 26-010 and 26-011 together as they are a related topic then vote on them separately. Executive Director Nicholson explained that the FAA funds for the seaplane cannot be utilized there without negatively impacting the seaplane carriers. The money for the seaplane base cannot be transferred to the Friday

Harbor Airport because the airports are in different classifications. So rather than letting the money expire we work with the local ADO to transfer the money to area airports of the same classification that can use the money. This year Lopez Island Airport and Anacortes Airport have eligible projects for some of the money. It was noted that Orcas does not have an eligible project at this time, but there would be additional funds available if they did have one come up.

Commissioner Black moved to approve Resolution 26-010, Entitlement Transfer to Lopez. Commissioner Marrett seconded the motion. Resolution 26-010 approved unanimously.

Commissioner Goodhart moved to approve Resolution 26-011, Entitlement Transfer to Anacortes. Commissioner Marrett seconded the motion. Resolution 26-011 approved unanimously.

E. Resolution 26-012 – FAA Grant Application for Hangar Rehabilitation
Executive Director Nicholson explained this is regarding the rebuild of hangars E and G, this is required to receive grant funding. Bidding for this project has been completed. Commissioner Marrett moved to approve Resolution 26-012, Commissioner Black seconded. Resolution 26-012 approved unanimously.

F. Approval of PAE Contract 26-009 Southwest Development Area Utilities Installation – Design in the amount of $59,600.00
Executive Director Nicholson explained this is the design work for utilities design work; this covers the non-FAA design work part of the contract. Commissioner Marrett moved to approve PAE Contract 26-009, Commissioner Goodhart seconded the motion. Motion approved unanimously.

G. Hangar J3 – Consent to Assignment KFHR J3 LLC to Harbor Real Estate Group LLC.
Executive Director Nicholson noted that this is a standard hangar sale with the standard transfer fee, there are no underlying lease adjustments. Commissioner Black noted that he has asked to have a discussion about allowing staff to handle the assignments without bringing them to the Commission as a future topic. Commissioner Goodhart moved to approve the assignment. Commissioner Marrett seconded. Assignment approved unanimously.

Discussion Items:

A. Rift Cut Construction Office Site Plan Update
Michael McKelvey and Jayson Schmidt provided the commission with an updated site plan proposal for an office on Spring Street. The building was shifted south due to the encroachment of the property at the north end and to design around and preserve several large trees.
Plans for the parking at the lower end of the property was dropped in favor of buying on-street parking from the town. Commissioner Black asked how the buying of the parking worked from the town. It was noted that the record for the parking is tied to the building

permit and is a release from the requirement to provide parking but is tied to the building, not the parcel.

Executive Director Nicholson mentioned that he had prior conversations with the county about the gravel parking area and entryway encroachment, he will work with the neighbors to work out an easement.

Commissioner Marrett noted that she would like to see the building shifted further north again like on the initial site concept. Commissioner Black asked about creating a permanent buffer around Franklin Drive to preserve the entry way. Executive Director Nicholson suggested a binding landscaping plan along the road.

It was suggested to stake out the property to make visualization easier. It was agreed to hold a special meeting to view the staked building perimeter.

Executive Director Report:
Executive Director Nicholson introduced Jacob Heeren as the new Harbormaster. Harbormaster Heeren provided a bit of background including his time as dock staff through his time in Valdez Alaska.

Port Auditor Report: Q2 Capital Budget vs Actual
Port Auditor Johnson provided a budget overview providing a comparison of actual expenses and revenue through Q2 to the 2026 budget. Overall, the operating budget is at 20% of the 2026 total heading into the peak season. Capital expenses are 31% of the budgeted amount.

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

Commissioner Black asked about partners for the electric boats. Executive Director Nicholson said that he thinks we will be able to go in to a lease and profit share agreement with Friday Harbor Boats.

Commissioner Black mentioned that the 10:00p shutdown time of Jackson Beach isn't being enforced, and the sound is carrying on beyond. Executive Director Nicholson mentioned that he will try addressing that again and talk to the sheriff's department about making some drive-throughs.

Commissioner Marrett mentioned that the art museum was inquiring about displaying some of the art in the airport terminal again. Commissioner Goodhart noted that originally there was an insurance issue regarding prior art. Executive Director Nicholson was open to the idea of them displaying the art on the condition that the Port is not responsible for any insurance, security, installation, takedown, or any handling of the art.

Commissioner Marrett asked if the Port would be interested in buying one of the carvings. Commissioner Black noted that we had just done a large art purchase so that might be something for a couple of years in the future. He then asked about the Sauna RFP, Executive Director Nicholson confirmed we received no responses.

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

Executive Session pursuant to RCW 42.30.110 § 1(b):

"To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price"

Expected Duration: 20 minutes

Commissioner Black took the meeting into executive session at 11:45 am. Noting there would be no additional public action after the executive session.

The Commission left the executive session at 12:05p – no action was taken.

Adjourn: 12:05p

Barbara Marrett, Commissioner

Graham Black, Commissioner

Rich Goodhart, Commissioner