Friday Harbor Port District

Port Commission Meeting
San Juan Island Yacht Club
Friday August 28th at 10:00 AM
Regular Meeting Agenda

Commissioners Present:	Gib Black Barbara Marrett Richard Goodhart
Port Staff Present:	Todd Nicholson, Executive Director Mike Roling, IT Administrator Jacob Heeren, Harbormaster
Public Present:	Jill Belcovson, LWVSJ Fred Cayou, Swinomish Tribe (Zoom) Brett Lizotte, Swinomish Harbormaster (Zoom) Eric Dussault, American Cruise Lines (Zoom)

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.
[10:00a] *Fred Cayou of the Swinomish Tribe thanked the commission for the opportunity to join the meeting and that he looks forward to building a relationship with the Port during the later discussion item.*

Consent Agenda:

- **A.** Approval of Payroll and Vouchers
- **B.** Approval of Minutes: August 14, 2026
- **C.** Approve Hangar N-2 Transactions – Skytrails to Drury to FHR Hangar LLC.
- **D.** Approve Hangar K-11 Assignment and Consent – Mulligan to Lombardi
- **E.** Approve Hangar F-3 Assignment and Consent – Riley to Mulligan

[10:02a] *Commissioner Black noted that hangar assignments had been added to the consent agenda for this meeting. He asked the other commissioners if there were any questions regarding any of the consent agenda items. Neither commissioner had any; Commissioner Goodhart moved to approve the consent agenda in its entirety. Commissioner Marrett seconded. Approved unanimously.*

Discussion Items:

- **A.** Possible 687 Airport Center Road purchase

[10:03a] *Commissioner Black noted that this was being discussed early as it may impact a later action item. Executive Director Nicholson explained that the Kilpatrick building, which is partly in the RPZ near H-Lot, has come on the market. He looked at if it would make sense for the Port to acquire the building and reached out to the FAA. The FAA is in favor of* *the Port acquiring the building as well, so he has prepared an updated Capital Improvement Plan to file with the FAA. He noted that the building would help the Port control all of the RPZ around the airport and would also potentially provide space for the Port's administrative functions as well as a shop and conference room. This would allow the Port to hold off on building the new administrative building at the south end of the airport. That would also mean the Port wouldn't need to build the utilities to the south end at this time. He noted that even with the Port uses in the building there would still be some rentable space outside of the RPZ.*

Commissioner Marrett asked if the residential use is the church or if there is housing. Executive Director Nicholson noted there are two residential apartments upstairs in the RPZ. Additionally, he noted that there appears to only be one signed lease with all of the others being month to month. Commissioner Marrett asked if the FAA might require removing all uses from the RPZ. Executive Director Nicholson confirmed it might be possible but was unlikely. If FAA required, the building could be reconfigured and the southern part removed.

Commissioner Goodhart asked if the building impacted RPZ was ground level or aerial. Executive Director Nicholson indicated that he thinks it mostly clears the aerial RPZ but does impact the ground level RPZ.

Commissioner Marrett thinks this is an exciting possibility and could potentially save money over building a new building. Commissioners Black and Goodhart agreed. Executive Director Nicholson said he would proceed with submitting the updated CIP with the FAA.

Commissioner Goodhart asked if the AIP money from the FAA goes towards this building, what other projects would be impacted. Executive Director Nicholson noted that it would likely delay the southwest development area construction by potentially two years, but feels the tradeoff is worthwhile.

Commissioner Marrett asked about trying to prevent someone else from buying the building first. Executive Director Nicholson noted that since there are no objections from the Commission, he would be submitting the updated CIP and work on getting FAA acceptance, he would start the process. The grant to allow the purchase would likely take until May of 2027 so he may have to work on some sort of agreement with the seller but believes that can be accomplished.

Commissioner Marrett asked where the Port's conference space would be. Executive Director Nicholson mentioned that there would be some options, his preference would to be on the ground floor outside of the RPZ, possibly some dual use with the space the church is currently renting, but it will be something that has to be sorted out.

Action Items:

A. Resolution 26-013 – American Cruise Lines Priority Dock Use Agreement

[10:17a] *Commissioner Black noted that this agreement involves American Cruise Lines paying the Port to complete updated electrical work to the breakwater that would allow their boats to be able to utilize shore power without having to run their generators. This would enable them to stay overnight; in return they get their first choice of stays at the start of the season.*

Executive Director Nicholson continued that the agreement has gone through several months of review with staff and attorneys on both sides. American Cruise Lines will pay to upgrade the breakwater power to be able to provide 600-amp shore power that will allow them stay overnight rather than anchoring out. This should mean an increase in business in town and an increase in moorage income. American Cruise Lines get the first chance to schedule their season before other cruise lines. It was noted that they'd have to lock in their schedule in January before it would be opened to other companies. They would not have the ability to bump another scheduled cruise line if they wanted to add to their schedule after their priority period had closed.

Commissioner Black asked when the new boats that would be able to utilize the shore power would be sailing. Executive Director Nicholson said they were hoping to be able to utilize it in the 2027 season. He noted that the design was mostly done just needing to verify some terminal equipment. The intent is to build it this winter.

Commissioner Marrett asked if they'd be able to run their generators overnight if the electric was not available. Executive Director Nicholson stated they would not be able to run their generators overnight.

Eric Dussault of American Cruise Lines added that this is an important project for them, he noted that they already have the plans to upgrade the ships this off season to utilize the shore power, the new ship for the Puget Sound is scheduled to be delivered in two weeks, it will launch ready to accept the shore power.

Executive Director Nicholson mentioned that Commissioner Goodhart had asked if this agreement affects the standard charges for sewer, water, and power. Executive Director Nicholson noted that those charges would stay the same but also asked for the authority to make minor edits or a companion document to clarify that those charges still apply if necessary.

Commissioner Marrett asked if they discharged their gray water to our sewer and asked if they discharged it into the water. Eric Dussault of American Cruise Lines confirmed that they don't discharge into the sound, they have a couple of places on the mainland they utilize to handle the discharge.

Commissioner Black moved to approve Resolution 26-013 while allowing Executive Director Nicholson to make minor edits or addendums to clarify parts as necessary. Commissioner Marrett seconded. Resolution 26-013 approved unanimously.

B. Approve MOU between Town of Friday Harbor and Port of Friday Harbor regarding water and sewer connections to the southside water system and town sanitary sewer system.

[10:33a] *Executive Director Nicholson explained that this was intended to allow the new headquarters building to be connected to the town's sewer and water before the area was annexed into the town. It may not be necessary if the Kilpatrick building deal goes through; however, since permitting and design work has already been paid for, he would like to see this passed in case it is needed. He noted that he would like to make sure the Salty Paddle and Saltwater Farm parcels are excluded from annexation into the town. They have recently installed upgraded systems and would have additional expenses if they were forced to attach to the town's system as well. Commissioner Goodhart moved to approve the MOU and allow Executive Director Nicholson the ability to exclude Salty Paddle and Saltwater Farm parcels from being annexed. Commissioner Marrett seconded. Motion was approved unanimously.*

Commissioner Marrett suggested moving discussion item A up, so the guests on Zoom didn't have to continue to wait. Commissioner Black agreed.

Discussion Item:

A. Scheduling a meeting with Swinomish Tribal Leadership

[10:37a] *Commissioner Black stated that he is open to having a meeting in either location; he could try to make any day work, but Fridays work the best for him. Executive Director Nicholson suggested that if the commission wanted to set up a meeting, he would work with the Swinomish to set up a meeting on a regular meeting day. Commissioner Marrett noted that she is in favor of going to La Connor.*

Fred Cayou of the Swinomish tribe expressed interest in also coming to Friday Harbor for a meeting and provided some historical background of his family ties to the islands. Brett Lizotte, Swinomish Harbormaster, echoed interest in a meeting in either location. He noted they've been trying to develop their partnerships in the region.

Executive Director Nicholson will work with the Swinomish leadership to schedule a meeting.

Action Items:

C. Resolution 26-014 – Authorize WSDOT Grant for Barge Access Road

[10:44a] *Executive Director Nicholson noted that this was the congressionally directed funds that we've been working on for nearly 5 years now. This resolution provides the assurances that allow WSDOT to obligate and reimburse the funds. Commissioner Marrett* *moved to approve Resolution 26-014; Commissioner Goodhart seconded. Resolution 26-014 approved unanimously.*

D. Resolution 26-015 - Update Travel Reimbursement Policy

[10:48a] *Executive Director Nicholson noted that the only change was updating personal vehicle usage to the IRS standard rate for reimbursement. Commissioner Marrett noted that she felt the policy might benefit from some specifics such as a tip rate rather than just 'reasonable'. Commissioner Goodhart asked if anyone had ever tried to abuse the employee's discretion provided in the policy.*

Executive Director Nicholson responded no; alcohol is never reimbursable; receipts must be provided for other reimbursements. Commissioner Goodhart likes the idea of keeping the policy simple. Commissioner Black also likes keeping the flexibility.

Commissioner Marrett moved to approve Resolution 26-015, Commissioner Goodhart seconded. Resolution 26-015 approved unanimously.

E. Jolly Trolly Lease Termination Settlement Agreement

[10:55a] *Executive Director Nicholson explained that this terminates the long-term lease with the former Jolly Trolly owner. Since the sale and move of the Trolly business, the remaining business is no longer compliant with the lease terms. The Port will compensate for some of the improvements to the land at about the same as it would cost the Port to make the same improvements. Lessee will have until the end of the year to remove all additional items and storage units.*

Commissioner Black asked to confirm that no money will be paid out until the Lessee has completed their portion of the agreement. It was confirmed that no payment would be made to the lessee until closing and compliance with the agreement.

Commissioner Goodhart moved to approve the Settlement Agreement; Commissioner Marrett seconded. Motion was approved unanimously.

Discussion Items:

B. EDC 2027 Funding Request

[11:02a] *Executive Director Nicholson speaking for the EDC board relayed their request for the same funding amount as the prior year and provided some insights into the new operational model the EDC is adopting. He noted that the EDC Executive Committee is currently interviewing candidates to take over as the new Executive Director of the EDC.*

C. Handling of lease assignment, sub-assignment, and options at staff level via existing Delegation of Authority (III.C.2).

[11:14a] *Commissioner Black is in favor of having staff handle the lease assignments as described in the current delegation of authority. Commissioner Marrett was also in favor but would like to have the lease changes reported in the weekly report just for their own* *knowledge. Executive Director Nicholson reported that he would provide those updates in the weekly report and noted that if there were a modification of the lease terms, those would still come to the commission for approval. He indicated that this will help streamline the sales process when no terms of the lease change.*

Executive Director Report:
[11:17a] *Executive Director Nicholson indicated that he doesn't have anything to report that wasn't covered by the meeting or weekly report, but he would like to acknowledge the Port staff for keeping the place looking good.*

Harbormaster Report:
[11:21a] *Harbormaster Heeren reported that 7 dock staff have qualified for the scholarship and there is an 8th who is likely to reach the hour threshold before the end of the season. Executive Director Nicholson indicated that the scholarship program has been successful in retention and selection of summer staff.*

Commissioner Goodhart asked if there was an indication of the level of transients for the summer season. Harbormaster Heeren indicated that he feels like things have picked up some but seems to be down compared to 10 years ago. Executive Director Nicholson added that he thinks July and August have been stronger than the early part of the season was.

Harbormaster Heeren reported that customs have reported the number of people passing through over the past 5-years has stayed fairly steady.

Port Commissioner Reports and New Business: Commissioners may share information or introduce topics for discussion at future meetings.
[11:30a] *Commissioner Marrett shared a bullet point from the climate action plan indicating that people like to see local government take actions such as adding solar or electrifying their fleet. She feels the Port is doing a good job of leading by example in that regard.*

Commissioner Goodhart shared that he received a message from a professor at the labs. He indicated that another professor indicated their students had some questions regarding the plaque in the park. He asked Commissioner Marrett for some additional background regarding the plaque as she was involved with its creation.

Commissioner Black asked for an update regarding Riftcut from the meeting he wasn't available for. Commissioner Marrett reported that the result was they'd be able to build to the edge of the property line; the building would extend down the hill some to make up the lost square footage.

Commissioner Black asked if there were any zoning changes pending for the Cannery, Executive Director Nicholson indicated that the next meeting would have a discussion for *the short-term use. He has been getting feedback from the county as to what needs to be done to allow safe uses. After the meeting on the 11th, he should have a better idea if any near-term zoning changes need to be made. Commissioner Black asked about public use of the ground space. Executive Director Nicholson indicated that requires going to the county to see if we can get some prior use determination to allow that before the zoning change. He has been working to make the grounds safer before wanting to allow it to be opened.*

Commissioner Black asked if the solar canopy build was going to continue. Executive Director Nicholson said the plan was for them to resume phase 2 next week. Commissioner Black asked when it was going to be grid tied. Executive Director Nicholson thinks it will be December or January as it is being done in conjunction with a transformer upgrade and DC fast chargers.

Commissioner Black then asked about dock building for others. Executive Director Nicholson said we've been trying not to do any right now as several other projects have a higher priority, and there isn't really the capacity right now to take on external projects at this time.

Commissioner Marrett asked how the solar would be attached. Executive Director Nicholson said the solar would be connected on the Port's side of the meter so the power would go directly to the marina and any excess would feed back to OPALCO.

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.
[11:56a] *None*

Adjourn: 11:56a

Barbara Marrett, Commissioner

Graham Black, Commissioner

Rich Goodhart, Commissioner