

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 2025 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.

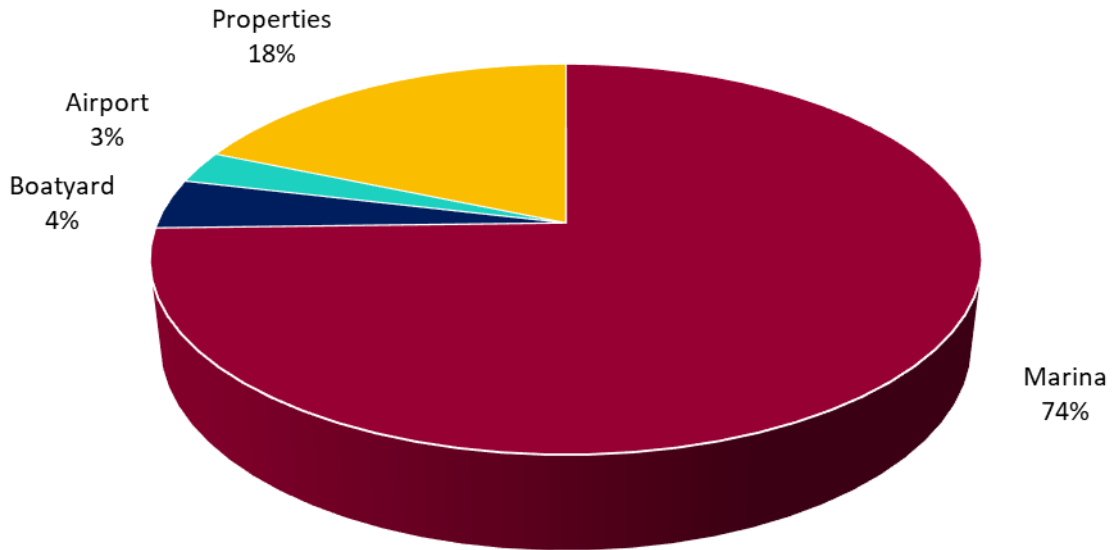
BUDGET DEVELOPMENT

Increases to user charges are adjusted annually by the most recent August Consumer Price Index (CPI) of Seattle-Tacoma-Bremerton area. The August 2024 increase is 3.1% which will be reflected in the 2025 rates.

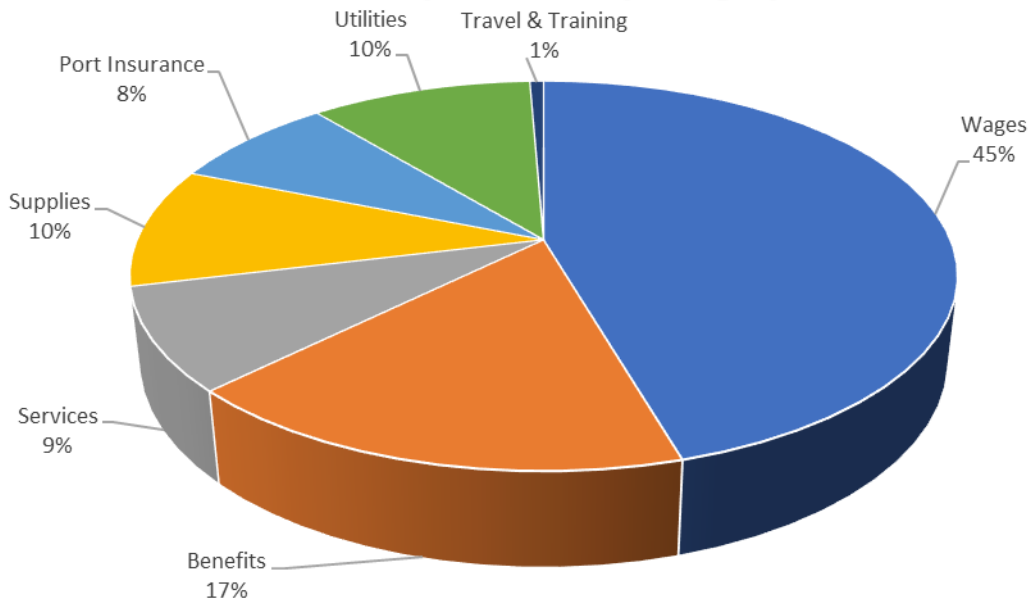
OPERATING BUDGET

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.

2025 Operating Revenue

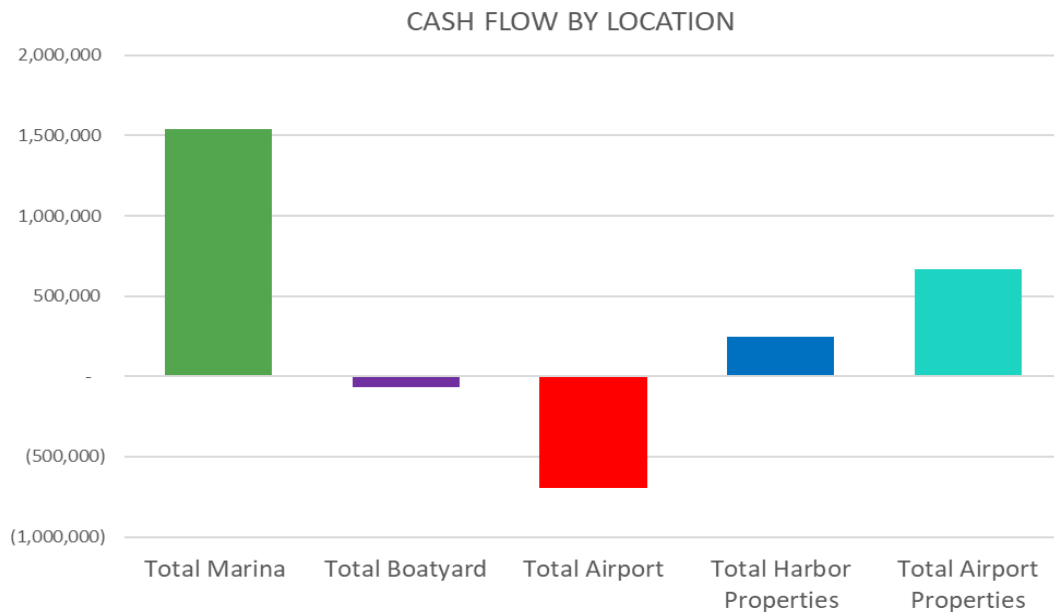


2025 Expenditures by Category



**PORT OF FRIDAY HARBOR
2025 OPERATING BUDGET**

	2025 Budget
OPERATING	
Revenues	
Marina	\$ 4,451,650
Boatyard	245,500
Airport	162,100
Properties	1,121,643
Total Revenues	5,980,893
Expenses	
Wages	2,438,950
Benefits	920,920
Services	457,830
Supplies	534,650
Port Insurance	420,650
Utilities	555,450
Travel & Training	34,500
Total Expenses	5,362,950
NET INCOME FROM OPERATIONS	617,943
NON-OPERATING INCOME	
Grant Revenue - COVID Recovery	550,000
Grant Revenue - Remediation	559,500
Property Taxes	565,000
Other (Insurance / Surety Bond)	1,022,500
Total Non-Operating Income	2,697,000
NON-OPERATING EXPENSES	
Bond Interest	384,562
Bond Principal	271,171
Jensen's Environmental Cleanup	605,100
Other	400
Total Non-Operating Expenses	1,261,233
NET INCOME	\$ 2,053,710



CASH FLOW BY LOCATION

<i>Marina Revenue</i>	4,451,650
<i>Marina Op Expense</i>	(1,561,990)
<i>Marina Maint Expense</i>	(1,349,810)
Total Marina	1,539,850
<i>Boatyard Revenue</i>	245,500
<i>Boatyard Op Expense</i>	(237,080)
<i>Boatyard Maint Expense</i>	(77,140)
Total Boatyard	(68,720)
<i>Airport Revenue</i>	162,100
<i>Airport Op Expense</i>	(579,760)
<i>Airport Maint Expense</i>	(277,540)
Total Airport	(695,200)
<i>Airport Properties Revenue</i>	703,903
<i>Airport Properties Expense</i>	(35,000)
Total Airport Properties	668,903
<i>Harbor Properties Revenue</i>	417,740
<i>Harbor Properties Expenses</i>	(169,500)
Total Harbor Properties	248,240
<i>Administrative</i>	(1,075,130)
OPERATING INCOME	617,943

GRANTS

The Port has eleven (11) capital grants for 2025 and three (3) operation and maintenance grants. 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 available between the years 2022-2026. This funding is alongside the normal Airport Improvement Funds (AIP) of \$1M annually the Port receives.

For the budget year 2025 the Port anticipates collecting \$4.4 million in FAA capital grants, through the BIL and AIP programs. We anticipate completion of the NW hangar taxilane, Runway 16/34 drainage improvements and the SW development environmental assessment that carried over from the prior year. New FAA projects for 2025 will be the Aircraft fueling system, South Apron expansion and the Hangar 80 (C) replacement.

We have also secured Washington State Department of Transportation (WSDOT) funds to be applied towards sustainable aviation. Currently the plan is to install a large solar canopy at the airport long-term airport parking and electric vehicle (EV) chargers near the pilot welcome center.

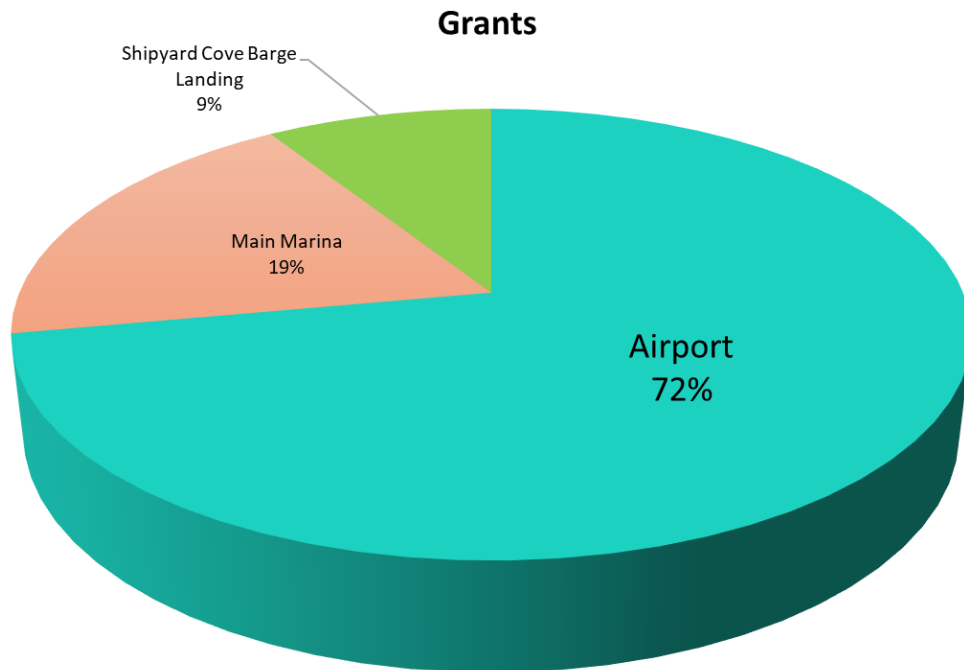


The Port has received \$650K Congressional Funds for the Barge Landing Project. The funds are available to use until June 2026. The Port had expected use of some of the funds in 2024, but delays in design have forced the cost to carry forward to 2025, the same year in which construction will occur.

The Port received a grant from Washington Commerce to install new EV chargers in the main marina parking.

The largest grant the Port has recently received is a \$7 million dollar grant from the Port Electrification Program. These funds will be used to purchase a new electric Travelift, electric work boats, electrical upgrades at the marina including fast chargers for electric boats, a solar canopy over marina parking areas, and engineering studies and trades training in support of electric boat adoption.

2025 sets a record of the most grants the Port has ever had active in a single year.



CAPITAL BUDGET

AIRPORT

- \$6.4 million dollars funds have been allocated to airport capital projects. \$5 million being FAA sponsored programs, with three project carryovers from the previous year and three new ones: Hangar 80 (C) replacement, South apron expansion and Aircraft fueling system.
- With the new aircraft fueling system, the current underground fuel tanks will need to be decommissioned. This involves removing the existing single walled tanks, with the cost 100% paid by the Port.
- Two electrical projects will occur at the airport in 2025, a solar canopy over long-term parking and EV car charges located at the Pilot Welcome Center. The car charger location was chosen due to its proximity to Town, making it a more visible location.
- The airport will soon be the location of the Port Administration building and Port Commission room. \$500,000 has been allocated for this year's expenditure.

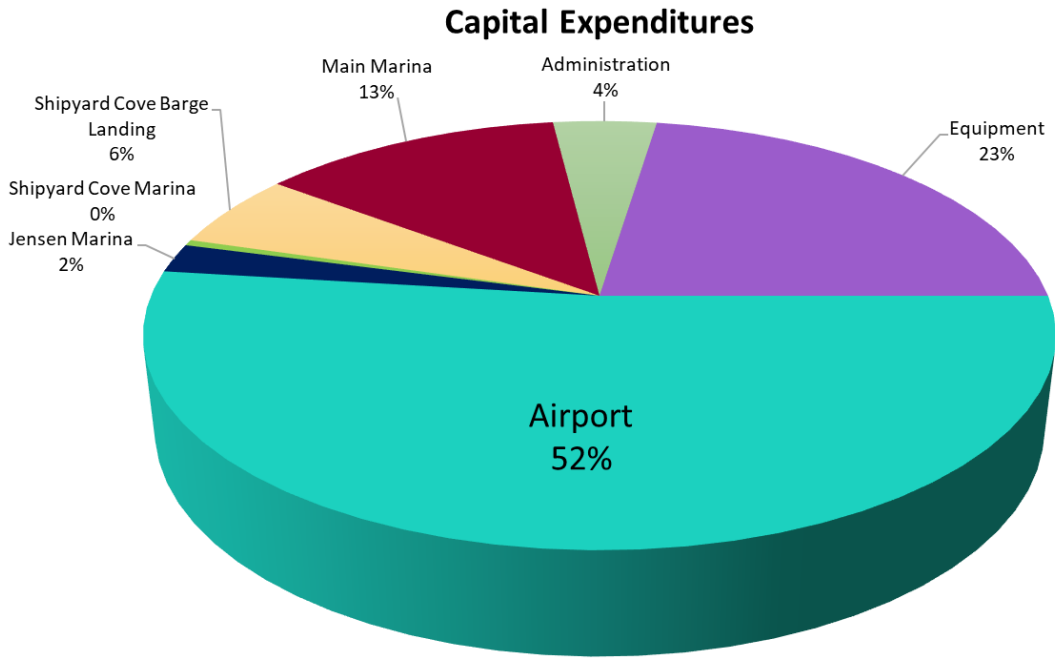
MARINAS

- The marina projects have \$2.4 million allocated. The largest project is the solar canopy that will cover the center of the upper parking lot at the main marina. The other electric project will be installation of four (4) fast chargers and four (4) level two chargers.
- The barge landing road design should be completed in early 2025, and construction will begin in the summer. The exit will route barge traffic through the Jensen Boatyard. The construction will be a paved surface which serves two purposes, barge traffic to avoid Warbass Way and as an environmental cap of identified contamination.
- Work on the Shipyard Cove redecking will continue along with the building of the Jensen breakwater sections.



EQUIPMENT

- Equipment purchases will be robust for 2025, with \$2.5 million being designated grant funding. This is largely due to the Port Electrification grant. The Port plans to purchase the following electric equipment: Travelift, pump-out boat, work skiff and electric truck.
- Other equipment purchases include a transformer for the main marina, which increases the capacity to serve C, E and F docks.
- The Port will be upgrading its camera system used for security, which will increase storage capacity and allow for additional cameras. The previous purchase was ten years ago.



- The entire capital budget totals \$11.4 million with grant funds of \$9.6 million. Total budgeted out of pocket cost will be \$1.8 million. This amount will fluctuate depending on the timing of when projects begin.



**PORT OF FRIDAY HARBOR
2025 CAPITAL BUDGET**

> Project continues from prior year

AIRPORT (FAA)

> SW Development Environmental Assessment	300,000	
> NW Hangar Taxilane	150,000	
> Runway 16/34 Drainage	20,000	
> Aircraft Fueling System	900,500	
> South Apron Expansion	2,248,500	
Hangar 80 Replacement	1,361,450	
		4,980,450

OTHER AIRPORT PROJECTS

Decommission of existing underground fuel tanks	200,000	
HQ building	500,000	
EV chargers	220,000	
Terminal parking solar panels	520,000	
		1,440,000

MARINA PROJECTS

> Jensen breakwater	50,000	
> SYC redecking	50,000	
> Jensen marina pier relocation design and permitting	150,000	
Solar canopy parking	1,000,000	
Barge landing road	650,000	
Travelift permitting	50,000	
EV charging stations	457,000	
		2,407,000

EQUIPMENT

Electric travelift	1,100,000	
Electric pumpout boat	430,000	
Electric work boat	355,000	
Electric 6 pack boat	335,000	
Electric truck (maint)	75,000	
Transformer main marina	110,000	
Maintenance equipment	150,000	
Camera NVR equipment	20,000	
		2,575,000

TOTAL 2025 CAPITAL BUDGET EXPENDITURES	11,402,450
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GRANT FUNDING

FAA	(4,482,405)	
WSDOT Port Electrification	(3,405,000)	
US Congressional Funding via WSDOT Barge Landing Road	(650,000)	
WSDOT Airport EV Chargers	(200,000)	
WA Commerce Marina EV Chargers	(343,000)	
WSDOT Sustainable Aviation Solar Parking Canopy	(470,000)	
		(9,550,405)

NET 2025 CAPITAL EXPENDITURES AFTER GRANT FUNDS	1,852,045
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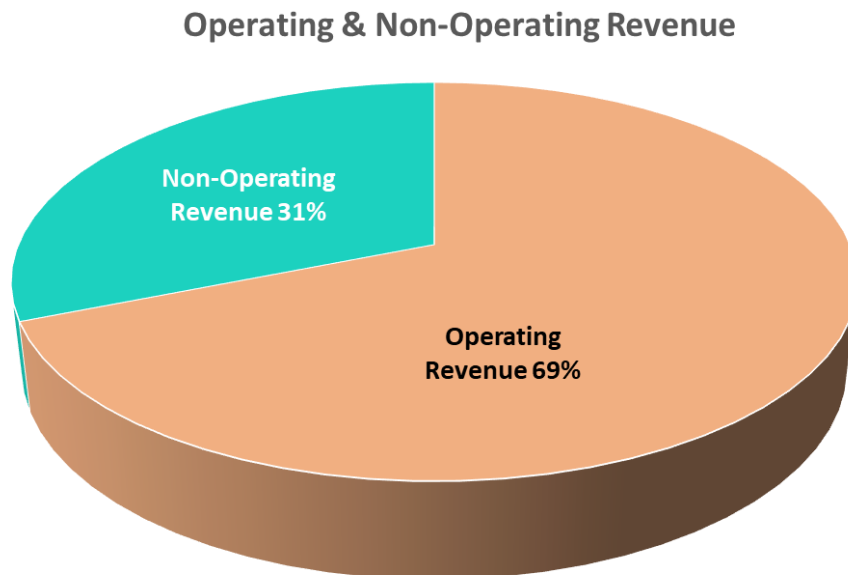
PROPERTY TAXES

- The Port collects Property Taxes from San Juan Island property owners. The assessed amount is .0899 per \$1,000 of assessed value. The estimated collection for 2025 is \$565,000. The Port allocates these funds to capital improvement projects.

NON-OPERATING REVENUE

- Non-operating income plays a significant role in the Port's 2025 budget. This amount is made up of taxes, grants funds associated with the Jensen clean-up, and FAA grant funds that are to be used to sustain aviation during the Covid recovery period.
- The largest anticipated amount of the non-operating income is the final insurance payment from the Jensen Marina collapse which occurred in February 2021, and the surety payment from an airport contractor default that occurred in 2021.

Below is a graph representing 2025 operating revenue at 69%, and non-operating revenues at 31% 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 is Interest only until 2026.
- A monthly contribution is made by the General Fund to the Bond Payment fund in the amount of \$75,000 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.
- In 2025 the principal and interest payments for existing general obligation and revenue bond total \$655,733.

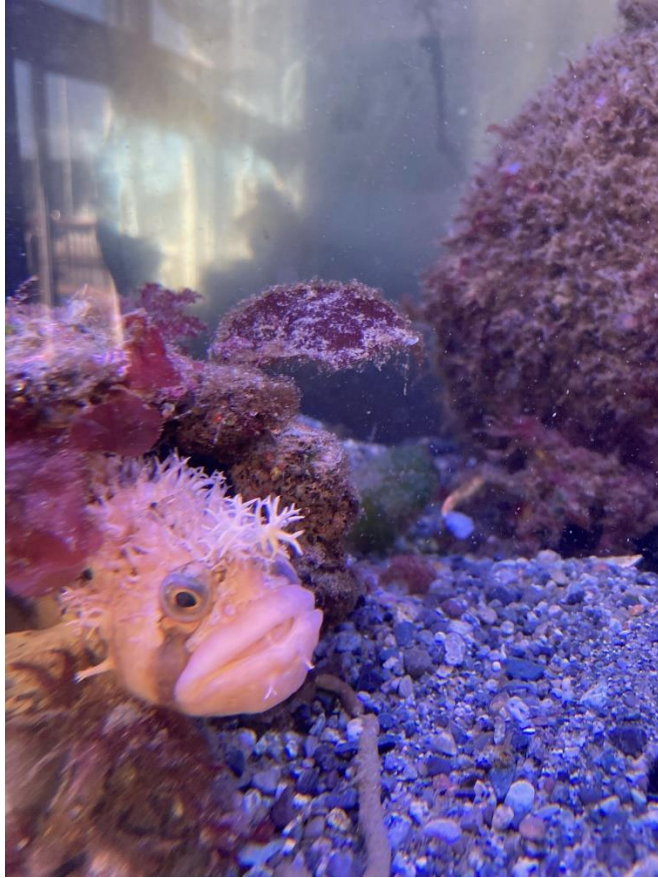
CASH BALANCES

- At the end of 2025 the Port anticipates having the following cash balances:
 - *Reserve Fund \$7M*
 - *Bond Fund \$2.2M*
 - *Bond Reserve Fund \$492,000. 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 \$492,000, 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.





Thank you for showing an interest in the Port's activity in 2025. If you would like to learn more or offer suggestions please contact Todd Nicholson, the Port's Executive Director.