



2026 BUDGET



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2026 BUDGET MESSAGE

2026 BUDGET OVERVIEW

On behalf of the Port Commissioners and the entire Port of Port Angeles Team, I am pleased to present the 2026 Budget. The Annual Budget remains our principal planning instrument, rolling up the work of our Operating, Non-Operating, and Capital Improvement Program (CIP) budgets into a coherent plan for the year and a disciplined view of the next five. This approach builds on the clear, plain-spoken messages we've shared in recent cycles and the reserve policy adopted to prepare the Port for large, capital-intensive projects undertaken on behalf of the community.

As we look ahead, our posture is ambitious but grounded. We will continue leaning into the things that matter locally - maintaining and modernizing the Working Waterfront, investing in aviation infrastructure, preparing industrial land for job-creating tenants, and stewarding public dollars with transparency and care.

ECONOMIC OUTLOOK (2026)

The past two years have reminded us to plan for both resilience and uncertainty. In 2024, we prepared for headwinds; in 2025, the national economy proved more robust than expected, even as local timber-dependent sectors felt pressure from prices, mill decisions, and costs. We are carrying that cautious optimism into 2026: optimistic about demand for our assets and services; cautious about inflation persistence, interest rates, and sector-specific variability that can affect cargo flows, log volumes, and project delivery costs.

The Port will continue broadening cargo offerings, expanding partnerships, and—where prudent—self-performing work to control costs and protect schedules. In recent years, self-performance has saved the Port District material dollars on projects aligned with our in-house capabilities, and we will continue to deploy it thoughtfully.

STRATEGIC DIRECTION (Pillars & Goals)

For 2026, the Port's work focuses on five strategic pillars:

- Operational Excellence & Service
- Thriving Industry & Job Growth
- Stewardship of Public Resources
- Community Leadership & Collaboration
- Modern Infrastructure for a Competitive Future

THE 2026 CAPITAL PROGRAM AT A GLANCE

Total 2026 Capital Program: \$36.14 M (Port: \$8.70 M; Grants: \$27.44 M) - targeted to high-impact maritime, aviation, and industrial investments that sustain the Working Waterfront, improve community access, and unlock job growth.

- Intermodal Handling & Transfer Facility (IHTF) + Cofferdam Improvements: marine cargo efficiency and waterfront resiliency (\$13.82 M total; \$10.67 M grant; \$3.15 M Port).
- Fairchild International Airport — Taxiway 'A' Rehabilitation: safety and operational reliability (\$6.49M total; \$6.24M grant; \$0.25M Port).
- Fairchild International Airport — Hangar Building: new economic-opportunity space (\$1.50M total; \$0.60M grant; \$0.90M Port).
- Marine Trades Center: planning for a multi-user building and site development (\$1.38M Port in 2026 across planning/site work).

- Terminal 1 Shore Power & Clean Equipment: electrification and cargo-handling modernization via EPA-aligned funding (awarded and pending programs).
- Port Angeles Boat Haven & John Wayne Marina: access, safety, and facility life-extension (parking, planning/design for future float/breakwater work, targeted renovations).

Five-Year CIP (2026–2030): \$107.60 M combined (Port ~\$46.74 M; Grants ~\$60.86 M).

FUNDING, GRANTS & RESERVES

The 2026 program is fueled primarily by grants (\$27.44 M recognized in 2026) and disciplined local match, alongside a planned use of reserves that is consistent with a staged delivery of high-priority projects. This continues the Port’s budget discipline and the Capital Improvement Fund (CIF) reserve stance to prepare for major replacements and new builds.

Looking beyond 2026, the five-year plan could reduce cash reserves below the \$10 million target by the end of 2029 and turn negative by 2030 without additional grants and/or debt tools. We will manage that risk by phasing the scope, sequencing bid packages, and pursuing competitive funding so projects are timed to available resources.

Our guiding principle remains straightforward: match the right projects to the right sources—grants when competitiveness and timing align; local funds when immediacy, life-safety, or high ROI justify action; and, when appropriate, debt tools that keep intergenerational fairness in view.

OPERATING & NON-OPERATING CONTEXT

Our operating posture for 2026 remains service-first and efficiency-minded. We will hold ourselves to the same principles that improved operating performance in prior years: protect core services, self-perform where it delivers real value, align pricing with cost trends, and invest in people and tools that increase reliability. We will continue to use non-operating revenues—including the levy—to lower debt, match grants, and build capital reserves that keep big projects feasible without compromising day-to-day service.

PEOPLE, PARTNERSHIPS & COMMUNITY

The Port is our community’s platform for family-wage job growth. In 2026, we will strengthen partnerships with tenants, Tribes, municipalities, and state/federal agencies; maintain frequent, practical outreach; and showcase how our investments translate into opportunity, safety, and access to the waterfront. We remain grateful for the trust placed in us and steadfast in our commitment to listen well and act responsibly.

CLOSING

We enter 2026 with clear priorities, sober assessments, and real momentum. Thank you for the privilege of serving this Port District. We will continue stewarding your assets with care, communicate with candor, and work every day to create the conditions where employers can thrive and neighbors can take pride in the waterfront, airports, and industrial places that make Clallam County unique.

Onwards and Upwards,

Paul Jarkiewicz
Executive Director, Port of Port Angeles



COMMISSIONER COLLEEN M. MCALEER (District 1)

Commissioner McAleer represents District 1 (east) and has served as a Port Commissioner since January 2014.

In Colleen's full-time capacity, she serves as the Executive Director of the Clallam County Economic Development Council. Prior to her current position, her full-time role was serving as the President of the Washington Business Alliance, a statewide business organization focused on advocating for more effective government using a business lens.

Prior to her position at the Business Alliance, Colleen served on the Port of Port Angeles staff where she served initially as the Port's Director of Business Development. During this time, she became deeply familiar with the operations of the Port and the business opportunities that exist for Clallam County. With state and community partners, Colleen spearheaded what became the Composites Recycling Technology Center.

Colleen and her family arrived in Sequim in 2002. For nine years she was a successful small business owner, offering business and commercial real estate brokerage services in Clallam County.

Community and State involvement: Colleen has served on multiple boards including Peninsula College Foundation and the Sequim Design Review Board, Washington State's US Global Leadership Coalition and the Seattle Sports Commission.

Education & Military Service: After graduating from Florida Institute of Technology on a full scholarship, Colleen served as a US Army Aviator and a Military Intelligence Officer for ten years. She flew both helicopters and fixed wing aircraft while stationed in Europe, Asia and North America. Colleen is a decorated combat veteran. She deployed to the Middle-East as a platoon leader during Desert Storm.

Colleen and her husband, David Gilles, live in Sequim and are very proud of their four adult sons.



COMMISSIONER STEVEN D. BURKE (District 2)

Commissioner Burke represents District 2 (central) and has served as a Port Commissioner since March 2016. Commissioner Steve Burke is currently the Executive Director of the Shore Metro Park District. As an Executive Director of a junior taxing district, Steve has experience in the public sector and has received several awards for establishing new financial management practices as well as receiving several Distinguished Budget Awards. Steve has also been a private business owner and has extensive knowledge in both marketing and manufacturing new product lines.

Commissioner Burke has also served in the public sector by being elected in 2014 to serve on the Clallam County Charter Commission for a one-year term in 2015. Steve is currently serving on the Port Angeles Regional Chamber of Commerce Board of Directors. He has also served as a Board member of the Clallam Economic Development Council.

Commissioner Burke grew up in San Diego and moved to Port Angeles to raise his family in 2001. He raises Galloway cattle. He attended the University of Northern Colorado and graduated with a BA in Political Science and Public Administration.



COMMISSIONER CONNIE L. BEAUVAIS (District 3)

Commissioner Beauvais represents District 3 (west) and has served as a Port Commissioner since January 2016. Connie is currently the manager and state-certified operator at the Crescent Water Association, where she oversees the business and operations of the water system. She has extensive professional experience in both the public and private sectors, having owned and operated three successful businesses and worked for four private businesses, three school districts, a university and the federal government.

Connie's community responsibilities have included eight years as a Clallam County Planning Commissioner and serving on the Clallam County Charter Review Commission, the Crescent Community Advisory Council, and the Government Affairs Committee of the Port Angeles Business Association.

She has also served on the Clallam Economic Development Council as an Agriculture Representative and on the Crescent Water Association Board of Trustees.

Originally from California, Connie spent 12 years on the Aleutian Island of Adak, Alaska, and now lives in Joyce.



EXECUTIVE DIRECTOR, PAUL JARKIEWICZ

Paul Jarkiewicz was appointed Executive Director of the Port of Port Angeles in July 2023, following his service as Interim Executive Director and as Director of Operations. With a career rooted in maritime and port operations, Paul is widely recognized as a positive influencer and strategic leader.

He brings a wealth of expertise in personal development, industry processes, and operational strategy to the Port, helping guide its mission to connect people, resources, and industry in support of economic prosperity and living-wage jobs.

Paul holds a Master of Business Administration (MBA) in Shipping and Logistics from Middlesex University in London, England. He has earned multiple executive certifications from Harvard Business School in Boston, Massachusetts. Earlier in his career, he sailed as a Master Mariner, gaining global experience that informs his leadership today.

Originally from Maine, Paul spent many years living abroad before settling in Port Angeles, which he now proudly calls home. He is actively involved in community service and enjoys all that life on the Olympic Peninsula has to offer.

BOARD OF PORT COMMISSIONERS

STEVEN D. BURKE, PRESIDENT

Term Expires 2025

COLLEEN M. MCALEER, VICE PRESIDENT

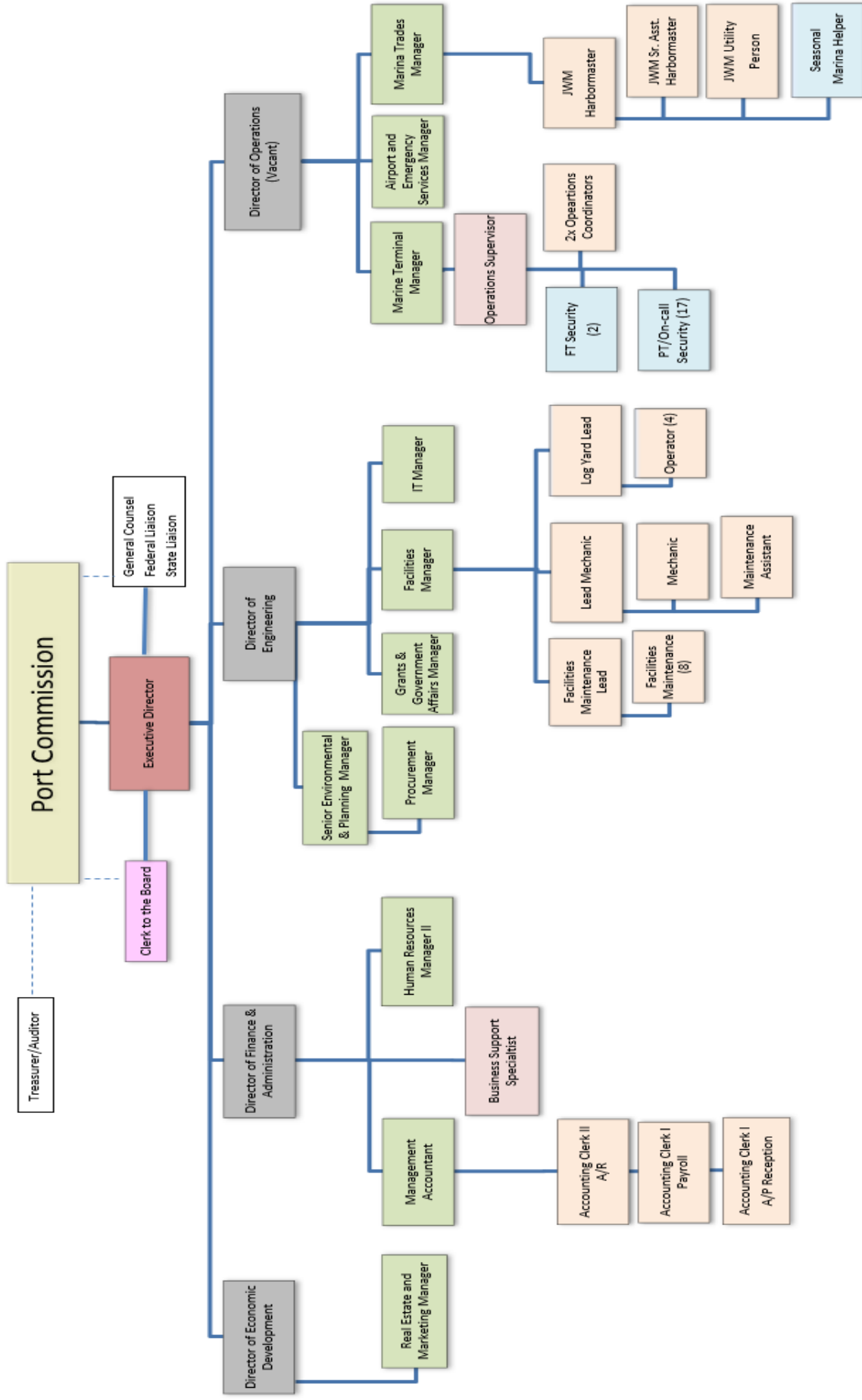
Term Expires 2025

CONNIE L. BEAUVAIS, SECRETARY

Term Expires 2027

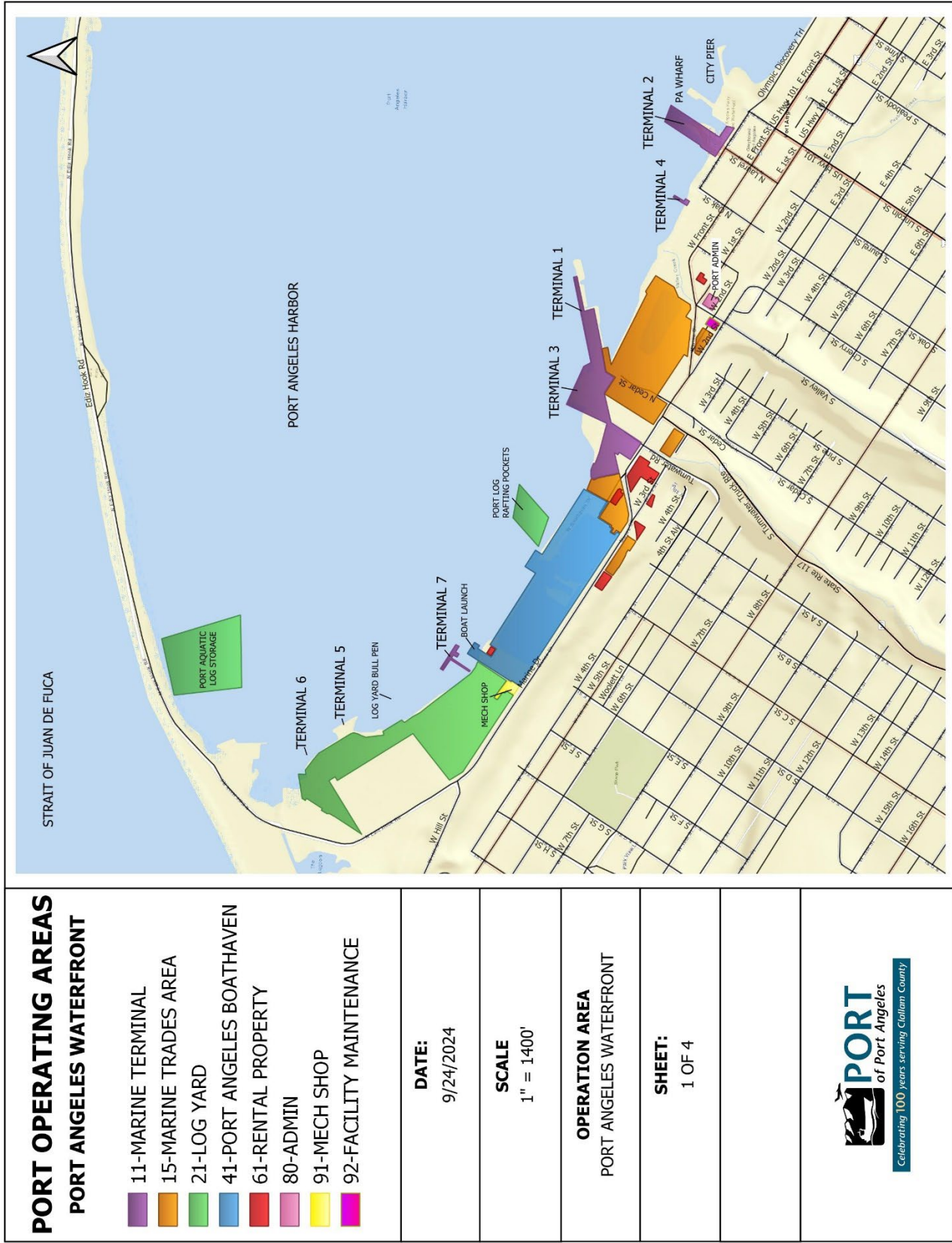
PORT MANAGEMENT TEAM

Executive Director	PAUL JARKIEWICZ
Director of Finance & Administration.....	JENNIFER BAKER
Director of Engineering.....	CHRIS R. HARTMAN
Director of Economic Development	CALEB MCMAHON
Director of Operations	VACANT
Airport & Emergency Services Manager.....	JAMES ALTON
Senior Environmental & Planning Manager.....	JESSE W. WAKNITZ
Facilities Manager.....	WILSON EASTON
Grants and Government Affairs Manager	KATHARINE FRAZIER
Human Resource Manager II.....	SHANEE WIMBERLY
IT Manager.....	STEVEN ROSE
Marine Terminal Manager.....	SCOTT HOUGH
Marine Trades Manager.....	MARTY MARCHANT
Management Accountant.....	SARAH KUH
Procurement Manager/Clerk to the Board.....	JENNA RILEY
Real Estate & Marketing Manager.....	CHERIE GOTTSCHALK

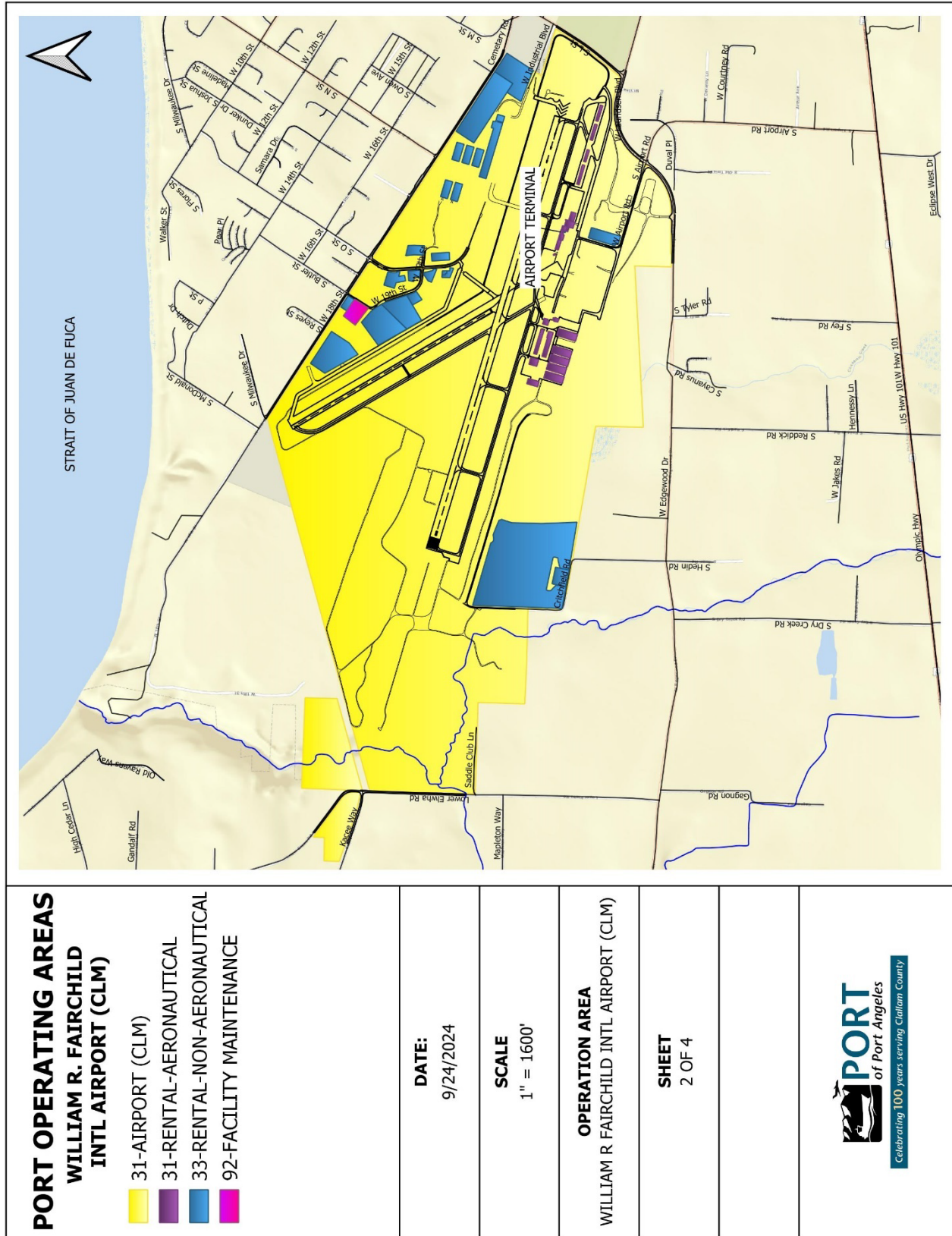


2026 Org Chart

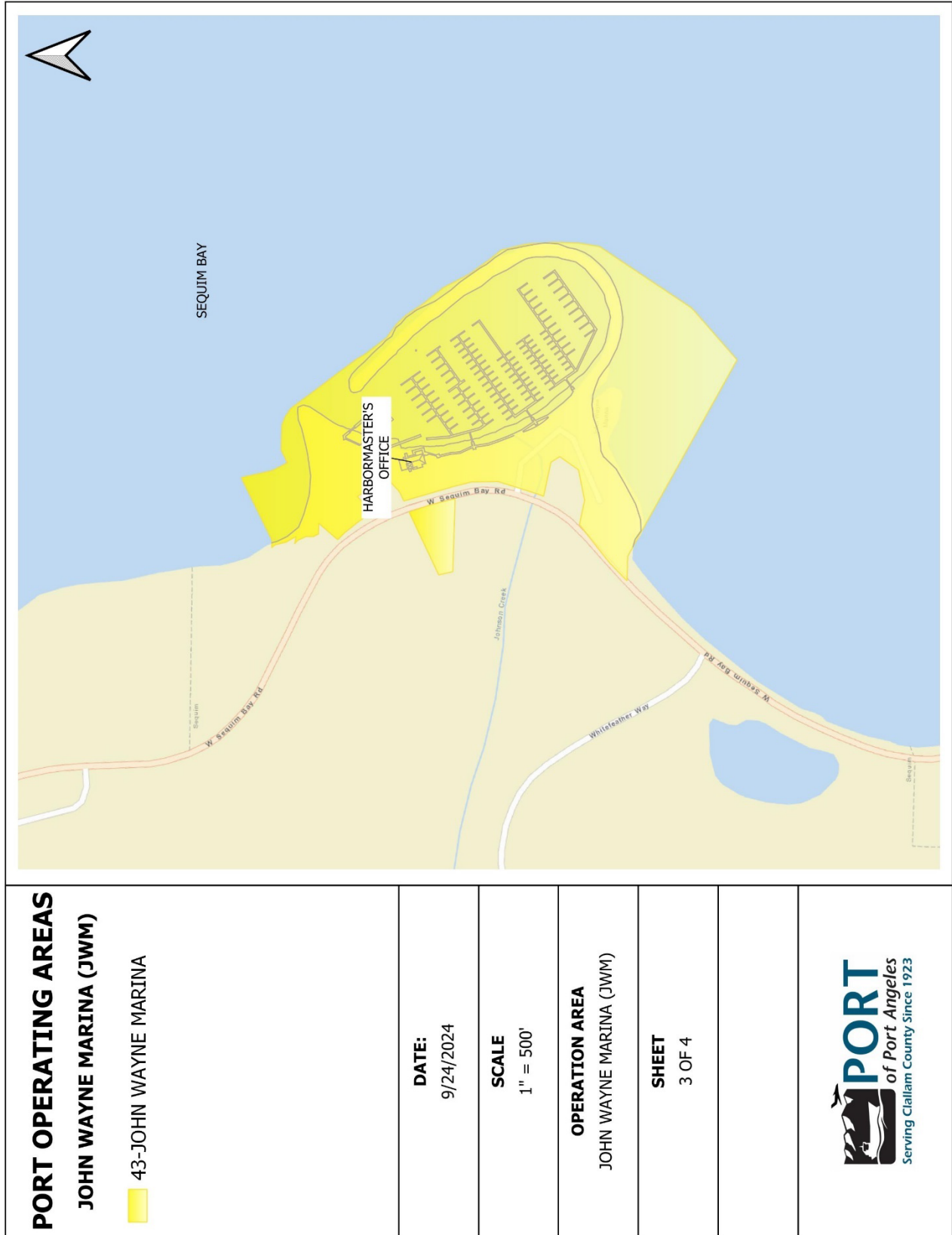
PORT OPERATING AREAS



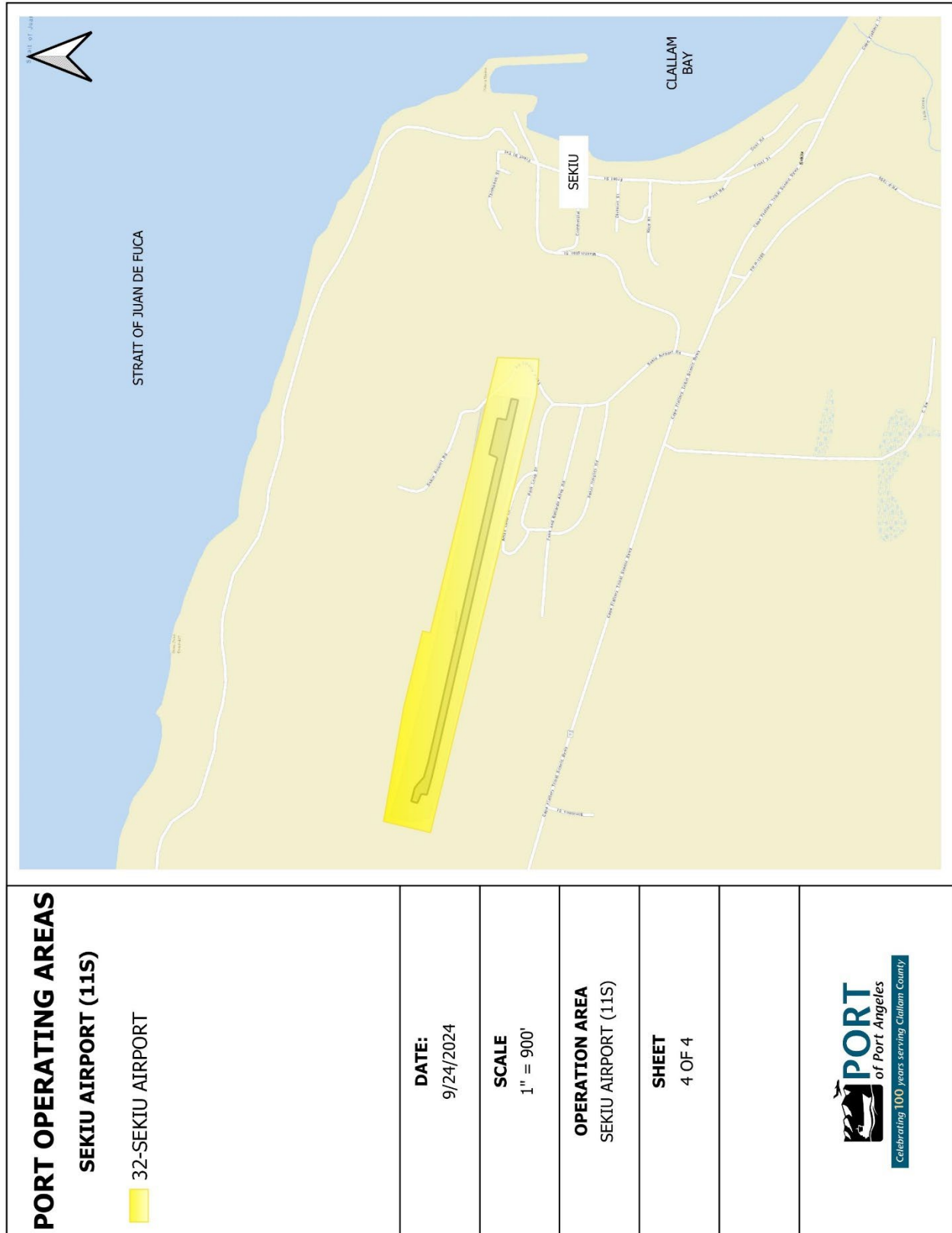
PORT OPERATING AREAS – continued



PORT OPERATING AREAS – continued



PORT OPERATING AREAS – continued



2026 BUDGET - ASSUMPTIONS

All Departments

General

1. CPI: August 2025
 - Bremerton-Silverdale-Port Hadlock, WA-All Urban Consumer (CPI-U) was 2.8% with a 2.3% average over the first 6 months.
2. Inflation:
 - Operating: The general inflation outlook for 2026 is 2.8% in Seattle, per the Washington State Economic and Revenue Forecast Council in the quarterly June 2025 publication.
 - Capital: Rate of 3.16% from Washington State Office of Financial Management using Cost estimating form C-100.
3. The Commission will adopt one of these or another as the benchmark rate for annual rate increases.

Revenues – 2026 Budget

11- Marine Terminal revenues are projected to be significantly higher in 2026 with the potential of a MARAD RRF contract (factored in at 25%). Other potential revenue lines are being pursued but have not been factored in if the probability of manifesting in 2026 is less than 50%. The budget assumes that the cut in log exports via ship will remain at zero. Chip barge operations are on track to stay strong at 145,000 gmt with tanker/barge/ research dockage also increasing.

15- Marine Trades Area is aiming to maintain revenues in 2026 by reviewing the rate sheets and planning some increases in covered storage, boatyard, and haul-out facility rates for the year. The haul-out pier and washdown pad rate sheets are also under review for increases.

21 – Log Yard revenues are predicted to be up from 2025 due to an increase in logs from Alta, PA Hardwoods, and Paper Excellence pulp. Staging, land services, and water services are all projected to be up from 2025. Rate increases across all operations will drive increased revenue. Revenue from pass-through and equipment rental is projected to decline from past years due to a weak export market.

31- Fairchild International Airport hangar and structure lease fees are expected to see an approximate 3% rate increase. FIA enclosed hangars are at 100% full occupancy. This trend is likely to resume throughout 2026. Landing fees may see a slight decrease in revenue due to the loss of one air freight carrier. With the arrival of Citizen Air, FIA may experience an increase in jet traffic, which is expected to boost landing fee revenue and fuel surcharges.

32- Sekiu revenues will see a slight increase due to the rise in hangar rent. However, hangar space is not 100% occupied, and we will continue to market these spaces to increase revenue throughout the year.

33- Airport Rental Properties are expected to decrease due to expected vacancies in the early part of 2026.

41- Port Angeles Boat Haven marina moorage revenues at PABH will remain consistent as there will be a CPI increase for 2026. Continuing to fill more slips that had been occupied by delinquent vessels. Boat house revenue is projected to stay at current levels.

43- John Wayne Marina moorage revenues will remain consistent as there will be a CPI increase for 2026, with a waitlist that remains backlogged. We are looking to increase fuel sales this coming year as we resolve some issues with the new pump installation.

61- Rental Properties are expected to decrease due to the replacement of structure leases with reduced-rate land leases. The land lease reduced rate will increase to the market value in 2027.

Expenses – 2026 Budget

11- Marine Terminal expenses for 2026 across many categories are forecast at or below budget. Notable exceptions would be security personnel pay rate increases, and 3 additional FT security positions. Also, IT improvements and subscriptions to meet new USCG cyber requirements.

15- Marine Trades Area expenses will include a little extra time from FM to address some Electrical and lighting. Overall, we anticipate routine maintenance without any significant changes this coming year.

21. Log Yard Expenses are expected to decrease due to staff changes and adjustments in management practices, including distributing log yard employee labor across other Port facilities as deemed appropriate. Cost of goods sold is expected to be lower than in 2025 due to banding sales/purchases dropping off at the end of the first quarter. Maintenance charge out and reimbursement is projected to stay the same.

31- Fairchild International Airport expenses are expected to be higher than 2025 expenses. The majority of this is due to higher non-maintenance charge-out & reimbursement for needed maintenance projects to be performed on airport facilities, hangars, and aprons throughout the year.

32- Sekiu Airport expenses are projected to be higher than the 2025 expenses. To prolong the life of the airport pavement and facilities, an increase in maintenance and materials is anticipated for upkeep projects to the runway, aprons, and hangars.

33- Airport Rental Property budgeted expenses are expected to increase due to rising costs and maintenance needed.

41- Port Angeles Boat Haven expenses are expected to increase in the marketing area. The regular maintenance routine for the docks and working gates, along with improvements, such as LED lighting upgrades, will all be within the budgeted numbers. We are also looking at some IT expenses related to security updates.

43- John Wayne Marina expenses will be slightly elevated. There will be some extra maintenance required in the early part of the year, including landscaping and continued fence staining and repairs.

61- Rental Properties are expected to increase due to maintenance and non-maintenance charge-out costs. Additionally, miscellaneous fees will be included this coming year as well for unforeseen expenses.

80- Administrative expenses will increase due to CPI increases and a projected rise in insurance costs.

81- Economic Development budgeted expenses are expected to increase due to community relations spending on new events such as the Marine Highway yearly event.

82- Information Technology (IT) expenses are expected to increase due to licensing, security upgrades, and the purchase of new computer hardware.

91. Mechanical Maintenance (MM) expenses are projected to remain about the same as in 2025, with non-maintenance charge-out and reimbursement projected to double, while supplies and outside services are expected to decrease.

92- Facilities Maintenance (FM) expenses are projected to be higher than in 2025 due to wage increases and projects to be carried out within the department, which will increase maintenance charge-out and reimbursement.

Port of Port Angeles
Summary by Department
2026 Budget

	2022 ACTUAL	2023 ACTUAL	2024 ACTUAL	2025 PROJECTED	2026 BUDGET	2026 Budget Over/(Under) 2025 Proj
<u>OPERATING REVENUES</u>						
11 MARINE TERMINAL	2,989,919	2,846,433	2,634,703	2,290,866	3,131,090	840,224
15 MARINE TRADES AREA	778,212	821,015	772,418	835,887	859,232	23,345
21 LOG YARD	1,068,956	1,135,513	1,184,428	977,865	1,009,026	31,161
31 FAIRCHILD INTL AIRPORT	433,868	479,705	471,260	509,624	521,858	12,234
32 SEKIU	15,782	17,609	17,584	17,763	18,732	969
33 AIRPORT RENTAL PROPERTIES	1,397,664	1,606,642	1,643,242	1,681,710	1,636,614	(45,096)
41 PORT ANGELES BOAT HAVEN	1,747,878	1,899,803	2,005,237	2,047,766	2,141,657	93,891
43 JOHN WAYNE MARINA	1,827,097	1,958,326	2,083,868	2,086,541	2,185,290	98,749
61 RENTAL PROPERTIES	145,935	200,305	220,599	220,222	175,084	(45,138)
TOTAL OPERATING REVENUES	10,405,311	10,965,351	11,033,339	10,668,243	11,678,583	1,010,339
<u>OPERATING EXPENSES</u>						
11 MARINE TERMINAL	960,049	1,083,930	1,534,132	1,445,438	1,579,594	134,156
15 MARINE TRADES AREA	366,465	406,469	333,139	368,890	430,287	61,397
21 LOG YARD	1,100,266	1,285,171	1,321,518	1,337,585	1,228,421	(109,164)
31 FAIRCHILD INTL AIRPORT	615,965	513,566	628,723	628,896	668,189	39,293
32 SEKIU	39,306	27,222	36,879	25,820	35,453	9,633
33 AIRPORT RENTAL PROPERTIES	417,499	641,728	518,119	535,540	667,843	132,303
41 PORT ANGELES BOAT HAVEN	929,786	999,922	863,478	872,876	968,058	95,182
43 JOHN WAYNE MARINA	1,007,213	971,564	1,111,273	1,140,429	1,172,846	32,417
61 RENTAL PROPERTIES	110,585	134,084	161,781	149,493	140,890	(8,603)
80 ADMINISTRATIVE	1,104,591	1,373,609	2,349,244	2,041,456	2,375,719	334,263
81 ECONOMIC DEVELOPMENT	400,705	335,219	348,341	421,851	446,552	24,701
82 IT				80,568	119,300	38,732
91 MECH SHOP	164,703	173,928	169,695	230,876	220,724	(10,152)
92 FACILITIES MAINTENANCE	316,266	246,008	302,370	428,684	585,691	157,007
TOTAL DIRECT EXPENSES	7,533,398	8,192,421	9,678,692	9,708,403	10,639,567	931,164
ALLOCATED EXPENSES	-	(0)	(0)	0	-	(0)
NET SURPLUS (DEFICIT) - Before Depreciation	2,871,913	2,772,930	1,354,647	959,841	1,039,016	79,175
ALLOCATED DEPRECIATION DEPRECIATION	-	0	0	(0)	(0)	-
	2,735,993	2,692,500	3,140,216	3,232,711	4,495,039	1,262,329
NET SURPLUS (DEFICIT) - After Depreciation	135,920	80,430	(1,785,569)	(2,272,870)	(3,456,024)	(1,183,154)
<u>NON-OP (GENERAL)</u>						
NON-OP REV (General)	308,731	1,308,753	1,330,849	1,026,357	1,006,000	(20,357)
NON-OP EXP (General)	2,759,303	(529,498)	(2,275,334)	255,191	71,339	(183,852)
NON-OP (General) SURPLUS (DEFICIT)	(2,450,573)	1,838,251	3,606,184	771,165	934,661	163,496
<u>NON-OP (CAPITAL)</u>						
NON-OP REV (Capital)	2,583,163	8,822,521	7,671,334	12,565,938	29,271,037	16,705,100
NON-OP EXP (Capital)	55,329	45,228	35,776	47,418	46,645	(773)
NON-OP (Capital) SURPLUS (DEFICIT)	2,527,834	8,777,293	7,635,558	12,518,520	29,224,392	16,705,873
NET NON-OP SURPLUS (DEFICIT)	77,261	10,615,544	11,241,742	13,289,685	30,159,053	16,869,368
TOTAL NET SURPLUS (DEFICIT)	213,181	10,695,974	9,456,173	11,016,815	26,703,030	15,686,215

Port of Port Angeles

Cash Flow Summary 2026 Budget

<u>BEGINNING CASH BALANCE</u>	21,611,269
<u>OPERATING REVENUES</u>	
11 MARINE TERMINAL	3,131,090
15 MARINE TRADES AREA	859,232
21 LOG YARD	1,009,026
31 FAIRCHILD INTL AIRPORT	521,858
32 SEKIU	18,732
33 AIRPORT RENTAL PROPERTIES	1,636,614
41 PORT ANGELES BOAT HAVEN	2,141,657
43 JOHN WAYNE MARINA	2,185,290
61 RENTAL PROPERTIES	175,084
TOTAL OPERATING REVENUES	11,678,583
<u>NON-OPERATING REVENUE</u>	
PROPERTY TAX RECEIPTS	1,828,896
OTHER TAX RECEIPTS	132,000
INTEREST EARNINGS	864,000
GRANTS - CAPITAL	27,442,141
GRANTS - OPERATING	
MISCELLANEOUS	10,000
GAIN (LOSS) & SPECIAL ITEMS	
TOTAL NON-OPERATING REVENUES	30,277,037
TOTAL REVENUES	41,955,620
<u>OPERATING EXPENSES</u>	
11 MARINE TERMINAL	1,579,594
15 MARINE TRADES AREA	430,287
21 LOG YARD	1,228,421
31 FAIRCHILD INTL AIRPORT	668,189
32 SEKIU	35,453
33 AIRPORT RENTAL PROPERTIES	667,843
41 PORT ANGELES BOAT HAVEN	968,058
43 JOHN WAYNE MARINA	1,172,846
61 RENTAL PROPERTIES	140,890
80 ADMINISTRATIVE	2,375,719
81 ECONOMIC DEVELOPMENT	446,552
82 IT	119,300
91 MECH SHOP	220,724
92 FACILITIES MAINTENANCE	585,691
TOTAL OPERATING EXPENSES	10,639,567
<u>NON-OPERATING EXPENSES</u>	
DEBT SERVICE (PRINCIPAL & INTEREST)	176,180
CAPITAL PROJECTS	36,142,141
ENVIRONMENTAL	55,739
MISCELLANEOUS	15,600
BOND COSTS & INTEREST EXPENSE	46,645
TOTAL NON-OPERATING EXPENSES	36,436,305
TOTAL EXPENSES	47,075,872
<u>ENDING CASH BALANCE</u>	16,491,017
CHANGE IN CASH POSITION	(5,120,252)

CAPITAL BUDGET

The 2026 Capital Budget includes a 1-year Capital Projects Budget, a 5-year Capital Improvement Plan, and a 20-year Capital Improvement Plan. The Capital Projects Budget is funded by grants, property tax surplus, operating surplus, and reserves. The surplus from property taxes is net of general tax levies in excess of debt service expenditures. Surplus from Port operations results from the cumulative excess of revenues over expenses. The Port will also issue debt to fund projects. Below is a breakdown of the sources of funding for this year's capital budget.

Property Tax Levy	\$ 1,883,631
Debt Service	\$ (176,180)
Misc. & Non-Op	\$ 808,261 (interest earning less environmental cleanup)
Net Operating Surplus	\$ 1,039,016
Capital Expenditures	\$(36,142,141)
Grant Reimbursement	\$ 27,442,141
Impact to Cash Reserves	\$ (5,145,272)

A. CAPITAL PROJECTS BUDGET

For a project to be included in the capital budget, the total project cost must exceed \$10,000, and the asset must have a minimum useful life of five (5) years. If it is a maintenance project, then the life of the asset must be extended by a minimum of five (5) years.

Capital projects are included in the budget according to a descending list of priorities. The four main priority categories for projects are:

1. **Regulatory Required Projects**: These projects are required by a regulatory agency. The Port must complete these projects to remain in compliance with established regulations.
2. **Committed Projects**: These projects are considered "committed" because of one or more of the following reasons:
 - a. Port agreed to complete the project within a lease or other agreement.
 - b. Port has accepted grant funding and committed the matching funds by resolution.
 - c. Contingency budget to accommodate unbudgeted projects is programmed as 10% of the Port's annual depreciation amount.
3. **Critical Maintenance Projects**: These projects are included in the capital budget to prevent further damage to a Port asset. Delaying these projects will result in more costly repairs.
4. **Strategic Investment Projects**: These projects will be prioritized based on a combination of the following factors: 1) Job Creation and Retention, 2) Return on Investment, 3) Environmental Benefit, and 4) Preventive Maintenance. Preventive maintenance projects are those that, if deferred until next year, will not result in further damage to the assets.

B. 5-YEAR CAPITAL IMPROVEMENT PLAN

The 5-Year Capital Improvement Plan (CIP) is a planning tool that identifies Capital Projects through the year 2030. The Port has established a target cash reserve balance of \$10 million. The current list of projects is expected to reduce the cash reserve balance below the target by the end of 2028 and become negative by the end of 2030, with no other revenue (Op and Non-Op) inflows. The Port will need to identify other sources of funding, which could include debt and/or grants, to complete this list of projects. Projects shown in future years do not commit the Port for funding. Each project will undergo a prioritization and a return on investment (ROI) analysis before being accepted into the current year's Capital Budget.

C. 20-YEAR CAPITAL IMPROVEMENT PLAN

This list represents significant capital investments that the Port is likely to make within the next six (6) to twenty (20) years (2031-2046). These projects are primarily infrastructure replacement projects and new development projects that represent high-priority strategic investments. This plan is designed to help balance current capital investments and debt with an understanding of future investment needs. Project estimates are escalated using an annual average inflation rate of 3.16% in accordance with the Washington State Department of Financial Management Cost Estimating Form C-100.

D. GRANTS

The Port has been awarded ten (10) separate state and federal grants and should likely receive determinations on two (2) more grants by the end of the first quarter of 2026. Each grant carries its own unique conditions and matching funds requirements. See the table below for details regarding the awarded and pending grants.

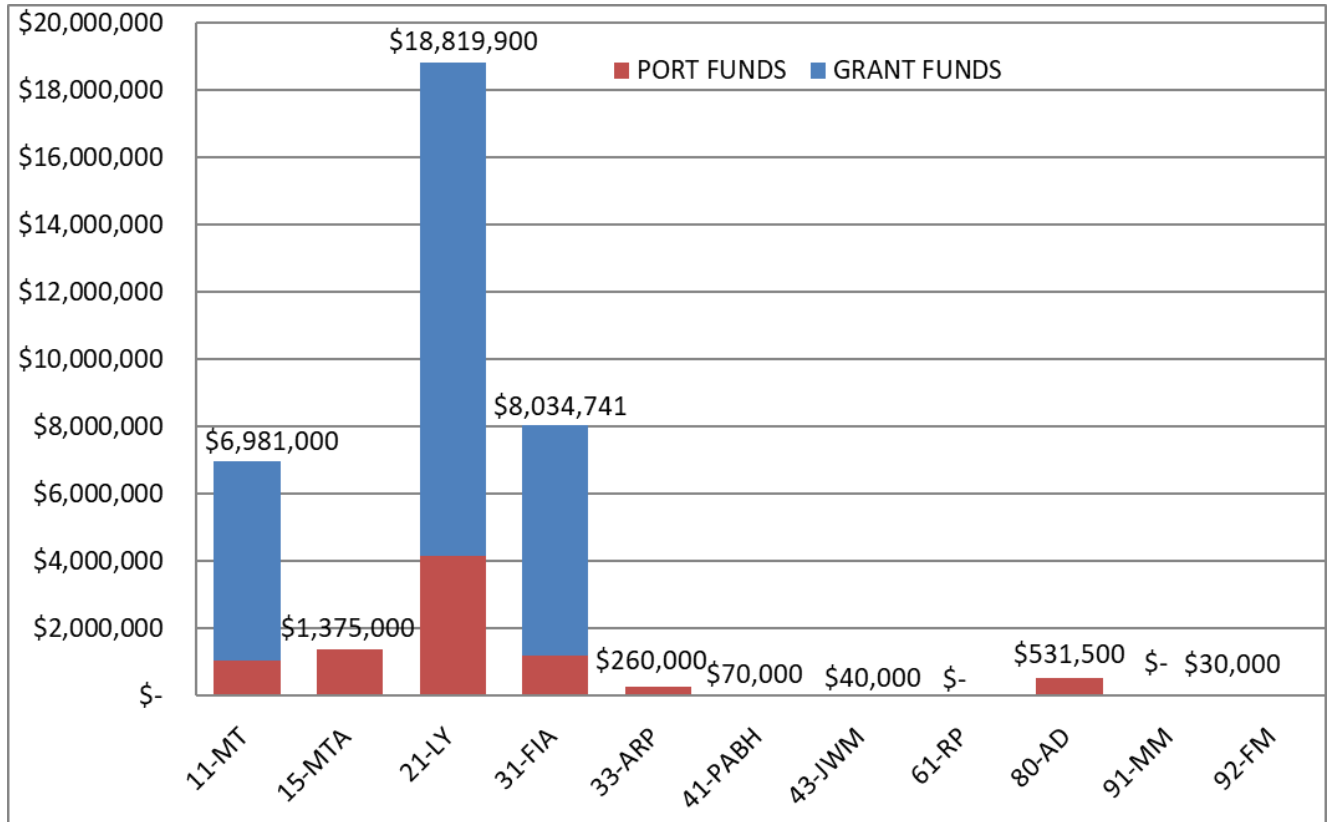
FEDERAL & STATE GRANTS AWARDED TO THE PORT OF PORT ANGELES

Grant Agency	Program	Project	Grant Funds	Match Funds
U.S. Environmental Protection Agency	Clean Ports Program	Shore Power Service Upgrades & Zero Emission Equipment	\$9,457,350	\$525,408
Washington State Department of Transportation	Port Electrification	Shore Power Service Upgrades & Zero Emission Equipment	\$ 525,408	
Federal Aviation Administration	Bipartisan Infrastructure Law	Hangar Development	\$1,200,000	\$1,800,000
Federal Aviation Administration	Airport Improvement Program	Taxiway 'A' Rehabilitation	\$6,079,748	\$160,000
Washington State Department of Transportation	Aviation	Taxiway 'A' Rehabilitation	\$160,000	
U.S. Dept of Transportation – Maritime Admin.	FY2022 Port Infrastructure Development Program	Intermodal Handling & Transfer Facility Site Improvements	\$8,608,000	\$1,297,000
Washington State Dept. of Ecology	Capital Budget Proviso	Intermodal Handling & Transfer Facility Site Improvements	\$855,000	
* Washington State Dept. of Ecology	Stormwater Facility Assistance Program	Intermodal Handling & Transfer Facility Stormwater Treatment	\$1,207,000	\$213,000
U.S. Dept of Transportation – Maritime Admin.	FY2024 Port Infrastructure Development Program	Cargo Handling Equipment	\$9,000,000	\$2,250,000
U.S. Dept. of Commerce – Economic Development Admin.	Recompete	Three (3) barges for Marine Transportation	\$6,000,000	
U.S. Dept. of Homeland Security	Port Security Grant Program	Security Operations Center	\$230,000	\$80,000
		TWIC Readers	\$ 23,500	\$ 8,000
		Safety Vessel	\$ 84,000	\$25,000
* U.S. Dept of Transportation – Maritime Admin.	FY2025 Port Infrastructure Development Program	Terminal 3 Cargo Efficiency Upgrades	\$11,249,995	\$2,990,505

Total = \$54,680,001 \$9,348,913

* = The Port has submitted a grant application, but the grant agency has not made a funding determination at the time the budget was adopted.

2026 CAPITAL EXPENDITURES BY DEPARTMENT



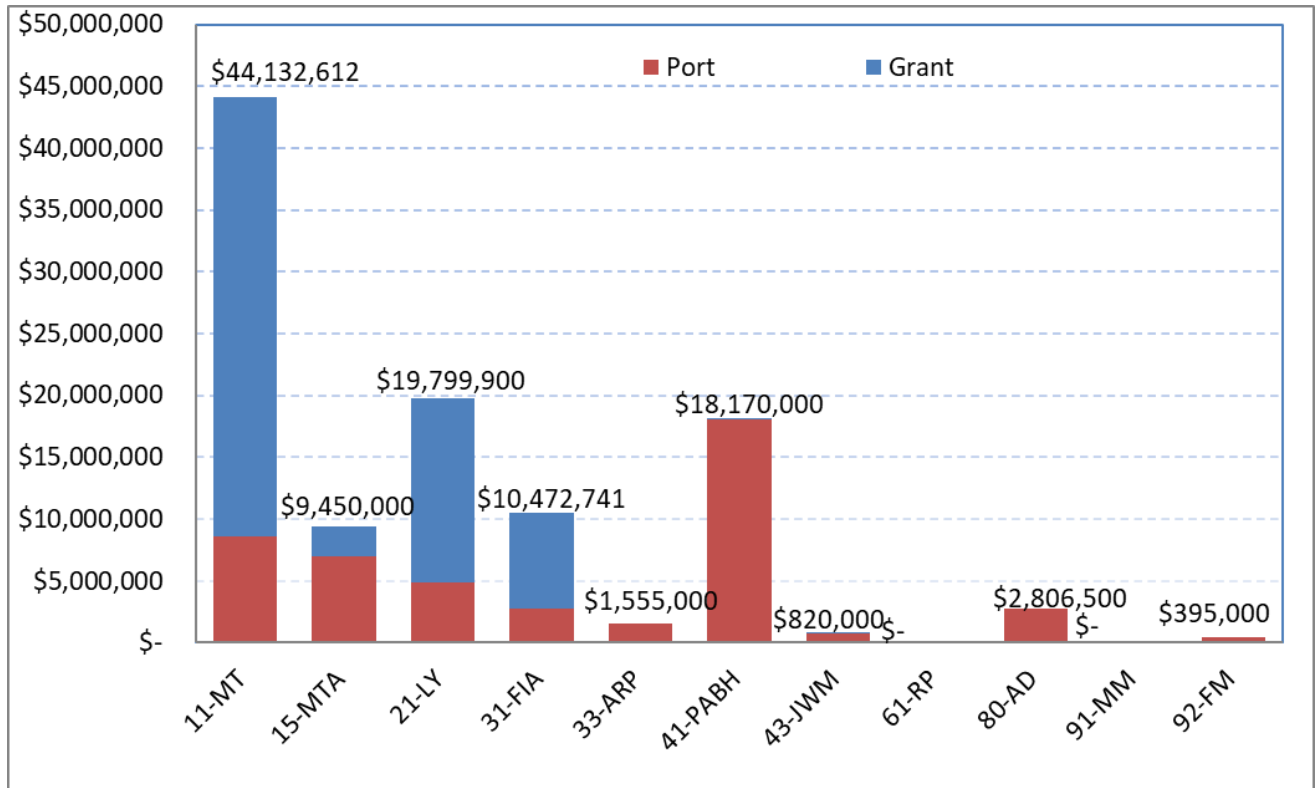
Dept.	2025 Port Projected	2025 Grant Projected	2025 Total Projected	2026 Port Budget	2026 Grant Budget	2026 Total Budget
11-MT	\$ 1,927,470	\$ 542,770	\$ 2,470,240	\$ 1,048,500	\$ 5,932,500	\$ 6,981,000
15-MTA	\$ 585,983	\$ 1,143,938	\$ 1,729,921	\$ 1,375,000	\$ -	\$ 1,375,000
21-LY	\$ 63,000	\$ 189,000	\$ 252,000	\$ 4,150,000	\$14,669,900	\$ 18,819,900
31-FIA	\$ 182,000	\$ 228,000	\$ 410,000	\$ 1,195,000	\$ 6,839,741	\$ 8,034,741
33-ARP	\$ 427,910	\$ 12,090	\$ 440,000	\$ 260,000	\$ -	\$ 260,000
41-PABH	\$ 50,000	\$ 75,000	\$ 125,000	\$ 70,000	\$ -	\$ 70,000
43-JWM	\$ 116,040	\$ 185,126	\$ 301,166	\$ 40,000	\$ -	\$ 40,000
61-RP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80-AD	\$ 188,910	\$ 12,090	\$ 201,000	\$ 531,500	\$ -	\$ 531,500
91-MM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92-FM	\$ 128,621	\$ -	\$ 128,621	\$ 30,000	\$ -	\$ 30,000
Total	\$ 3,669,934	\$ 2,388,014	\$ 6,057,948	\$ 8,700,000	\$27,442,141	\$ 36,142,141

2026 CAPITAL PROJECTS

#	Dept.	Project Description	Port Funds	Grant Funds	Total
1.01	21-LY	IHTF & Cofferdam Impts (G)	\$ 3,150,000	\$10,669,900	\$ 13,819,900
2.01	31-FIA	Taxiway "A" Rehab. (G)	\$ 250,000	\$6,239,741	\$ 6,489,741
2.02	11-MT	T1 Shore Power Upgrades (G) (P)	\$ 10,500	\$95,000	\$ 105,500
2.03	31-FIA	FIA Hangar Building (G)	\$ 900,000	\$600,000	\$ 1,500,000
2.04	11-MT	Barge Purchase (G)	\$ -	\$2,000,000	\$ 2,000,000
2.05	11-MT	Security Operations Center (G)	\$ 80,000	\$230,000	\$ 310,000
2.06	21-LY	Log Stacker x 2 (G)	\$ 1,000,000	\$4,000,000	\$ 5,000,000
2.07	11-MT	Conveyor Equipment (G)	\$ 500,000	\$3,500,000	\$ 4,000,000
2.08	11-MT	Mobile TWIC Readers (G)	\$ 8,000	\$23,500	\$ 31,500
2.09	11-MT	Safety Vessel (G)	\$ 25,000	\$84,000	\$ 109,000
2.10	80-AD	Capital Budget Contingency	\$ 449,500		\$ 449,500
3.01	11-MT	T1 Fire Sprinkler Zone 2 Replace	\$ 170,000		\$ 170,000
3.02	31-FIA	Terminal Fire Alarm System	\$ 25,000		\$ 25,000
3.03	11-MT	T1 Warehouse Repairs	\$ 150,000		\$ 150,000
3.04	33-ARP	MTIB Roof Coating	\$ 200,000		\$ 200,000
4.01	15-MTA	Marine Trades Multi-User Bldg. (P)	\$ 290,000		\$ 290,000
4.02	15-MTA	B.Y. Building Siding Repairs (SP)	\$ 55,000		\$ 55,000
4.03	92-FM	Crack Seal Equipment	\$ 30,000		\$ 30,000
4.04	15-MTA	B.Y. Wash Pad Replace (SP)	\$ 30,000		\$ 30,000
4.05	15-MTA	MTC Site Development	\$ 1,000,000		\$ 1,000,000
4.06	11-MT	Boom Lift	\$ 55,000		\$ 55,000
4.07	43-JWM	Hendrickson Room Renovation (SP)	\$ 40,000		\$ 40,000
4.08	80-AD	Security & Access Control	\$ 62,000		\$ 62,000
4.09	11-MT	Security Patrol Vehicle	\$ 50,000		\$ 50,000
4.10	41-PABH	Center Parking Improvements (SP)	\$ 70,000		\$ 70,000
4.11	33-ARP	18th St. Fence Extension (SP)	\$ 60,000		\$ 60,000
4.12	31-FIA	Conduit for fiber (SP)	\$ 20,000		\$ 20,000
4.13	80-AD	Admin Restroom Remodel (SP)	\$ 20,000		\$ 20,000
					\$ -
TOTALS =			\$8,700,000	\$27,442,141	\$36,142,141

#:	Priority Ranking. The first number is the project category (see description on Page V-1), and the second number is its priority number within that category.
G:	Grant funds have been awarded.
G*:	Grant funds have not yet been awarded.
P:	Planning work, including engineering, design, permitting, and bid document preparation, etc.
IHTF:	Intermodal Handling and Transfer Facility.
SP:	Self-Perform. These projects will be completed with Port labor.

2026 – 2030 CAPITAL IMPROVEMENT PLAN BY DEPARTMENT



Dept.	Port	Grant	Total
11-MT	\$ 8,643,581	\$ 35,489,031	\$ 44,132,612
15-MTA	\$ 6,950,000	\$ 2,500,000	\$ 9,450,000
21-LY	\$ 4,830,000	\$ 14,969,900	\$ 19,799,900
31-FIA	\$ 2,722,000	\$ 7,750,741	\$ 10,472,741
33-ARP	\$ 1,555,000	\$ -	\$ 1,555,000
41-PABH	\$ 18,095,000	\$ 75,000	\$ 18,170,000
43-JWM	\$ 740,000	\$ 80,000	\$ 820,000
61-RP	\$ -	\$ -	\$ -
80-AD	\$ 2,806,500	\$ -	\$ 2,806,500
91-MM	\$ -	\$ -	\$ -
92-FM	\$ 395,000	\$ -	\$ 395,000
TOTAL =	\$ 46,737,081	\$ 60,864,672	\$ 107,601,753

2026 – 2030 CAPITAL IMPROVEMENT PLAN

Dept.	Project Description	2026	2027	2028	2029	2030
11-MT	T1 Shorepower Improvement (G)	\$ 10,500	\$ 260,000			
11-MT	Reach Stacker Cargo Equip (G)		\$ 116,379			
11-MT	10-Ton Electric Forklift (G)		\$ 19,271			
11-MT	5-Ton Electric Forklift (G)		\$ 4,431			
11-MT	Cable Management Equip (G)		\$ 25,000			
11-MT	Conveyor Equipment (G)	\$ 500,000				
11-MT	Material Handlers x 2 (G)		\$ 850,000			
11-MT	Barges (G)					
11-MT	Boom Lift	\$ 55,000				
11-MT	Security Patrol Vehicle	\$ 50,000				
11-MT	Security Operations Center (G)	\$ 80,000				
11-MT	Safety Vessel (G)	\$ 25,000				
11-MT	Mobile TWIC Readers (G)	\$ 8,000				
11-MT	T1 Asphalt Patching			\$ 150,000		
11-MT	Access Control Upgrades (G)			\$ 25,000		
11-MT	T1 Warehouse Repairs	\$ 150,000				
11-MT	T1 Zone 2 Fire Sprinkler Replace	\$ 170,000				
11-MT	T1 Zone 3 Fire Sprinkler Replace		\$ 160,000			
11-MT	T1 Zone 4 Fire Sprinkler Replace			\$ 165,000		
11-MT	T1 Zone 5 Fire Sprinkler Replace				\$ 170,000	
11-MT	Tumwater Bank Stabilization (G)			\$ 37,500		\$ 362,500
11-MT	Terminal 3 Expansion (G)		\$ 750,000	\$ 2,500,000	\$ 2,000,000	
15-MTA	Industrial Prop. Acquisition		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
15-MTA	MTC Site Development	\$ 1,000,000				
15-MTA	70 MT Travelift Repairs		\$ 50,000			
15-MTA	75 MT Travelift Purchase					\$ 1,500,000
15-MTA	Multi-User Bldg. (G)	\$ 290,000	\$ 2,500,000			
15-MTA	B.Y. Wash Pad Replace	\$ 30,000				
15-MTA	B.Y. Building Roof Replace			\$ 225,000		
15-MTA	B.Y. Building Siding Repairs	\$ 55,000				
15-MTA	S.W. Conveyance Impts.		\$ 300,000			
21-LY	IHTF & Cofferdam Impts (G)	\$ 3,150,000				
21-LY	Sweeper Truck (G)				\$ 100,000	
21-LY	Log Stacker x 2 (G)	\$ 1,000,000				
21-LY	Boom Boat Repairs			\$ 30,000		
21-LY	Hydraulic Loader Replace					\$ 550,000
31-FIA	Terminal Fire Alarm System	\$ 25,000				
31-FIA	Asphalt Surface Repairs				\$ 100,000	
31-FIA	Transient Area Asphalt Repair		\$ 500,000			
31-FIA	Conduit for fiber	\$ 20,000				
31-FIA	FIA Ductless HP		\$ 10,000			







2026 – 2030 CAPITAL IMPROVEMENT PLAN

Dept.	Project Description	2026	2027	2028	2029	2030
31-FIA	FIA Hangar Building (G)	\$ 900,000	\$ 900,000			
31-FIA	Taxiway "A" Rehab. (G)	\$ 250,000				
31-FIA	Runway Obst. Removal (G)				\$ 17,000	
33-ARP	18th St. Fence Extension	\$ 60,000				
33-ARP	MTIB Roof Coating	\$ 200,000				
33-ARP	1020 Bldg. Roof Coating		\$ 300,000			
33-ARP	1030 Bldg. Roof Coating			\$ 315,000		
33-ARP	1040 Bldg. Roof Coating				\$ 330,000	
33-ARP	1010 Bldg. Roof Coating					\$ 350,000
41-PABH	Boat Launch Restroom (G)			\$ 25,000		
41-PABH	Center Parking Improvements	\$ 70,000				
41-PABH	RV Campground		\$ 200,000			
41-PABH	W. PABH Design (P)		\$ 250,000	\$ 150,000	\$ 400,000	
41-PABH	W. PABH Float & Breakwater Replace				\$ 8,000,000	\$ 9,000,000
43-JWM	Fiber to Gates		\$ 20,000			
43-JWM	Parking lot Rehabilitation					\$ 600,000
43-JWM	Beach Access Improvement		\$ 80,000			
43-JWM	Hendrickson Room Renovation	\$ 40,000				
80-AD	Capital Budget Contingency	\$ 449,500	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
80-AD	Admin Restroom Remodel	\$ 20,000				
80-AD	Security & Access Control	\$ 62,000				
80-AD	Admin Bldg Façade Impts		\$ 275,000			
92-FM	Front End Loader			\$ 150,000		
92-FM	Dump Truck Replacement				\$ 75,000	
92-FM	Seal Coat Equipment		\$ 40,000			
92-FM	Crack Seal Equipment	\$ 30,000				
92-FM	Bulldozer			\$ 100,000		
	Total not including grant funds	\$ 8,950,000	\$ 8,360,081	\$ 4,622,500	\$ 11,942,000	\$ 13,112,500
	Grant Funds	\$ 27,442,141	\$ 16,611,531	\$ 8,662,500	\$ 5,611,000	\$ 2,537,500
	TOTAL (including grant funds)	\$ 36,392,141	\$ 24,971,612	\$ 13,285,000	\$ 17,553,000	\$ 15,650,000
	** PORT ESTIMATED CASH RESERVE BALANCE	\$ 18,179,329	\$ 14,548,331	\$ 13,856,289	\$ 21,821,672	\$ 13,602,668
						\$ 46,987,081
					5 YEAR TOTAL = (including grant funds)	\$ 107,851,753
**	Assumptions include:					
	State Treasury Local Loans for all Port costs for equipment & vehicles					
	LTGO Bond for the PABH Float & Breakwater Replacement of \$17,000,000					

2026 – 2030 CAPITAL IMPROVEMENT PLAN

	Site	2026	2027	2028	2029	2030
	Cleanup Expenditures for Active Cleanup Sites 2026 - 2030					
90-NO	KPLY Monitoring (Total)	\$ 81,000	\$ 65,000	\$ 70,000	\$ 70,000	\$ 70,000
	KPLY Monitoring (Port)	\$ -	\$ -	\$ -	\$ -	\$ -
90-NO	MTA (Total)	\$ 171,000	\$ 2,000,000	\$ 115,000	\$ 115,000	\$ 115,000
	MTA (Port)	\$ -	\$ -	\$ -	\$ -	\$ -
90-NO	Fmr Shell Oil Bulk Plant - 220 Tumwater Truck Rt (Total)	\$ 2,800,000	\$ 200,000	\$ 70,000	\$ -	\$ -
	Fmr Shell Oil Bulk Plant - 220 Tumwater Truck Rt (Port)	\$ 15,000	\$ -	\$ -	\$ -	\$ -
90-NO	Fmr Pettit Oil - 220 Tumwater Truck Rt (Total)	\$ 1,300,000	\$ 70,000	\$ 70,000	\$ -	\$ -
	Fmr Pettit Oil - 220 Tumwater Truck Rt (Port)	\$ 15,000	\$ -	\$ -	\$ -	\$ -
90-NO	T5, T6, T7 Upland (Total)	\$ 335,000	\$ 500,000	\$ 1,500,000	\$ 3,500,000	\$ 500,000
	T5, T6, T7 Upland (Port)	\$ -	\$ -	\$ -	\$ -	\$ -
90-NO	Harbor (Total)	\$ 2,375,000	\$ 2,450,000	\$ 1,300,000	\$ 10,000,000	\$ 20,000,000
	Harbor (Port)	\$ -	\$ -	\$ -	\$ -	\$ -
	5 Year Total =	\$ 49,842,000				
	** 5 Year Port Total =	\$ 30,000				
** Estimated Port funds after reimbursements received from other Potential Liable Parties and Insurance Carriers.						

2031 – 2046 CAPITAL IMPROVEMENT PLAN

DEPT 	Project Description 	2025 \$ 	Project Year 	Project Year \$ 	Purpose 
21-LY	Equip. Replace 1	\$ 1,700,000	2030	\$ 1,986,120	Maint/New
33-ARP	Site Preparation for Building	\$ 1,850,000	2030	\$ 2,161,366	Jobs / ROI
33-ARP	Industrial Bldg. (25,000 s.f.)	\$ 9,100,000	2031	\$ 10,967,544	Jobs / ROI
91-MM	Mech. Shop Maint. / Impts	\$ 135,000	2031	\$ 162,705	Maint.
15-MTA	Marine Dr. Intersection	\$ 1,600,000	2032	\$ 1,989,296	Maint.
15-MTA	MTC Industrial Building	\$ 20,000,000	2032	\$ 24,866,195	Jobs / ROI
15-MTA	MTC Boat Lift Pier	\$ 8,525,000	2032	\$ 10,599,215	Jobs
21-LY	Equip. Replace 2	\$ 550,000	2032	\$ 683,820	Maint.
92-FM	Equip. / Vehicle Replace 2	\$ 135,000	2033	\$ 173,151	Maint.
43-JWM	Admin. Building Maint.	\$ 375,000	2033	\$ 480,974	Maint.
11-MT	Terminal 1/3 Repairs	\$ 5,500,000	2034	\$ 7,277,206	Maint.
43-JWM	Float / Pile Replacement	\$ 17,050,000	2035	\$ 23,272,215	Maint/New
43-JWM	Connect to Sequim Sewer	\$ 910,000	2036	\$ 1,281,345	Maint/New
11-MT	Terminal 4 Rehabilitation	\$ 1,200,000	2037	\$ 1,743,080	Maint
15-MTA	MTC Industrial Building	\$ 20,000,000	2038	\$ 29,969,350	Jobs / ROI
43-JWM	Electrical & Lighting Replace	\$ 1,500,000	2040	\$ 2,392,000	Maint.
43-JWM	Shoreline & Breakwater	\$ 1,350,000	2041	\$ 2,220,829	Maint.
21-LY	General Equip. Replace 3	\$ 1,600,000	2042	\$ 2,715,268	Maint.
92-FM	Equip. / Vehicle Replace 3	\$ 250,000	2043	\$ 437,667	Maint.
41-PABH	E. PABH Jetty Stabilization	\$ 2,600,000	2045	\$ 4,843,954	Maint.
31-FIA	New Terminal Building	\$ 3,250,000	2046	\$ 6,246,279	Jobs / ROI
TOTAL =		\$ 99,180,000		\$ 136,469,581	

PROPERTY TAX LEVY

YOUR TAX LEVY AT WORK

The Port of Port Angeles uses your property tax dollars for public community investments, not for day-to-day Port operations. Public investments support jobs, trade, commerce, and recreation in our community. Property tax dollars are used for:

- debt service used to fund infrastructure investments
- direct funding of capital improvements
- environmental restoration of legacy sites
- property acquisition
- economic development initiatives

For 2026, there will be a 1.0% increase to the Port tax levy as directed by the Commission. The dollar increase in the Port's tax revenue (reflected below) is a result of the elected tax levy and the values of new construction properties, as reported by the Clallam County Assessor. The estimated 2026 Port tax levy rate is \$ 0.1069 per \$1,000.

TAX LEVY IMPACT ON HOMEOWNER

(for example purposes only, does not include all calculation factors)

A residential property owner with a median home value of \$415,000 is currently paying approximately \$45.20 per year in Port taxes, based on a rate of \$0.10892 per \$1,000. Port taxes as a percent of total property taxes vary per taxing district. *Note: estimated numbers only.*

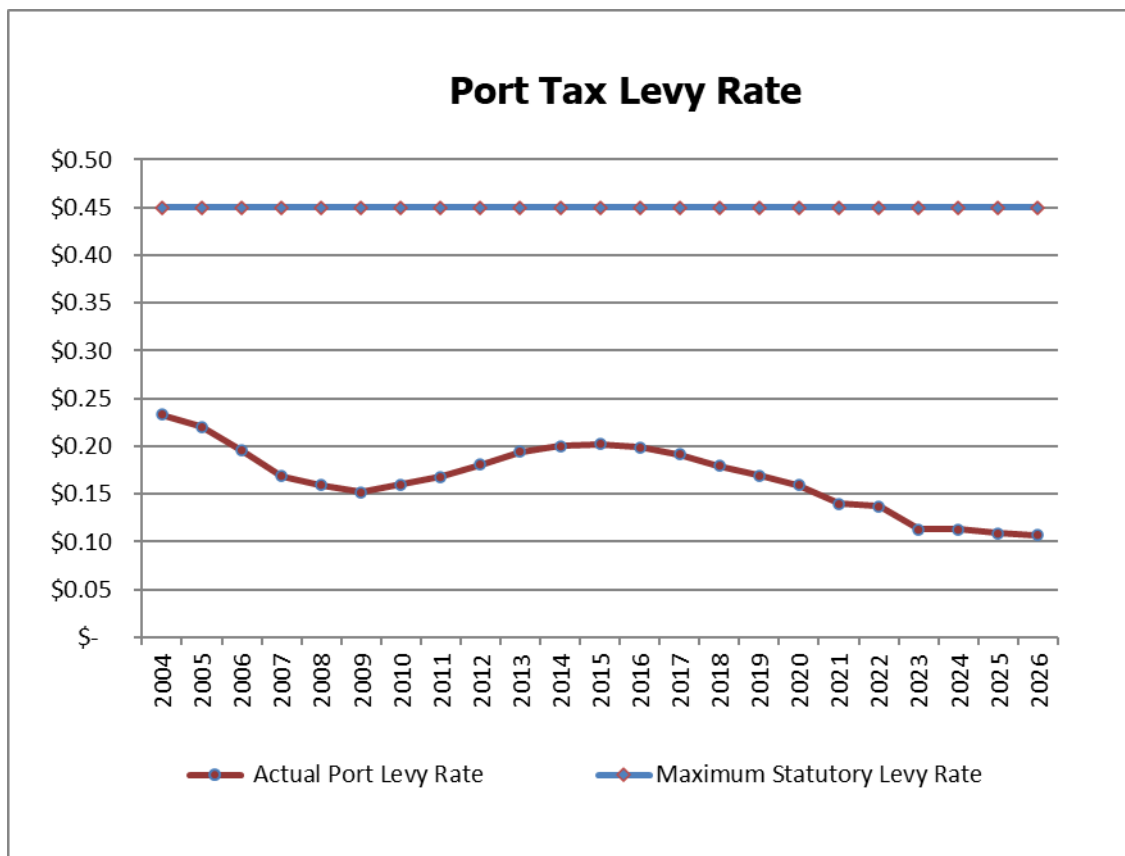
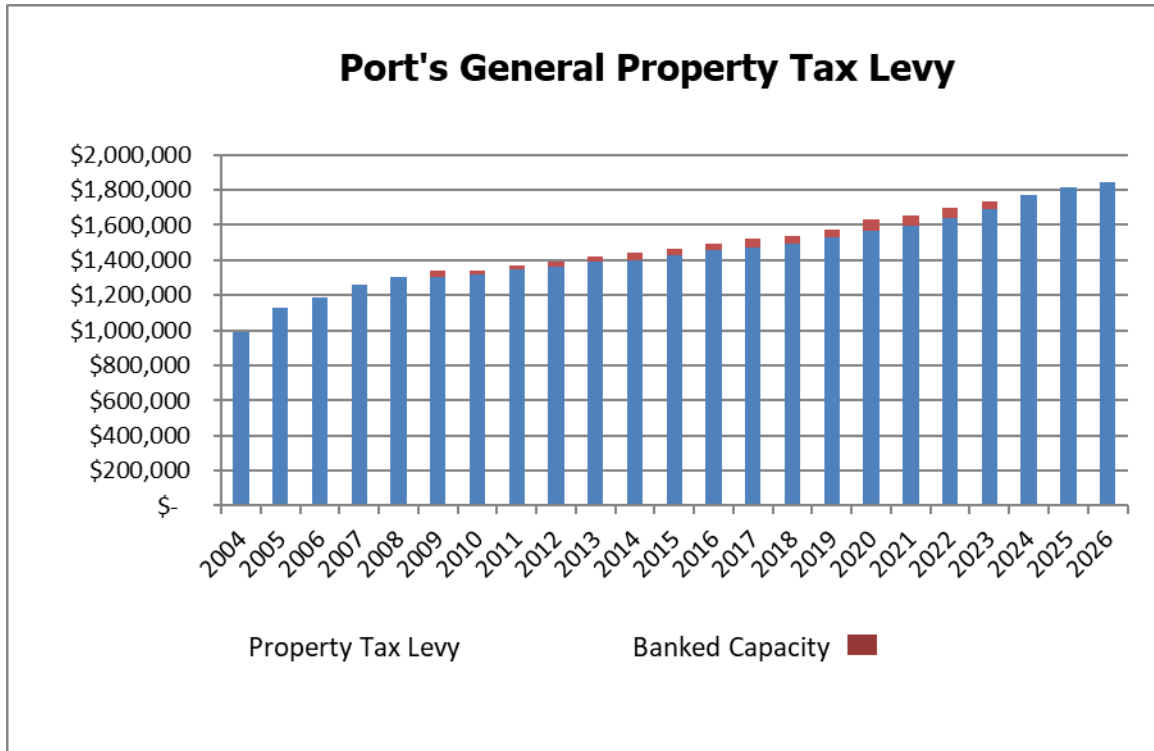
Year	City of Port Angeles Median Home Value	Total Annual Tax Bill	Port Share of Tax	Port %	Port Levy Rate
2025	\$ 415,000	\$ 3,693.50	\$ 45.20	1.22%	\$ 0.10892
2026	\$ 415,000	TBD	\$ 44.35	1.20%	\$ 0.10687
2025	Total Property Tax	\$ 1,810,790			
2026	1% increase	\$ 18,108			
2026	Banked Capacity	\$ -			
2026	New Construction	\$ 14,734			
2026	Refunds	\$ 40,000			
2026	State Adjustments	\$ -			
2026	Total Property Tax	\$ 1,883,631			
2026	Net Increase	\$ 72,842			

TAX LEVY USES

Debt Service Payments (principal & interest)	\$ 176,180	9%
Capital Improvement Fund - Construction	\$ 1,707,451	91%
Total Port Property Tax Levy	<u>\$ 1,883,631</u>	100%

History of Property Tax Increases & Banked Tax Balances

If the district levies less than it could have (not levying the maximum 1% increase), the difference is considered “banked.” The **Port’s banked capacity, as of 2026, will be \$0** after utilizing amounts banked in prior years.



ASSESSED VALUATION & PROPERTY TAX LEVY

The prior year's assessed valuation is used for the current year's tax levy.

Clallam County Prior Year Assessed Valuation		Port of Port Angeles General Tax Levy		Levy Rate
2005	\$ 6,053,545,616	2006	\$ 1,184,195	0.19562
2006	\$ 7,477,997,284	2007	\$ 1,258,397	0.16828
2007	\$ 8,196,577,906	2008	\$ 1,304,813	0.15919
2008	\$ 8,587,834,547	2009	\$ 1,305,694	0.15204
2009	\$ 8,243,327,771	2010	\$ 1,318,250	0.159917235
2010	\$ 8,031,011,937	2011	\$ 1,347,598	0.167799335
2011	\$ 7,524,783,407	2012	\$ 1,359,948	0.180729167
2012	\$ 7,173,041,376	2013	\$ 1,391,568	0.193999656
2013	\$ 7,002,941,388	2014	\$ 1,400,756	0.200023942
2014	\$ 7,054,903,078	2015	\$ 1,427,094	0.202283927
2015	\$ 7,318,181,962	2016	\$ 1,453,778	0.1986528659
2016	\$ 7,697,314,552	2017	\$ 1,470,970	0.1911016732
2017	\$ 8,321,650,465	2018	\$ 1,490,112	0.1790644748
2018	\$ 9,041,260,634	2019	\$ 1,530,215	0.1692480011
2019	\$ 9,863,835,562	2020	\$ 1,569,883	0.1591600000
2020	\$11,471,631,886	2021	\$ 1,599,023	0.1393893401
2021	\$12,906,254,568	2022	\$ 1,638,718	0.1269708343
2022	\$14,967,504,004	2023	\$ 1,688,363	0.11280
2023	\$16,054,804,180	2024	\$ 1,771,313	0.1105115197
2024	\$16,625,611,367	2025	\$ 1,810,790	0.10892
2025	\$17,251,794,175	2026	\$ 1,883,631	0.10687

The levy rate fluctuates with changes in assessed valuations.

Tax Levy Sources

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on the property value listed as of the prior year. The county Assessor establishes the assessed values at 100% of fair market value. A revaluation of all property is required every six years.

The Port is permitted by law to levy up to 45 cents per \$1,000 of the assessed valuation for general port purposes. The levy may exceed the 45-cent limit to provide for General Obligation (G.O.) bond debt service. The rate may be reduced for either of the following reasons:

- Passage of Initiative 747 in November 2001 limits the growth to 1% per year, plus adjustments for new construction.
- If the assessed valuation increases due to revaluation, the levy rate will be decreased, and vice versa.

Over the period 2005 to 2026, the Port general levy rate has ranged from 10-20¢ per \$1,000. The Property Tax Levy Rate graph shows the maximum levy permitted by law compared to the actual general levy of the Port from 2005 to 2026, estimated.

Each year, by law, the Port is allowed to increase its tax levy by a maximum of 1% plus any remaining banked capacity without voter pre-approval. The option of a 1% increase is affected by the Implicit Price Deflator (IPD). An IPD of less than 1% limits the maximum tax increase to the IPD percentage. In this situation, the Port Commission can only elect an increase above the IPD (up to 1%) by passing a resolution finding the substantial need for the maximum 1% increase. For 2026, the IPD is greater than 1%. The Port Property Tax Levy will be increased by 1%.

Special Tax Levies

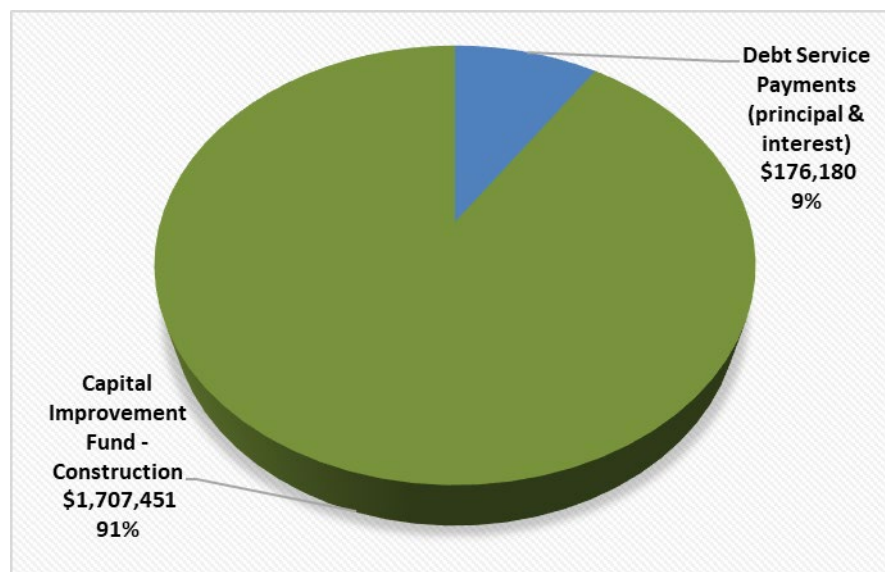
Special levies approved by the voters are not subject to the above limitations. The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters within the Port District, not to exceed \$0.45 per \$1,000 of assessed value of taxable property within the Port District. The Port District has never levied this tax.

Industrial Development District (IDD) Tax Levies

Port districts may annually levy for Industrial Development District (IDD) purposes when they have adopted a comprehensive scheme of harbor improvements and industrial development. For IDD purposes, levies are treated as though they are separate regular property tax levies made by or for a separate taxing district. The Port may impose up to three periods of multiyear IDD levies. The multiyear levy periods do not have to be continuous, but they may not overlap. Except as otherwise provided, a multiyear levy period may not exceed twenty years from the date the first levy is made in the period. No levy in any period may exceed forty-five cents per thousand dollars of the assessed value of the Port district. The Port has only utilized one of the three available multiyear IDD levy periods, which occurred from 1986-1992. The Port does not intend to employ this type of levy at this time.

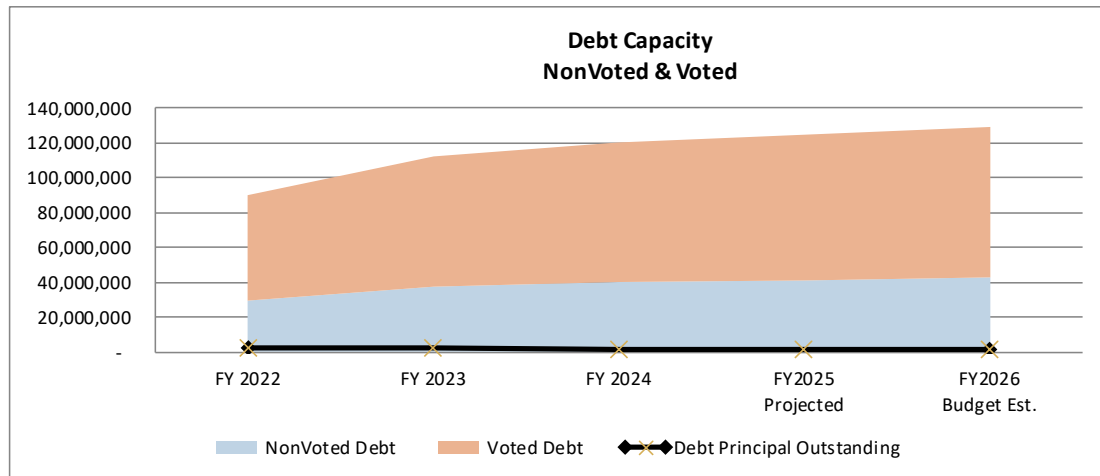
Tax Levy Uses

The general tax levy will be used for debt service on general obligation bonds and low-interest loans, which relates to prior years' capital construction for capital projects, the capital improvement fund, and the community partner program. By law, the property tax levy could also be used for Port operating expenditures. However, the Port Commission has limited the use of tax levy revenues to capital projects and non-operating uses, such as legacy environmental projects.



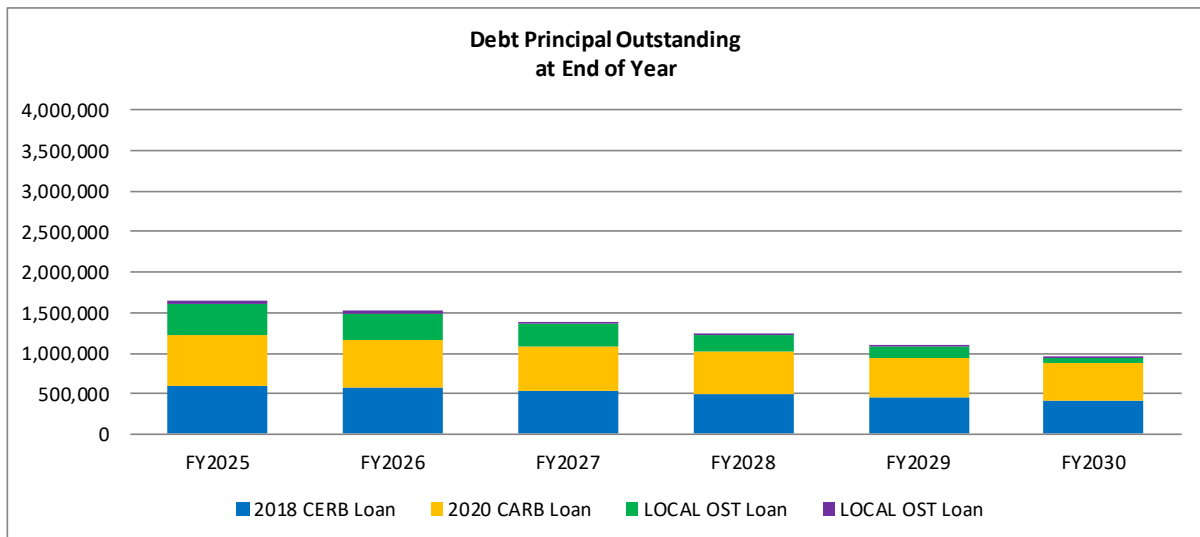
DEBT SERVICE AND BOND FUNDS

Debt Capacity



	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY2025 Projected</u>	<u>FY2026 Budget Est.</u>
Prior Year Assessed Value (AV)	\$ 11,968,220,628	\$ 14,975,332,854	\$ 16,054,804,180	16,625,611,367	17,251,794,715
Debt Capacity					
NonVoted Debt	29,920,552	37,438,332	40,137,010	41,564,028	43,129,487
Voted Debt	59,841,103	74,876,664	80,274,021	83,128,057	86,258,974
Total Debt Capacity	89,761,655	112,314,996	120,411,031	124,692,085	129,388,460
<i>Statutory Debt Limit: NonVoted debt cannot exceed .25% of AV; combined Non-Voted & Voted debt cannot exceed .75% of AV</i>					
Debt Principal Outstanding	2,475,612	2,068,686	1,652,716	1,658,816	1,528,580
NonVoted Debt Availability	27,444,939	35,369,646	38,484,295	39,905,212	41,600,907
Debt as of % of AV	0.02%	0.01%	0.01%	0.01%	0.01%
Property Taxes	1,640,301	1,688,363	1,774,241	1,810,790	1,828,898
Debt Payments (Prin + Int)	458,934	459,484	459,396	531,562	176,180
Small Communities Program	70,000	25,000	25,000	25,000	25,000
Property Taxes Available	1,111,367	1,203,879	1,289,845	1,254,228	1,627,718
Property Taxes Available for New Debt					\$ 1,627,718
Potential New Debt	# Yrs				
based on "A" Rated Municipal Bond Interest Rates	10				\$ 12,870,000
	20				\$ 20,680,000
	30				\$ 25,220,000

Long-Term Debt



Debt Outstanding (at end of year)

		<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
<u>Bond/Loan Name</u>	<u>Project Name</u>						
2018 CERB Loan	MTA Washdown Facility	605,359	570,354	534,649	498,230	461,082	423,191
2020 CARB Loan	FIA Utility Extension	622,773	589,357	555,273	520,508	485,047	448,877
LOCAL OST Loan	Log Loader	381,035	325,197	266,495	204,783	139,906	71,702
LOCAL OST Loan	Lightning	49,648	43,672	37,251	30,510	23,431	15,998
Total Principal Outstanding		1,658,816	1,528,580	1,393,668	1,254,030	1,109,465	959,768
Decrease/(Increase) in Principal		(6,100)	130,236	134,912	139,638	144,564	149,697

<u>Bond/Loan Name</u>	<u>Project Name</u>	<u>Maturity</u>
2018 CERB Loan	MTA Washdown Facility	Jan 31, 2040
2020 CARB Loan	FIA Utility Extension	Jan 1, 2041
LOCAL OST Loan	Log Loader	Dec 1, 2031
LOCAL OST Loan	Lightning	Jun 1, 2026

Long-Term Debt Service Schedule

DEBT PRINCIPAL PAYMENTS									
		Fiscal Years (FY)							
		2025 thru 2041							
Bond/Loan Name	Project Name	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031 +	Remaining Principal
2015 Ref LTGO	Refunded 2006 PABH	357,505	-	-	-	-	-	-	357,505
2018 CERB Loan	MTA Washdown Facility	34,319	35,005	35,705	36,419	37,148	37,891	423,191	639,678
2020 CARB Loan	FIA Utility Extension	32,760	33,416	34,084	34,765	35,461	36,170	448,706	655,362
LOCAL OST Loan	Log Loader	53,115	55,838	58,702	61,712	64,877	68,204	71,702	434,150
LOCAL OST Loan	Lightning	-	5,977	6,420	6,742	7,079	7,433	15,998	49,648
TOTAL	Debt Principal Outstanding	477,698	130,236	134,912	139,638	144,564	149,697	959,597	2,136,343
DEBT INTEREST PAYMENTS									
		Fiscal Years (FY)							
		2025 thru 2041							
Bond/Loan Name	Project Name	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031 +	Remaining Interest
2015 Ref LTGO	Refunded 2006 PABH	8,187	-	-	-	-	-	-	8,187
2018 CERB Loan	MTA Washdown Facility	12,794	12,107	11,407	10,693	9,965	9,222	47,933	114,120
2020 CARB Loan	FIA Utility Extension	13,107	12,452	11,784	11,102	10,407	9,698	55,598	124,148
LOCAL OST Loan	Log Loader	18,391	19,052	16,260	13,325	10,239	6,995	3,585	87,847
LOCAL OST Loan	Lightning	1,386	2,333	2,023	1,694	1,349	986	810	10,580
TOTAL	Interest	53,865	45,944	41,474	36,814	31,959	26,901	107,926	344,882
¹ Interest only until 2029; Federal subsidy reduces interest									
² Interest only until 2017									
* Interest rate is net of Federal subsidy (7.5% stated rate with 45% subsidy = 4.125% effective rate). Interest payment is amount before subsidy									
DEBT SERVICE PAYMENTS (PRIN + INT)									
		Fiscal Years (FY)							
		2025 thru 2041							
Bond/Loan Name	Project Name	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031 +	Remaining Payments
2015 Ref LTGO	Refunded 2006 PABH	365,691	-	-	-	-	-	-	365,691
2018 CERB Loan	MTA Washdown Facility	47,112	47,112	47,112	47,112	47,112	47,112	471,124	753,798
2020 CARB Loan	FIA Utility Extension	45,867	45,868	45,868	45,867	45,868	45,868	504,304	779,510
LOCAL OST Loan	Log Loader	71,506	74,890	74,962	75,037	75,116	75,199	75,287	521,997
LOCAL OST Loan	Lightning	1,386	8,310	8,444	8,436	8,427	8,418	16,808	60,228
TOTAL	Debt Payments (Prin + Int)	531,562	176,180	176,386	176,452	176,524	176,598	1,067,523	2,481,225

**COMMUNITY SUPPORT
2026 Budget**

RECIPIENT	2026 CONTRIBUTION	REMARKS	In Kind	Cash
Clallam County EDC	\$ 50,000	Cash: Operating Costs		\$ 50,000
Center for Inclusive Entrepreneurship	\$ 5,976	In-Kind: Office Space & Utilities Annual Rent	\$ 5,976	
Olympic R-C Modelers	\$ 5,046	In Kind: Lower than market rent \$.10/SF vs .0139/SF	\$ 5,046	
First Step Family Support Center	\$ 405	Community Service Support: \$.02/SF and waiving CPI	\$ 405	
WA Small Business Development Co.	\$ 4,665	In-Kind: Office Space Rent	\$ 4,665	
Port Angeles Yacht Club	\$ 4,619	50% Ground Lease rate (written directly in lease)	\$ 2,895	
		50% moorage on a 30' slip	\$ 1,724	
Sequim Bay Yacht Club	\$ 19,109	Waived fees for the Hendricks Room (NTE 9/year)	\$ 4,725	
		50% rate for club space and storage area(s)	\$ 7,830	
		50% rate for mooring float including waiving of two moorages	\$ 6,553	
DART (Callam Co Emergency)	\$ 16,440	In-Kind: Office Space & Utilities Annual Rent	\$ 16,440	
CRTC	\$ 12,000	Waived Equipment Rental	\$ 12,000	
Peninsula Trails Coalition	\$ 3,000	200 SF Land + Conex Box Use at FIA Parking	\$ 3,000	
Peninsula Rifle & Pistol Club	\$ 12,216	17,860 SF Land	\$ 12,216	
Sea Scout - Marvin Shields	\$ 6,594	Waived moorage on a single 50' slip	\$ 6,594	
Jamestown Klallam Tribe	\$ 4,331	Waived: 30' slip for patrol activities ('83 Agreement)	\$ 4,331	
Olympic Logging Show	\$ 2,000	Sponsorship		\$ 2,000
Olympic Logging Conference	\$ 1,800	Sponsorship		\$ 1,800
	\$ 2,000	Community Event Fund		\$ 2,000
	\$ 10,000	Miscellaneous Fee/Waivers/Sponsorships	\$ 5,000	\$ 5,000
Community Partner Program	\$ 25,000	Grant winners will be chosen and notified on an on going basis		\$ 25,000
TOTAL:	\$ 185,200		\$ 99,400	\$ 85,800

List of Abbreviations

A&G	Administration & General Management	NWF FEMA	National Wildlife Federation - Federal
ADMIN	Administration		Emergency Management Agency
AIP	Airport Improvement Program	OBS	Obstruction
AIP	Airport Industrial Park	OPVB	Olympic Peninsula Visitor Bureau
ACC	Advanced Composite Center	PABH	Port Angeles Boat Haven
ACTI	Angeles Composite Technology, Inc.	PABY	Port Angeles Boat Yard
ALP	Airport Layout Plan	PERS	Public Employee Retirement System
ARP	Airport Rental Properties	PFC	Passenger Facility Charges
AV	Audio / Visual	PFD	Port Filled Dump
BD	Business (Economic) Development	PTO	Paid Time Off
BL	Boat Launch	PUD	Public Utility District
BY	Boat Yard	RP	Rental Property
CMC	Composite Manufacturing Campus	SEK	Sekiu Airport
COGS	Cost of Goods Sold	SP	Strategic Plan
CPI	Consumer Price Index	T1	Terminal #1 Main Terminal
CRTC	Composite Recycling Technology Center	T2	Terminal #2 Black Ball Ferry
CSO	Combined Sewer Overflow	T3	Terminal #3 Concrete Cargo Pier
DOT	Department of Transportation	T4	Terminal #4 Timber Dock Oak Street
DNR	Department of Natural Resources	T5	Terminal #5 Old M&R Pier
EA	Environmental Assessment	T6	Terminal #6 Barge Berth Pier
EDC	Economic Development Council	T7	Terminal #7 Nippon/Daishowa Pier
EOY	End of Year	TBD	To Be Determined
FBO	Fixed Based Operator		
FIA	Fairchild International Airport		
FM	Facilities Maintenance		
GASB	Government Accounting Standards Board		
HVAC	Heating Ventilation Air Conditioning		
JWM	John Wayne Marina		
KPIy	Site of PenPly location		
LOB	Line of Business		
LY	Log Yard		
MBF	Thousand Board Feet		
MM	Mechanical Maintenance		
MMBF	Million Board Feet		
MT	Marine Terminal		
MTA	Marine Trades Area		
MTIB	Multi-Tenant Industrial Building		
MTIP	Marine Trades Industrial Park		
NONOP	Non-Operations (Department)		

RESOLUTION Insert HERE