PORT of Port Angeles
Serving Clallam County Since 1923

SPECIAL COMMISSION MEETING
Wednesday, November 12, 2025, at 9:00 am
338 W. First St, Port Angeles, WA 98362
AGENDA

The Special Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit https://portofpa.com/about-us/agenda-center/

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS

A. Item for Consideration – Approval of 2nd Amendment to Executive Director Contract……………………………………………………………………………..47-48

B. **Opening of Public Hearing:** 2026 Budget, Tax Levy, and Comprehensive Scheme, Introduction of Resolutions 25-1332, 25-1333, 25-1334………………….49-113

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS

A. National Association of Foreign-Trade Zones (NAFTZ) Conference Brief

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES)

XVII. FUTURE AGENDA……………………………………………………………………………114

XVIII. NEXT MEETINGS

A. November 17, 2025 – Special Commission Meeting

B. November 25, 2025 – Regular Commission Meeting – **CANCELLED**

C. December 9, 2025 – Regular Commission Meeting

D. December 23, 2025 – Regular Commission Meeting – **CANCELLED**

E. January 13, 2026 – Regular Commission Meeting

XIX. UPCOMING EVENTS

A. November 18, 2025 – Marine Hwy 5 Roundtable, Tacoma, WA

B. November 19-21, 2025 – WPPA Annual Meeting, Tacoma, WA

C. November 20-22, 2025 – Pacific Marine Expo, Seattle, WA

D. December 3-5, 2025 – International Workboat Show, New Orleans, LA

XX. EXECUTIVE SESSION – Time Specific 11:30 AM

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

XXI. ADJOURN

RULES FOR ATTENDING COMMISSION MEETING

- Signs, placards, and noise making devices including musical instruments are prohibited.
- Disruptive behavior by audience members is inappropriate and may result in removal.
- Loud comments, clapping, and booing may be considered disruptive and result in removal at the discretion of the Chair.

RULES FOR SPEAKING AT A COMMISSION MEETING

- Members of the public wishing to address the Board on general items may do so during the designated times on the agenda or when recognized by the Chair.
- Time allotted to each speaker is determined by the Chair and, in general, is limited to 3 minutes.
- Total time planned for each public comment period is 20 minutes, subject to change by the Chair.
- All comments should be made from the speaker's rostrum, and any individual making comments shall first state their name and address for the official record.
- Speakers should not comment more than once per meeting unless their comments pertain to a new topic they have not previously spoken about.
- In the event of a contentious topic with multiple speakers, the Chair will attempt to provide equal time for both sides.

Port of Port Angeles

Cash Flow Summary

Cash Flow Summary as of October 2025

	YTD
Beginning Cash Balance	**20,301,565**
Operating Revenues	10,184,941
Non-Operating Revenues	6,818,217
Total Revenues	**17,003,157**
Operating Expenses	11,615,031
Non-Operating Expenses	5,108,819
Total Expenses	**16,723,850**
Ending Cash Balance	**20,580,872**
Change in Cash Balance	**279,307**

Cash & Investments held as of 10/31/2025

Name	Type	Interest Rate	5/31/25 Face Value	6/30/25 Face Value	7/31/25 Face Value	8/31/25 Face Value	9/30/25 Face Value	10/31/25 Face Value	Annual Interest	Maturity Date	Acquisition Date
FFCB 4-year (Piper Sandler)	Bond	4.49%	-	-	-	1,250,000	1,250,000	1,250,000	56,125	8/12/2029	8/13/2025
FHLB 5-year (Piper Sandler)	Bond	4.30%	-	-	5,000,000	5,000,000	5,000,000	5,000,000	215,000	7/15/2030	7/9/2025
First Federal	Cash	4.18%	4,065,373	5,483,746	5,504,416	251,409	2,754,190	4,406,555	184,194		
LGIP Balance	Cash	4.17%	8,104,153	8,133,348	6,661,189	11,958,808	9,499,264	9,232,053	385,180		
Columbia Bank Account	Cash	0.30%	402,921	477,873	527,397	436,435	656,394	692,264	2,077		

Investments Called or Matured

Name	Type	Interest Rate								Maturity Date	Redemption Date
FHLB 5-year step up** (LPL)	Bond	3.00%	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	-	-	3/29/2027	3/29/2022
FFCB 4-year (Piper Sandler)	Bond	4.80%	1,250,000	1,250,000	1,250,000	-	-	-	-	7/23/2029	4/23/2025
FHLB 5-year (Piper Sandler)	Bond	5.00%	3,750,000	3,750,000	-	-	-	-		10/22/2029	10/22/2024
FHLB 5-year (Piper Sandler)	Bond	5.00%	-	-	-	-	-	-		10/22/2029	4/16/2025

	5/31/25	6/30/25	7/31/25	8/31/25	9/30/25	10/31/25	Annual Interest
Ending Investment/Cash Balance	**19,572,446**	**21,094,967**	**20,943,003**	**20,896,652**	**21,159,849**	**20,580,872**	**842,575**

Outstanding Debt

	Rate	5/31/25 Amount	6/30/25 Amount	7/31/25 Amount	8/31/25 Amount	9/30/25 Amount	10/31/25 Amount	
2015 PABH 2006 refi	2.29%	357,505	357,505	357,505	357,505	357,505	357,505	10 year note, 2015 - 2025
CERB Washdown	2.00%	605,359	605,359	605,359	605,359	605,359	605,359	20 year, 2020 - 2040
CARB Airport Utilities	2.00%	622,602	622,602	622,602	622,602	622,602	622,602	20 year, 2021 - 2041
Office of the State Treasurer	2.96%	467,181	520,302	520,302	520,302	520,302	520,302	7 year, 2025 - 2031
		2,052,647	2,105,768	2,105,768	2,105,768	2,105,768	2,105,768	

	5/31/25	6/30/25	7/31/25	8/31/25	9/30/25	10/31/25
Ending Balance	**17,519,800**	**18,989,199**	**18,837,235**	**18,790,884**	**19,054,080**	**18,475,104**

* Cash balances shown do not include funds held as the Harbor Group treasurer or funds reserved for K-Ply monitoring activities.

* Cash and investments do include $517,500 received from Shell for upcoming environmental cleanup at 220 Tumwater (former longshore parking lot)

** 5-year step up rates by year are 2%, 2.5%, 3%, 4%, 5%

REGULAR COMMISSION MEETING
Tuesday, October 28, 2025, at 9:00 am
338 W. First St, Port Angeles, WA 98362
MINUTES

The Regular Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit https://portofpa.com/about-us/agenda-center/

Steve Burke, Commissioner
Colleen McAleer, Commissioner
Connie Beauvais, Commissioner
Paul Jarkiewicz, Executive Director
Chris Hartman, Director of Engineering
Jennifer Baker, Director of Finance & Admin
Caleb McMahon, Director of Econ. Dev ***via Zoom**
Jesse Waknitz, Sr., Environmental Manager
Katharine Frazier, Grants & Govt Affairs Manager
Jenna Riley, Clerk to the Board
Amanda Saiz, Business Support Specialist

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:43)

Comm. Burke called the meeting to order at 9:00 am.

II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:44-04:51)

Lisa Cornelson of Port Angeles, WA, spoke about financial records on the Port website and Port purchases.

III. APPROVAL OF AGENDA (04:52-05:21)

- Motion to approve the agenda as amended: Comm. Beauvais
- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)

IV. WORK SESSION (05:22-1:20:52)

A. September Financial Report

- Presentation: Jennifer Baker
- Discussion
- No Action

B. Present Preliminary 2026 Budget & Tax Levy

- Presentation: Jennifer Baker
- Discussion
- No Action

C. Item for Consideration – Recompete Memorandum of Understanding

- Presentation: Katharine Frazier
- Discussion
- Motion to authorize the Executive Director to sign the Recompete Memorandum of Understanding, which would include an attachment of the Port's EDA scope of work, as presented: Comm. Burke
- 2nd: Comm. Beauvais
- Vote: 2-0 (Comm. McAleer abstained from the vote)

V. APPROVAL OF CONSENT AGENDA (1:20:53-1:25:44)

A. Regular Commission Meeting Minutes – October 14, 2025

B. Vouchers in the amount of $626,405.02

- Discussion
- Motion to approve the consent agenda as presented: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

VI. COMPLETION OF RECORDS (1:25:45-1:42:53)

A. 3rd Quarter Operations Report
- Presentation: Paul Jarkiewicz
- Discussion
- No Action

VII. PLANNING AND CAPITAL PROJECTS

No items

VIII. LOG YARD

No items

IX. MARINE TRADES AND MARINE TERMINALS (1:42:54-1:56:35)

A. Item for Consideration – Multi-User Marine Trades Building – Governor's Capital Budget Request
- Presentation: Katharine Frazier
- Discussion
- Motion to sign the Governor's Capital Budget Request letter and authorize the Executive Director to sign the request letter and direct staff to submit application materials to the Governor's Office, as presented: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

X. PROPERTY

No items

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS (1:56:36-2:02:50)

A. County Hazard Mitigation Plan, Resolution 25-1331
- Presentation: Jesse Waknitz
- Discussion
- Motion to introduce Resolution No. 25-1331 adopting the Multi-Jurisdictional Hazard Mitigation Plan Update (2024) and the Port of Port Angeles' Annexed Hazard Mitigation Plan: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)
- Motion to waive second consideration: Comm. Burke
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)
- Motion to adopt Resolution No. 25-1331 adopting the Multi-Jurisdictional Hazard Mitigation Plan Update (2024) and the Port of Port Angeles' Annexed Hazard Mitigation Plan: Comm. Beauvais
- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)

XIV. ITEMS NOT ON THE AGENDA (2:02:51-2:03:00)

No items

XV. COMMISSIONER REPORTS (2:03:01-2:04:20)

A. National Association of Foreign-Trade Zones (NAFTZ) Conference Brief – Comm. Burke announced this would be postponed until next meeting.

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (2:04:21-2:09:01)

James Taylor of Port Angeles, WA, spoke on the importance of Ebb Carbon to the community and the upcoming move due to the project slated for next year.

Lisa Cornelson of Port Angeles, WA, spoke about the current conditions of the green building in the boat yard and requested a list of other companies that showed support for the multi-user building in the boat yard.

XVII. FUTURE AGENDA (2:09:02-2:10:16)

XVIII. NEXT MEETINGS

A. November 11, 2025 - Regular Commission Meeting – **CANCELLED**

B. November 12, 2025 – Special Commission Meeting

C. November 17, 2025 – Special Commission Meeting

D. November 25, 2025 – Regular Commission Meeting – **CANCELLED**

E. December 9, 2025 - Regular Commission Meeting

F. December 23, 2025 - Regular Commission Meeting – **CANCELLED**

XIX. UPCOMING EVENTS

A. November 18, 2025 – Marine Hwy 5 Roundtable, Tacoma, WA

B. November 19-21, 2025 – WPPA Annual Meeting, Tacoma, WA

C. November 20-22, 2025 – Pacific Marine Expo, Seattle, WA

D. December 3-5 – International Workboat Show, New Orleans, LA

XX. EXECUTIVE SESSION (2:10:17-2:11:59)

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

- Comm. Burke recessed the meeting to convene an executive session with an anticipated length of 60 minutes. Following the executive session, the Commission may take action.
- Discussion:
  - One (1) item concerning the performance of a public employee. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(g)
  - Two (2) items concerning legal or financial risk. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(i)
- Recessed Regular Meeting at 11:10 am for 0 minutes
- Start Time: 11:10 am
- Extended: 60 minutes
- End Time: 1:02 pm

Public Session of Commission Meeting Reconvened: 1:02 pm
Commissioner Burke noted that no action will be taken as a result of the executive session.

Regular Meeting Resumed: 1:02 pm

XXI. ADJOURN (2:12:00-2:12:04)

Comm. Burke adjourned the meeting at 1:02 pm.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

____
Steven Burke, President

____
Connie Beauvais, Secretary

SPECIAL COMMISSION MEETING
Thursday, October 30, 2025, at 8:00 am
338 W. First St, Port Angeles, WA 98362
MINUTES

The Special Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit https://portofpa.com/about-us/agenda-center/

Steve Burke, Commissioner
Colleen McAleer, Commissioner ***via Zoom**
Connie Beauvais, Commissioner
Paul Jarkiewicz, Executive Director
Chris Hartman, Director of Engineering
Jennifer Baker, Director of Finance & Admin
Caleb McMahon, Director of Econ. Dev
Jenna Riley, Clerk to the Board
Amanda Saiz, Business Support Specialist

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:52)

Comm. Burke called the meeting to order at 8:00 am.

II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES)

None

III. APPROVAL OF AGENDA (0:53-02:13)

- Motion to approve the agenda as presented: Comm. Beauvais
- 2^{nd}: Comm. McAleer
- Vote: 3-0 (Unanimous)

IV. WORK SESSION

No items

V. APPROVAL OF CONSENT AGENDA

No items

VI. COMPLETION OF RECORDS

No items

VII. PLANNING AND CAPITAL PROJECTS (02:14-23:51)

A. Item for Consideration – Memorandum of Understanding (MOU) Wastewater Line Project

- Presentation: Chris Hartman
- Discussion
- No Action – Commissioners reviewed and tabled until the November 12, 2025, meeting

VIII. LOG YARD

No items

IX. MARINE TRADES AND MARINE TERMINALS

No items

X. PROPERTY (23:52-34:20)

A. Item for Consideration – Assignment of Lease - ACTI

- Presentation: Caleb McMahon
- Discussion
- Motion to authorize the Executive Director to sign the Assignment of Lease from Angeles Composite Technologies, Inc. to Port Angeles Composites effective November 1, 2025, as amended: Comm. McAleer
- 2^{nd}: Comm. Beauvais
- Vote: 3-0 (Unanimous)

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS

No items

XIV. ITEMS NOT ON THE AGENDA

No items

XV. COMMISSIONER REPORTS

No items

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (34:26-34:37)

None

XVII. FUTURE AGENDA (34:21-34:25)

XVIII. NEXT MEETINGS

A. November 11, 2025 - Regular Commission Meeting – **CANCELLED**

B. November 12, 2025 – Special Commission Meeting

C. November 17, 2025 – Special Commission Meeting

D. November 25, 2025 – Regular Commission Meeting – **CANCELLED**

E. December 9, 2025 - Regular Commission Meeting

F. December 23, 2025 - Regular Commission Meeting – **CANCELLED**

XIX. UPCOMING EVENTS

A. November 18, 2025 – Marine Hwy 5 Roundtable, Tacoma, WA

B. November 19-21, 2025 – WPPA Annual Meeting, Tacoma, WA

C. November 20-22, 2025 – Pacific Marine Expo, Seattle, WA

D. December 3-5 – International Workboat Show, New Orleans, LA

XX. EXECUTIVE SESSION (34:28-35:45)

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

- Comm. Burke recessed the meeting to convene an executive session with an anticipated length of 30 minutes. Following the executive session, the Commission is not expected to take action.
- <u>Discussion:</u>
  - One (1) item concerning the performance of a public employee. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(g)
- Recessed Regular Meeting at 8:35 am for 0 minutes
- <u>Start Time:</u> 8:35 am
- <u>End Time:</u> 9:03 am

<u>Public Session of Commission Meeting Reconvened: 9:03 am</u>
Commissioner Burke noted that no action will be taken as a result of the executive session.

Regular Meeting Resumed: 9:03 am

XXI. ADJOURN (35:46-35:50)

Comm. Burke adjourned the meeting at 9:03 am.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

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Steven Burke, President

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Connie Beauvais, Secretary

PORT OF PORT ANGELES
GENERAL FUND – LETTER OF TRANSMITTAL
VOUCHER APPROVAL

We, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due, and unpaid obligation against the Port of Port Angeles, and that we are authorized to authenticate and certify to said claim.

This process is in compliance with the applicable RCWs and the State Auditor's Budget Accounting and Reporting System (BARS) requirements. Further, the Port maintains effective internal controls to ensure that all disbursements are valid obligations authorized in accordance with the Delegation of Authority Policy.

SUMMARY TRANSMITTAL October 23, 2025 – November 5, 2025

CERTIFICATION

Accts Payable Checks (computer)	419858	419896	$	132,943.36
Voided/Zero Payable				
Accts Payable ACH	006190	006227	$	142,325.69
VOIDED/ZERO PAYABLE ACH				
Wire Transfer - Expenses			$	128.62
Wire Transfer - Excise Tax			$	8,196.28
Wire Transfer - Leasehold Tax			$	204,196.99
Total General Expenses and Construction			**$**	**487,790.94**
Payroll				
Employee Payroll Checks PPD (Direct Deposit)	006126	006189	$	119,465.77
Voided Payroll Check	006153, 006168, 006180		$	-
Employee Payroll Checks PPD (Direct Deposit)			$	-
Wire Transfer - (Payroll Taxes, Retirement, Deferred Comp, L&I, PFML)			$	80,040.50
Total Payroll			**$**	**199,506.27**
Total General Exp & Payroll			**$**	**687,297.21**

I, the Port Auditor or Deputy Auditor, do hereby clarify that the claims listed above are true and valid obligations and that appropriate and effective internal controls are in place to ensure that the outstanding obligations have been processed in accordance with the Port of Port Angeles procurement/payment policies and delegation of authority.

____
Auditor / Deputy Auditor

____
Commissioner, Connie Beauvais

____
Commissioner, Steven D. Burke

____
Commissioner, Colleen McAleer

* Detail is available upon request to Jennifer Baker, Director of Finance & Administration: jenniferb@portofpa.com

MONTHLY REPORT TO THE BOARD OF PORT COMMISSIONERS
October 2025

SUBJECT: REPORTS REQUIRED UNDER THE PROVISIONS OF THE DELEGATION OF AUTHORITY

REPORT	NO ACTION	ATTACHED
Lease Renewals/Options and 1 Year or Less Agreements at Market Rates; Leases, Assignments, Subleases, Berthage/Dockage, & Miscellaneous (Use, Equipment, Hangar, Marina Slips)		X
Lease Bond, Rental Insurance Deviations		
Work Contracts ($50,000 or less) Executed		
Work Contracts Completed		
Change Orders Authorized		
Work by Port Crews or Day Labor ($50,000 or less)		
Claims Settled		
Professional & Consulting Services Awarded and Architectural, Engineering & Technical Services Awarded		X
Fees Waived		
Uncollectible Accounts Written Off		
Experts Engaged for Litigation		
Grant Applications/Award		
Travel Outside WA, OR, ID and BC, Canada		X
Surplus Personal Property (under $10,000)		

LEASES, RENEWALS, AMENDMENTS, MISC. AGREEMENTS AND OPTIONS EXECUTED OF ONE YEAR OR LESS APPROVED BY EXECUTIVE DIRECTOR (In Accordance with the Delegation of Authority, Resolution 24-1290 dated 1.09.2024)						
OCTOBER 2025						
TENANT NAME	**DOCUMENT**	**LOCATION**	**FORM OF SURETY**	**SQ FEET**	**TERM**	**MONTHLY RENT**
ConocoPhillips	Lease Renewal	220 Tumwater Truck Route	Bond $5,416.32 on file	2,000 SF Land for Anchor/Chain storage	1 year Jan-Dec 2026	$414 + LHT

PROFESSIONAL & PERSONAL SERVICES
AWARDED BY THE EXECUTIVE DIRECTOR
(In Accordance with Delegation of Authority)
October 2025

CONSULTANT	PROJECT	EST. COST	OTHER CONTRACT PROVISIONS
Personal Services: The Beckett Group	Lobbying and Public Affairs Services	$26,000.00	$150.00/hr Contract NTE $26,000.00
Personal Services: Willamette Cultural Resources Associates, Ltd.	Terminal 3 Historic Built Environment Survey	$7,259.00	Contract NTE $7,259.00
Professional Services: Wilson Engineering, LLC	Terminal 1 & 3 Bathymetric Survey	$40,000.00	Contract NTE $40,000.00

TRAVEL APPROVED BY THE EXECUTIVE DIRECTOR *
(In Accordance with Delegation of Authority)
October 2025

STAFF	LOCATION OF MTG.	DATE(S)	PURPOSE
Chris Hartman Caleb McMahon	Quebec City, Quebec, Canada	10/6 – 10/9	American Association of Port Authorities Annual Meeting
Katharine Frazier	Vancouver, WA	10/14 – 10/16	Pacific Northwest Waterways Association Annual Conference

*

VIII. TRAVEL OF EMPLOYEES AND OTHER AUTHORIZED REPRESENTATIVES OF THE PORT:

In order to facilitate necessary normal Port operations, the Executive Director may authorize travel by Port employees and/or other Port representatives for Port business, in accordance with the Port's travel policy adopted pursuant to RCW 53.08.176 and RCW 42.24.090. Reimbursable personal travel expenses per trip shall not exceed $5,000.00 per person.

The Commission shall be advised at the first regularly scheduled meeting of the following month of all such authorizations for travel outside of Washington, Oregon, Idaho and British Columbia, Canada.

ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS

November 12, 2025

Subject: **HDR ENGINEERING, INC. CONTRACT AMENDMENT 4 - LOG YARD STORMWATER CULTURAL RESOURCE SERVICES**

Presenter: **Chris Hartman, Director of Engineering**

RCW & POLICY REQUIREMENTS

The Port selected HDR Engineering, Inc. to perform archaeological permitting, monitoring, and other support activities for the Log Yard Site and Stormwater Improvements project, utilizing a "Qualification Based Selection" process as required by RCW 39.80 for "professional service." Per Commission Resolution 22-1262, Delegation to the Executive Director Section VI.A, aggregate cost for the professional and consulting services that exceed 10% of the specific budgetary line item requires Commission approval.

BACKGROUND:

The Port's Log Yard is covered under a Department of Ecology Industrial Stormwater General Permit (ISGP). The Port is responsible for operating and maintaining the industrial area in a manner such that pollutant levels in stormwater discharges to the Port Angeles Harbor are below the benchmarks specified within the Permit.

The Port is currently under an Administrative Order (AO) from the Department of Ecology for benchmark exceedances. The AO requires the Port to install stormwater treatment measures at the Log Yard by December 30, 2026.

Due to the Log Yard's proximity to the Lower Elwha Klallam Tribe (LEKT)'s ancestral Tse-whit-zen village site, the Port has worked with the LEKT to establish a plan for addressing stormwater treatment needs while protecting known cultural resources. In January 2025, the Port signed a Memorandum of Agreement (MOA) with the LEKT, the Washington State Department of Archaeological & Historic Preservation (DAHP), and the Maritime Administration (MARAD) outlining specific mitigation measures to be taken during construction to prevent disturbance of cultural resources.

Under the MOA, the Port must obtain an Archaeological Site Alteration and Excavation Permit from DAHP and retain a professional archaeologist to monitor all ground-disturbing activities related to the project.

Since February 2022, the Port has contracted HDR Engineering, Inc. (HDR) to provide cultural resource services for the project. The original contract has been amended three times to extend the agreement, with the current version ending on December 31, 2025.

Description	Amount	Date Approved
Original Agreement	$38,000	February 4, 2022
Amendment 1	$0 (Time Extension)	January 4, 2023
Amendment 2	$0 (Time Extension)	February 26, 2024
Amendment 3	$0 (Time Extension)	February 14, 2025
Current Contract Total	**$38,000**	

With the project moving into the construction phase in 2026, HDR has proposed a fourth amendment to extend the contract and add additional funds to cover the cost of the mitigation measures outlined in the MOA.

ANALYSIS:

To meet the MOA's requirements and begin construction in 2026, the Port requested that HDR provide continued cultural resources services. This fourth amendment to HDR's contract will cover the services required to obtain an archaeological excavation permit from DAHP, archaeological monitoring during construction, technical reporting, and coordination with the LEKT and DAHP.

Task	Task Description	Amount
1	Task Management	$5,250
2	DAHP Permit Application	$11,315
3	Coordination with Port, LEKT, and Agencies	$7,548
4	Contingency Fund	$5,000
5	Reimbursables	$6,651
6	Archaeological Monitoring	$31,260
7	Technical Report	$13,603
8	Inadvertent Discovery Response	$19,328
Amendment 4 Total		**$99,955**

ENVIRONMENTAL IMPACT:

The final implementation of stormwater treatment will ensure that runoff leaving the Port's industrial area complies with the Department of Ecology Industrial Stormwater General Permit.

FISCAL IMPACT:

The Port's 2022 Port Infrastructure Development Program (PIDP) grant award includes $70,000 in final design and permitting costs, 80% of which ($56,000) is grant-funded. $35,772.06 of this has been used for final design activities, and the remainder can be used to cover remaining design tasks and costs associated with DAHP permitting.

The Port's 2025 Capital Budget includes $1,297,000 for Log Yard Site Improvements and $318,000 for Log Yard Stormwater Treatment Improvements. The 2026 Capital Budget, which is anticipated to be adopted later this month, will also include funding for Log Yard

Site and Stormwater Treatment Improvements that will be sufficient to cover any non-grant-funded portions of this contract amendment.

<u>RECOMMENDED ACTION:</u>

Staff recommends the Commission authorize the Executive Director to execute Amendment 4 of the Agreement with HDR Engineering, Inc. for an amount not to exceed Ninety-Nine Thousand Nine Hundred Fifty-Five Dollars and No Cents ($99,955.00).

Execution of this amendment will set the total contract amount at One Hundred Thirty-Seven Thousand Nine Hundred Fifty-Five Dollars and No Cents ($137,955.00).

ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS

November 12, 2025

Subject: **NEW LEASE – CITY OF PORT ANGELES PARKS & RECREATION DEPARTMENT**

Presenter: **Caleb McMahon, Director of Economic Development**

RCW & POLICY REQUIREMENTS

Per RCW 53.08.080 Lease of Property, a district may lease all lands, wharves, docks, and real and personal property upon such terms as the port commission deems proper. No lease shall be for a period longer than fifty years, with an option up to an additional thirty years.

Per RCW 53.08.085, security for rent is required for every lease of more than one year. Rent may be secured by rental insurance, bond, or other security satisfactory to the port commission, in an amount equal to one-sixth the total rent, but in no case shall such security be less than one year's rent or more than three years' rent. If the security is not maintained, the lease shall be considered in default. The port commission may, in its discretion, waive the rent security requirement or lower the amount of such requirement on the lease of real and/or personal port property.

Per Section I of the Port's Delegation of Administrative Authority to the Executive Director, all term lease agreements or use agreements of real or personal property shall be leased only under an appropriate written lease instrument executed by the Commission. Per Section 1.B.1, Commission Approval is required for any lease with a term in excess of one year, and per Section 1.B.4, Commission approval is required for any lease that contains any material non-standard terms or conditions.

Background:
The Port Angeles Parks & Recreation Department currently leases the buildings and land at 2602 W. 18th Street in the Port's industrial park. This lease ends January 31, 2026, the the City desires to pursue a new lease at this location.

Port Area: North Airport Industrial Park.

Address: 2602 W. 18th Street, Port Angeles, WA.

Leased Space: Buildings contain 6,407 SF, and Land contains 169,071 SF.

Use: City Parks and Recreation Department operations, equipment storage, and offices.

Tenant Improvements: None.

Proposed Rate:

Leased Area	SF	$/SF	Base Rate
Main Warehouse/Office	4,482		
Detached Office Building	480		
Detached Garage	1,445		
Total Buildings	6,407	$0.434	$ 2,780.64
Land	169,071	$0.0258	$ 4,362.03
Building and Land Monthly Base Rate			**$ 7,142.67**
WA Leasehold excise tax	exempt	exempt	

Fiscal Impact of the Lease: Monthly Base Rent $7,142.67/month. Annual Rent $85,712.04.

Escalation: Annual consumer price index adjustments to base rent.

Commencement Date: February 1, 2026.

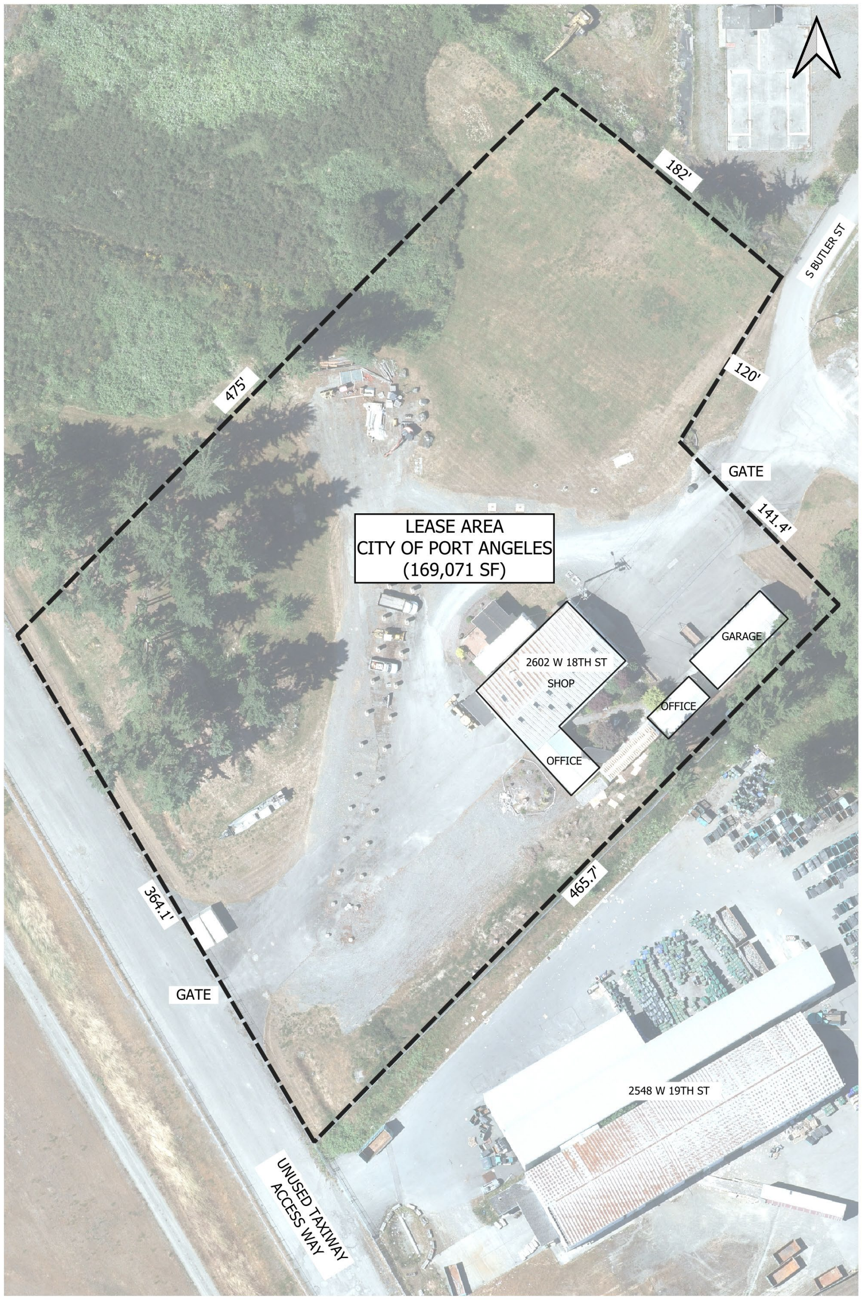
Term: Three years.

Options to Renew: Two one-year options to renew with the Port's consent.

Financial Security: As a government agency, the agency is exempt.

Non-standard terms requiring Commission approval: None

RECOMMENDED ACTION:
On a motion and second, Staff recommends the Commission authorize the Executive Director to sign a lease with the City of Port Angeles, per the terms and conditions presented.



PORT of Port Angeles
Serving Clallam County Since 1923

LEASES: CITY OF PORT ANGELES / 2602 W 18TH ST

EXHIBIT A: PREMISES

SCALE: 1"=80'

LEASE #: NA

DATE: 10/30/2024

SHEET: 1 OF 1

COMMERCIAL LEASE

THIS COMMERCIAL LEASE ("**Lease**") is made and entered into as of the date last written below, by and between the **PORT OF PORT ANGELES**, a Washington municipal corporation (the "**Port**"), and **CITY OF PORT ANGELES**, a non-charter code city and Washington municipal corporation ("**Lessee**") (individually "**Party**" and collectively "**Parties**").

ARTICLE I
Summary of Lease Terms and Definitions

The Port: Port of Port Angeles
338 W First Street
Port Angeles, WA 98362

Lessee: City of Port Angeles
321 E. 5th Street
Port Angeles, WA 98362

Premises: 6,407 square feet of buildings and 169,071 square feet of land located at 2602 W. 18th Street in Port Angeles, Washington as depicted in the Map of Premises attached to this Lease as **Exhibit A.**

Lessee-owned Improvements:
As of the Commencement Date as defined herein, the following fixtures and improvements are owned by Lessee and are not part of this Lease:

None

Initials: _______ _______
Port Lessee

Use of Premises: Operations, offices, and equipment storage for the City of Port Angeles Parks & Recreation Department.

Benefit to the Public: None.

Commencement Date: February 1, 2026

Term: Three-Year Term. From February 1, 2026 through January 31, 2029.

Extensions: Two (2) one-year extensions.
[X] Requires Port consent, at Port's sole discretion

Base Rent: This base rent includes annual consumer price index West Class B/C, an increase from September, 2025 of 3.5% to commence on February 1, 2026.

Leased Area	SF	Base Rate
Main Warehouse/Office	4,482	
Detached Office Building	480	
Detached Garage	1,445	
Total Buildings	6,407	$ 2,780.64
Land	169,071	$ 4,362.03
Building and Land Monthly Base Rate		**$ 7,142.67**
WA Leasehold excise tax	exempt	

Financial Security (see Section 5.4 for more information). Exempt- government agency.

Additional Unique Terms and Conditions: None.

ARTICLE II
Premises, Term, Renewals

2.1 **PREMISES**: In consideration of the rents hereinafter reserved and of the covenants and conditions set forth herein to be performed by Lessee, the Port does hereby lease the Premises to Lessee.

2.2 **TERM**: The term of this Lease shall be for three (3) years beginning February 1, 2026 through January 31, 2029. If Lessee takes possession of the Premises before the Commencement Date, Lessee shall pay the pro rata rent for the period prior to commencement of the Lease term.

2.3 **RENEWAL**: Subject to the terms and conditions herein, Lessee may renew this Lease for two consecutive one-year (1) year periods by giving written notice of such intention to the Port at least ninety days (90) days prior to the expiration of the term of this Lease or any renewal thereof. It is a condition precedent to Lease Renewal that the Lessee be in good standing at the time of renewal and that Lessee is not in default under the terms of this Lease or any other lease or agreement with the Port. The terms and conditions of any renewal shall be generally the same as set forth in this Lease, provided however rent shall be recalculated as provided herein and the terms of this Lease shall be updated to be consistent with the terms and conditions of the existing Port's Commercial Lease Agreement. All lease extensions and renewals shall be at the sole discretion of the Port unless previously authorized by the Commission. At the time of renewal, extension, exercising option, etc. the Lease will be reevaluated and brought up to fair market value.

Lessee's renewal is likewise subject to and contingent upon the Port's acceptance of Lessee's renewal notice, which the Port may withhold in its sole discretion. Failure of Lessee to give required notification may, at the discretion of the Port, result in the option(s) being null and void. Should the Port decline to accept Lessee's renewal notice, this Lease will terminate upon the expiration of the then-existing term.

ARTICLE III
Rent, Rental Adjustment

3.1 **RENT**: The term "**Rent**" as used herein includes Base Rent, Common Area Maintenance ("CAM") Expenses (if any) as that term is defined herein below, applicable Washington State leasehold excise tax, consistent with RCW Chapter 82.29A relating to leasehold excise tax, and any subsequent revision or amendment thereto, and other fees and charges assessed herein. Base Rent and Washington State leasehold excise tax shall be paid without the requirement that the Port provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement. For any other fees and charges which may be assessed by the Port herein, the Port shall first provide written notice thereof, and Lessee shall pay such fees and/or charges within thirty (30) days of receipt of such written notice without any counterclaim, setoff, deduction, defense or abatement.

3.1.1 If Lessee fails to pay the required Rent as by this Lease, the Port shall charge late fees as outlined below. An administrative fee of $25 will be charged for each month a late or finance fee is charged:

3.1.1.1. 30 days nonpayment = late fee is charged. At the first of month after 30 days late: Late fee is 2% or $100, whichever is greater, of total outstanding Rent, leasehold tax ("**LHT**"**),** utilities and charges billed.

3.1.1.2 60 days nonpayment = late fee is charged. At the first of month after 60 days late: Late fee is 5% or $300, whichever is greater, of outstanding Rent, LHT, utilities, and charges billed. Eviction process will be initiated.

3.1.1.3 90 days nonpayment = late fee of 8% or $700 whichever is greater, of outstanding Rent, LHT, utilities, and charges billed and eviction will be enforced.

3.1.2 **Base Rent Adjustment**: The Port may, in its discretion, adjust the Base Rent hereunder upon the provision of written notice prior to the anniversary of the Commencement Date. Upon the provision of such notice, the rental rate shall be automatically adjusted effective upon the month of the anniversary of the Commencement Date, based on the previous month's Consumer Price Index, to reflect the percentage change in the Consumer Price Index for All Items in West - Size Class B/C, All Urban Consumers, as issued by the U.S. Department of Labor, Bureau of Labor Statistics, or the closest comparable index if the above index is no longer published, over the last full 12-month period immediately preceding the anniversary of the Commencement Date for which such data are available. If the resulting rent rate adjustment is negative, then the rental rate shall not be decreased but shall remain the same as the preceding period.

3.2 **COMMON AREAS**: No Common Areas for this agreement.

3.2.1 **Common Areas; Definition**: The term "**Common Areas**" shall mean those areas in and around the Premises owned by the Port that are provided and designated by the Port from time-to-time for the general non-exclusive use of the Port, Lessee, other tenants of the Port, and/or the respective employees, suppliers, shippers, customers, clients, invitees and licensees of such Parties. Common Areas may include, but are not limited to, lobbies, hallways, common restrooms, electrical and mechanical areas, supply and janitorial rooms, exterior wall surfaces of the Premises walkways, driveways, parking areas, service areas, landscaped areas, and other Port owned areas provided for the non-exclusive use of its tenants. The Port or its agents shall operate, manage, equip, light, repair, replace and maintain the Common Areas for their intended purpose at such times and in such manner as the Port shall reasonably determine.

3.2.2 **Lessee's Common Area Lease Rights**: The Port hereby grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, customers, clients and invitees during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time-to-time, subject to any rights, powers and privileges reserved by the Port under the terms hereof or under the terms of any rules, regulations or restrictions governing the use of the Common Areas. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by prior written consent of the Port or the Port's designated agent, which consent may be revoked at any time. In the event that such unauthorized storage shall occur, then the Port shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be payable on demand by the Port.

3.2.3 **Changes to Common Areas**: The Port shall have the right from time-to-time to make changes to the Common Areas, including, without limitation: (i) changes in the location, size, shape and number thereof; (ii) to temporarily close any of the Common Areas for maintenance and public purposes so long as reasonable access to the Premises remains available; (iii) to add additional improvements to the Common Areas; and (iv) to use Common Areas while engaged in making additional improvements, repairs or alterations to the Premises or any portion thereof, as the Port may, in the exercise of sound business judgment, deem appropriate. The Port shall nevertheless diligently perform construction, repair or maintenance work to minimize interruptions in the use of Common Areas.

3.2.4 **Common Area Maintenance Expenses; Definition**: The term "**Common Area Maintenance Expenses**" or "**CAM Expenses"** as used herein shall mean the sum of the costs and expenses incurred by the Port with respect to maintenance, upkeep and repair of and to the Common Areas.

3.2.5 **Payment of CAM Expenses**: Deleted paragraph.

3.2.6 **Adjustment of CAM Expenses**: Each year of this Lease or renewal term (as the case may be), the Port will establish an estimate of a year's total CAM Expenses, and Lessee shall pay Lessee's Pro Rata Share on a monthly basis in accordance with the monthly rental payment obligations set forth in Section 3.1 of this Lease. Within sixty (60) days after the expiration of each Lease year, the Port shall deliver to Lessee a reasonably detailed statement showing Lessee's Pro Rata Share of the actual total of CAM Expenses incurred during the preceding year. If Lessee's payments under this Paragraph during the preceding year were less than Lessee's Pro Rata Share as indicated on said statement, Lessee shall pay to the Port the amount of the deficiency within thirty (30) days after delivery by the Port to Lessee of said statement; any overpayment made by Lessee shall be credited toward Lessee's liability for Rent for succeeding months.

3.3 **ABATED RENT**: If this Lease provides for a postponement of any monthly rental payments or other rent concession, such postponed rent is called the "**Abated Rent**." Lessee shall be credited with having paid all of the Abated Rent on the expiration of the term of this Lease only if Lessee has fully, faithfully and punctually performed all of Lessee's obligations hereunder, including the payment of all Rent, including, if applicable, Abated Rent, and all other monetary obligations and the surrender of the Premises in the condition required by this Lease. If Lessee defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case, Abated Rent shall be calculated based on the full initial rent payable under this Lease, plus interest thereon at the rate of twelve percent (12%) per annum from date each monthly rental payment was postponed.

3.4 **LEASEHOLD AND OTHER TAXES**: Throughout the term of this Lease, Lessee shall be liable for, and shall pay or, as applicable, reimburse the Port for, all license fees and excise and occupation taxes covering the business conducted on the Premises, all taxes on property of Lessee on the Premises, ad valorem taxes or taxes levied in lieu of an ad valorem tax, and any taxes on the leasehold interest created by this Lease and/or measured by the rent payments hereunder, whether imposed on Lessee or on the Port. With respect to the leasehold excise tax payable hereunder, Lessee shall pay to the Port with each rent payment an amount equal to the tax. All other tax amounts for which the Port is or will be entitled to reimbursement from Lessee shall be paid by Lessee to the Port at least fifteen (15) days prior to the due dates of the tax amounts involved, provided that Lessee shall be given at least ten (10) days' prior written notice of the amounts payable by Lessee.

ARTICLE IV
Use of Premises, Condition of Property, Improvements, Removal of Property, Maintenance, and Utilities

4.1 **LESSEE'S USE OF THE PREMISES**: Lessee shall conduct only the following activity on the Premises: Operations, offices, and equipment storage for the City of Port Angeles Parks & Recreation Department (the "**Authorized Use**") and such additional uses incidental or otherwise related to such Authorized Use.

4.1.1 Lessee shall be in default under this Lease if it: (i) ceases conducting the Authorized Use for any period of time exceeding one hundred twenty (120) consecutive days; or (ii) conducts any other business or activity on the Premises without first obtaining the Port's consent, in the Port's sole discretion, which shall be evidenced by a validly executed written Lease modification. In conducting the Authorized Use, Lessee shall properly and fairly serve the public, providing reasonable hours of operation, and reasonably suitable service.

4.1.2 Notwithstanding the foregoing described use, the Premises shall not be used to store, distribute or otherwise handle flammable, dangerous or hazardous materials, excepting only those necessary to conduct the Authorized Use. At the request of the Port, Lessee shall provide a list of all flammable, dangerous or hazardous materials stored or used on the Premises.

4.2 **ACCEPTANCE OF PREMISES**: Lessee accepts the Premises, including all existing improvements thereon, "as is" without further maintenance liability on the part of the Port, except as otherwise specifically noted herein. Lessee is not relying on any representations of the Port as to condition, suitability, zoning restrictions or usability, except the Port's right to grant a lease of the Premises.

4.3 **CONSTRUCTION OF TENANT IMPROVEMENTS**: Lessee shall abide by the following terms with regard to making any tenant improvements on the Premises ("**Tenant Improvements**"):

4.3.1 Subject to obtaining the Port's written approval, Lessee may make and install, at its own expense, such Tenant Improvements as are normal and customary in connection with the Authorized Use set forth herein. Lessee's contractor, if any, shall be subject to the Port's approval, not unreasonably withheld. The Port reserves the right to condition its approval upon Lessee providing payment and/or performance bonds satisfactory to the Port. Lessee shall submit plans to and obtain written approval from the Port before commencing any Tenant Improvements. The Port shall have a reasonable period of time to review such plans prior to issuing a decision. Upon the provision of written notice to Lessee that the Port's review of plans will require extraordinary staff review time, the Port may charge Lessee a reasonable pre-established fee for staff, consultant or attorney time required to review the plans. All Tenant Improvements which are to be designated fixtures shall be so designated by the Port upon the Port's approval of the plans for such improvements. Unless otherwise agreed, all improvements by Lessee shall conform to the requirements of the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq. (the "**ADA**").

4.3.2. Return on Investment. All Tenant Improvements completed by the Port at its expense will require a return on investment of not less than the Port's expense paid by the Lessee receiving the benefit from said Tenant Improvement.

4.3.3. A payback schedule for the Tenant Improvement costs will be determined by the Port on a case-by-case basis.

4.3.4. All Tenant Improvements will have a scheduled return on investment until the Port's expense and overhead associated with the Tenant Improvement is reimbursed by Lessee.

4.3.5 **Unauthorized Improvements**: Any Tenant Improvements made on the Premises without the Port's prior written consent or which are not in conformance with the plans submitted to and approved by the Port ("**Unauthorized Improvements**") shall be subject to removal by Lessee at Lessee's expense upon sixty (60) days' written notice from the Port.

4.4 **TITLE TO LESSEE IMPROVEMENTS, FIXTURES AND PERSONAL PROPERTY AT LEASE TERMINATION**: Except as otherwise provided in the description of the Premises in Article I above, as of the Commencement Date, all existing structures, buildings, installations, and improvements of any kind located on the Premises are owned by and title thereto is vested in the Port. Prior to Lease Termination, Lessee shall remove the following from the Premises:

a. All equipment;

b. All personal property;

c. All Lessee Improvements not designated as Fixtures in Article I above or pursuant to Section 4.3.1 above.

Initials: _______ _______
Port Lessee

4.4.1 If Lessee removes any part of a structure, including the items listed above ("**Removal Items**"), from the Premises, it shall be obligated to remove all thereof, except such portions as the Port may desire to leave remaining, including the foundation. The Lessee will correct any environmental issues. The Port may require Lessee to remove all or any portion of the Removal Items from the Premises, upon the Port's written notification to Lessee within 30 days of the expiration of this Lease. In the event any Removal Items are removed by Lessee, Lessee shall restore the Premises to the condition they were in prior to their construction.

4.4.1 If any of the Removal Items are not removed from the Premises by Lease Termination or when the Port has the right of re-entry, then the Port may, at its sole option, elect any or all of the following remedies:

a. Upon the expiration of thirty (30) days' written notice to Lessee that Removal Items remaining on the Premises are required to be removed therefrom by Lessee, if Lessee has not completed the removal, the Port may remove any or all of the Removal Items and dispose of them without liability to Lessee, and at Lessee's cost. The Port shall not be required to mitigate its damages, to dispose of the Removal Items in a commercially reasonable manner, or to make any effort whatsoever to obtain payment for such items. Lessee agrees to pay the Port's costs and damages associated with Lessee's failure to remove such Removal Items, including, but not limited to, the following: storage, demolition, removal, transportation and lost rent (collectively "**Disposal Costs**"); provided, however, that any net proceeds recovered by the Port in excess of its Disposal Costs will be deducted from Lessee's financial obligation set forth herein. Lessee's financial obligations herein shall survive the termination of this Lease; and or

b. Claim and take title in the Port to any or all Removal Items, however, the Port retains the option to decline ownership at Lease termination; and/ or

c. Commence suit against Lessee for damages or for specific performance.

4.4.2 During any period of time employed by Lessee under this Section to remove Removal Items including structures, buildings, installations, improvements, machines, appliances, equipment and trade fixtures, Lessee shall continue to pay a rent due and all other fees or expenses due and owing to the Port in accordance with this Lease on a prorated daily basis.

4.4.3 The foregoing remedies are cumulative, and the Port shall not be required to elect its remedies.

The Port and Lessee hereby acknowledge the rights, obligations and remedies set forth in this Section 4.4.

Initials: _______ _______
Port Lessee

4.5 **MAINTENANCE OF PREMISES**: The maintenance and repair of the Premises are the sole responsibility of Lessee, except as set forth in the Maintenance Inclusion List attached hereto as **Exhibit B** and incorporated herein by this reference; PROVIDED, however, that the Port shall be responsible for repairing at its own cost any interior damage resulting from a roof leak. Lessee shall notify the Port immediately upon discovering any indication of a roof leak. Lessee shall maintain the Premises in good condition, and shall repair all damage caused by Lessee, its employees, agents, licensees, invitees or anyone on the Premises as a result of Lessee's activities. In lieu of common area maintenance charges, Lessee's exterior Premises maintenance and repair responsibilities include, without limitation and by way of example only, mowing, general landscape maintenance, snow removal, parking lot sweeping, parking lot striping, and parking lot, curb and sidewalk repairs. The Port and Lessee specifically acknowledge and agree that the Port has no responsibility to maintain, repair or replace the Lessee-owned Improvements described in Article I above.

Initials: _______ Port _______ Lessee

4.6 **UTILITIES AND SERVICES**: Lessee shall be liable for and shall pay throughout the term of this Lease all charges for all utility services furnished to the Premises, including but not limited to, light, heat, gas, janitorial services, garbage, disposal, security, electricity, water, stormwater and sewerage, including any connection fees and any fire protection, police protection, or emergency health services as furnished by local authorities and as may be the subject of a contract between the Port and such local authorities or as imposed by ordinance or statute. The Lessee will ensure all utility services are transferred to their name upon commencement of this agreement. If the Premises are part of a building or part of any larger Premises to which any utility services are furnished on a consolidated or joint basis, Lessee agrees to pay to the Port Lessee's pro-rata share of the cost of any such utility services. Lessee's pro-rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of cost shall not be required. At the conclusion of this Lease, Lessee shall arrange for such utility services to be terminated and for the final bill to be sent to Lessee. Lessee shall be liable for all utility charges that accrue if it fails to so terminate services.

4.7 **COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS**:

4.7.1 Lessee agrees to take reasonable action to comply with all applicable rules and regulations of the Port pertaining to the Premises now in existence or hereafter promulgated for the general safety and convenience of the Port, its various lessees, invitees, licensees and the general public upon receipt of notice of the adoption of such regulations.

4.7.2 Lessee agrees to comply with all applicable federal, state and municipal laws, ordinances, and regulations, including without limitation those relating to environmental matters. Any fees for any inspection of the Premises during the Lease term by any federal, state or municipal officer related to Lessee use and occupancy of the Premises and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.

ARTICLE V
Insurance and Financial Security

5.1 **CASUALTY LOSS OF LESSEE**: The Parties hereto agree that the Port shall not be responsible to Lessee for any property loss or damage done to Lessee's property, whether real, personal or mixed, occasioned by reason of any fire, storm or other casualty whatsoever. It shall be Lessee's responsibility to provide its own protection against casualty losses of whatsoever kind or nature, regardless of whether or not such loss is occasioned by the acts or omissions of the Port, Lessee, third party, or act of nature. To this end, the Port and Lessee hereby waive any rights each may have against the other as a result of any injury, loss or damage which is then insured against by either. This waiver is effective only to the extent that the insurance company(ies) actually pay(s) for such injury, loss or damage. In addition, the Port and Lessee agree to (1) cause their respective insurance companies to waive any right of subrogation, and (2) provide proof to the other Party within thirty (30) days after the execution of this Lease that such waivers have been successfully obtained from the respective insurance companies (if such proof is not provided within this thirty (30) day period, the other Party shall have the right to declare this paragraph to be ineffective). This paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.

5.2 **INSURANCE**:

5.2.1 **Liability**: Lessee shall procure and maintain during the term of this Lease and any extensions or renewals of this Lease a comprehensive general liability policy covering on an occurrence basis all claims for personal injury (including death) and property damage (including all real and personal property located on the Premises) arising on the Premises or arising out of Lessee's operations. This policy shall also include contractual liability coverage for all indemnities provided under this Lease. Limit per occurrence shall not be less than $1,000,000, or the equivalent. General aggregate limit shall not be less than $2,000,000, when applicable (and will be endorsed to apply separately to each site or location.) Limit per claim and in the aggregate shall not be less than $1,000,000, or the equivalent. Annual aggregate limit shall not be less than $2,000,000. The liability policies shall contain a cross-liability provision such that the policy will be construed as if separate policies were issued to Lessee and to the Port.

5.2.2 **Property**: Lessee shall procure and maintain during the term of this Lease and any extensions or renewals of this Lease fire and extended coverage property insurance for physical loss and damage, written on an "all risks" basis *excluding* earthquake and flood insurance, to the Leased Premises and to all Lessee-owned improvements, with the Port named as a loss payee. Such policy or policies shall be written in the form of replacement cost insurance in an amount not less than 100% of the full replacement value, which amount shall be adjusted not less frequently than annually. The proceeds of such insurance in case of loss or damage shall be first applied on account of the obligation of the Port to repair and/or rebuild the Leased Premises to the extent that such proceeds are required for such purpose. Lessee shall also procure and maintain during the term of this Lease and any extensions or renewals of this Lease business interruption insurance by which Rent will be paid to the Port for a period of up to one (1) year if the Premises are destroyed or rendered inaccessible by a risk insured against by a policy of fire and extended coverage property insurance, with vandalism and malicious mischief endorsements.

5.2.6 **Verification of Coverage**: For each insurance policy required herein, Lessee shall provide to the Port, prior to Lessee's occupancy of the Premises, original certificates of insurance, all required amendatory endorsements establishing coverage required under this Lease, a copy of each policy declarations and endorsements page, and complete copies of each policy. Provided, the Port's failure to obtain the required documents prior to Lessee's occupancy shall not be deemed a waiver of Lessee's obligation to provide them. Receipt of such certificate or policy by the Port does not constitute approval by the Port of the terms of such policy.

5.2.7 **Additional Insured; Primary Coverage; Non-Contributory**: Each insurance policy required herein shall name the Port, and only the Port, as an additional insured. For any claims related to this Lease, Lessee's insurance coverage shall be primary insurance coverage as to the Port. Any insurance or self-insurance maintained by the Port shall be excess of Lessee's insurance and shall not contribute with it.

5.2.8 **Changes in Coverage Requirements**: The Port reserves the right to modify any insurance requirements set forth herein, including limits, at the same time as revaluation of the annual Rent, as a condition of approval of assignment or sublease of this Lease, upon any breach of the environmental liability provision herein, upon a material change in the condition of any improvements, upon a change in the Authorized Use, or under other special circumstances as determined by the Port. Lessee shall obtain new or modified insurance coverage within thirty (30) days after changes are required by the Port.

5.2.9 **Substitute Coverage**: If Lessee fails to procure and maintain any insurance required herein, the Port shall have the right, but not the obligation, to procure and maintain substitute insurance and to pay the premiums, chargeable to Lessee. Lessee shall pay to the Port upon demand the full amount paid by the Port.

5.2.10 **Negligence of Lessee**: Each insurance policy required herein shall expressly provide that the insurance proceeds of any loss will be payable notwithstanding any act or negligence of Lessee which might otherwise result in a forfeiture of said insurance.

5.2.11 **Self-Insured Retentions**: If Lessee is self-insured, self-insured retentions must be declared to and approved by the Port. At the Port's option, either (i) Lessee shall obtain coverage to reduce or eliminate such self-insured retentions as respects the Port; or (ii) Lessee shall provide a financial guarantee satisfactory to the Port guaranteeing payment of losses and related investigation, claim administration and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or the Port.

5.2.12 **Acceptability of Insurers**: All insurance required herein shall be placed with insurers authorized to conduct business in the state of Washington with a current A.M. Best's rating of no less than A-VII, unless otherwise specifically authorized by the Port.

5.2.13 **Notice of Cancellation**: Each insurance policy required herein shall expressly provide that coverage shall not be canceled or changed except with prior written notice to the Port of no less than thirty (30) days. Lessee shall provide the Port with any revised endorsements, policy declarations and endorsements pages, and policies as soon as practicable after any changes are made to any policy.

5.2.__ **Protection and Indemnity**: Lessee shall procure and maintain during the term of this Lease and any extensions or renewals of this Lease Protection and Indemnity Insurance, in an amount not less than $1,000,000, and Hull and Machinery Coverage, for any vessel owned by Lessee.

5.2.__ **Automobile Liability:** Lessee shall procure and maintain an Automobile Liability policy covering all owned, not-owned and hired automobiles. The limits of liability shall be not less than $1,000,000.00. The foregoing insurance policy shall name the Port as an additional insured.

5.3 **WAIVER OF SUBROGATION**: The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective insurance contracts including any extended coverage endorsements thereto provided that this paragraph shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of the Port or Lessee. Each Party agrees to cause their respective insurance carriers to include in its policies a waiver of subrogation clause or endorsement.

5.4 **FINANCIAL SECURITY**:

5.4.1 In compliance with the requirements of RCW 53.08.085 (as presently codified or hereafter amended) and other laws of the State of Washington, Lessee agrees it will secure its performance of all obligations under this Lease by procuring and maintaining, during the term of this Lease, a corporate surety bond (the "**Bond**"), or by providing other financial security ("**Security**") satisfactory to the Port, in an amount totaling:

✓ Other: Waived due to government entity.

5.4.2 The Security, if a Bond, shall be in a form and issued by a surety company acceptable to the Port and shall comply with the requirements of Washington law. Lessee shall obtain such Bond and forward evidence thereof to the Port or shall provide to the Port such other financial security as may be required hereunder, within thirty (30) days of execution of this Lease, but in no event later than the Commencement Date of this Lease. Such Security shall be kept in effect during the term of this Lease.

5.4.3 If the Security amount required hereunder is to be not less than 100% of the sum of annual Rent, that Security amount is subject to increases to reflect any Base Rent adjustments as provided in Article 3 above. In that event, at no time may the Security amount be less than 80% of the then-current annual Rent, and the Port may at any time require Lessee to provide sufficient additional Security to restore the Security amount to no less than 100% of the then-current total annual Rent due hereunder. No future amendment or extension to this Lease shall be effective until the adjusted financial Security amount has been provided as required.

5.4.4 Upon any default by Lessee in its obligations under this Lease and Lessee's failure to cure such default in accordance with its rights to do so under this Lease, the Port may collect on the Bond or Security to offset the liability of Lessee to the Port. Collection on the Bond or Security shall not relieve Lessee of liability for any amounts not offset by the amount collected, shall not limit any of the Port's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

5.4.5 Any Bond or Security may provide for termination on the anniversary date thereof upon not less than one (1) year's written notice to the Port if the Lease is not in default at the time of said notice. In the event of any such termination, Lessee shall obtain a new Bond or Security , also subject to the Port approval, to replace the Security being so terminated to be effective on or before the date of termination.

5.4.6 If the Port Commission exercises its discretion pursuant to RCW 53.08.085 to reduce or waive Lessee's Security requirement under this Lease, the Port may at any time make a determination that changes in the material circumstances related to Lessee no longer support such reduction or waiver, and thereafter increase Lessee's Security requirement up to that required by RCW 53.08.085, or such amount as determined by the Port Commission.

ARTICLE VI
Environmental Liability

6.1 **ENVIRONMENTAL INDEMNIFICATION**: Lessee shall defend (with legal counsel suitable to the Port), indemnify and hold the Port harmless from any and all claims, demands, judgments, orders or damages resulting from Hazardous Substances on the Premises caused in whole or in part by the activity of Lessee, its agents or subtenants during any period of time that Lessee has occupied all or a portion of the Premises during the term of this Lease or any previous lease or agreement. The term "Hazardous Substances" as used herein shall mean any substance heretofore or hereafter designated as hazardous under the Resource Conservation and Recovery Act, 42 USC Sec. 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sec. 1257 et seq.; the Clean Air Act, 42 USC Sec. 2001 et seq.; the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 USC Sec. 9601 et seq.; or the Hazardous Waste Cleanup-Model Toxic Control Act, RCW 70.105D, all as amended and subject to all regulations promulgated there under.

6.1.1 Lessee's defense and indemnity obligations under this article are unconditional, shall not be discharged or satisfied by the Port's re-entry of the Premises or exercise of any other remedy for Lessee's default under this Lease, shall continue in effect after any assignment or sublease of this Lease, and shall continue in effect after the expiration or earlier termination of this Lease.

6.1.2 Although Lessee shall not be liable for any Hazardous Substances that existed on the Premises prior to commencement of its leasehold relationship with the Port (whether by this Lease or any prior lease agreements), Lessee shall be responsible for the costs of any environmental investigations or remediation arising from any development or use of the Premises by Lessee, and Lessee hereby releases the Port from any contribution claim for those costs. By way of example only, if Lessee excavates soil on the Premises which contains Hazardous Substances, then Lessee will be responsible for the cost associated with disposing of those disturbed soils.

6.2 **CURRENT CONDITIONS AND DUTY OF LESSEE**: The Port makes no representation about the condition of the Premises. Hazardous Substances may exist in, on, under or above the Premises. Lessee should, but is not required to, conduct environmental assessments or investigations of the Premises prior to or during this Lease to determine the existence, scope and location of any Hazardous Substances. If there are any Hazardous Substances in, on, under or above the Premises as of the Commencement Date, Lessee shall exercise the utmost care with respect to the Hazardous Substances, the foreseeable acts or omissions of third parties affecting the Hazardous Substances, and the foreseeable consequences of those acts or omissions.

6.2.1 Prior to conducting any environmental investigation of the subsurface of the Premises, Lessee shall provide prior written notice to the Port. Lessee shall provide the Port with the results of all such investigations.

6.3 **NOTIFICATION AND REPORTING**: Lessee shall immediately notify the Port if Lessee becomes aware of any of the following:

a. A release or threatened release of Hazardous Substances in, on under or above the Premises, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Premises;

b. Any problem or liability related to or derived from the presence of any Hazardous Substance in, on under or above the Premises, any adjoining property or any other property subject to use by Lessee in conjunction with its use of the Premises;

c. Any actual or alleged violation of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances with respect to the Premises, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Premises; or

d. Any lien or action with respect to any of the foregoing.

6.3.1 Lessee shall, at the Port's request, provide the Port with copies of any and all reports, studies or audits which pertain to environmental issues or concerns and to the Premises, and which are or were prepared by or for Lessee and submitted to any federal, state or local authorities pursuant to any federal, state or local permit, license or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System permit, any Army Corps of Engineers permit, any State Hydraulics permit, any State Water Quality certification, or any Substantial Development permit.

6.3.2 Upon expiration or sooner termination of this Lease, Lessee shall remove from the Premises any soils or other media impacted by Hazardous Substances where such materials were deposited on the Premises by Lessee or its employees, representatives or agents. Any failure to complete such removal by the expiration or sooner termination of this Lease, and upon the expiration of thirty (30) days' notice that such materials remain on the Premises, Lessee shall be deemed a holding over by Lessee subject to the provision of Section 7.21 (HOLDING OVER). Lessee shall represent and warrant that, upon termination of the Lease, all Hazardous Substances that Lessee is required to remove from the Premises pursuant to this subsection have been removed from the Premises.

ARTICLE VII
Miscellaneous Provisions

7.1 **LESSEE WILL OBTAIN PERMITS**: Lessee agrees to obtain and comply with all necessary permits for any Authorized Use or leasehold improvement. If Lessee fails to obtain and comply with such permits, then Lessee accepts full responsibility for any and all resulting costs incurred by the Port, including actual attorneys' fees. In this way, Lessee agrees to be solely responsible for all damages, costs and expenses incurred as a result of Lessee's failure to fully comply with any necessary permit process and requirements.

7.2 **LIENS**: Lessee agrees to keep the Premises free and clear of all liens and charges whatsoever. Lessee shall not allow any mechanics' and materialmen's or other liens to be placed upon the Premises. If such a lien is placed or recorded, Lessee shall cause it to be discharged of record, at its own expense, within thirty (30) days of the Port's demand. Failure to comply with the Port's demand within thirty (30) days shall be a default under the terms of this Lease. Notwithstanding the foregoing, the Port acknowledges that Lessee may use its Tenant Improvements as security for a loan, and the Port agrees to reasonably cooperate with Lessee and its creditor(s) to allow such creditor(s) to obtain such security.

7.3 **INDEMNIFICATION AND HOLD HARMLESS**: The Port, its employees and/or agents shall not be liable for any injury (including death) to any persons or for damage to any property regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Lessee or by others as a result of any condition (including existing or future defects in the Premises) or occurrence whatsoever related in any way to the Premises and the areas adjacent thereto or related in any way to Lessee's use or occupancy of the Premises and of the areas adjacent thereto. Lessee agrees to defend and to hold and save the Port (including its commissioners, employees and/or agents) harmless from all liability or expense (including attorneys' fees, costs and all other expenses of litigation) in connection with any such items of actual or alleged injury or damage. Lessee specifically agrees that any bond or other security provided pursuant to any provisions of this Lease shall extend to the indemnity agreed to herein. Lessee acknowledges that it expressly and specifically waives immunity under the industrial insurance statute of the state of Washington, Title 51 RCW, for purposes of this indemnification provision and further acknowledges that this waiver was mutually negotiated by the Parties. Each Party's obligations under this section shall survive the expiration or other termination of this Lease.

7.4 **LAWS AND REGULATIONS**: Lessee agrees to conform to and abide by all applicable rules, codes, laws, regulations and Port policies in connection with its use of the Premises and the construction of improvements and operation of Lessee's business thereon and not to permit said Premises to be used in violation of any applicable rule, code, law, regulation, Port policy, or other authority.

7.4.1 Lessee's obligations herein shall include, but in no way be limited to, the obligation to comply with all State and Federal environmental laws and regulations.

7.5 **<u>WASTE AND REFUSE</u>**: Lessee agrees not to allow conditions of waste and refuse to exist on the Premises and to keep the Premises in a neat, clean and orderly condition and to be responsible for all damages caused to the Premises by Lessee, its agents, or any third party on the Premises.

7.6 **<u>DAMAGE AND DESTRUCTION</u>**:

7.6.1 **<u>Port Owned Buildings/Improvements</u>**: Except as otherwise stated herein, should the Premises be partially damaged by fire or other casualty, or rendered partially unfit for use by reason of fire or other casualty, the Premises shall be repaired with due diligence by the Port, and in the meantime the Rent (as defined in Section 3.1 above) shall be abated in the same proportion that the untenantable portion of the Premises bears to the whole thereof, for the period from the occurrence of the damage to the completion of the repairs. Lessee shall cooperate fully in obtaining and making available proceeds of insurance provided by Lessee in furtherance of such repairs.

7.6.2 **<u>Lessee Owned Buildings/Improvements</u>**: If any building or improvement erected by Lessee on the Premises or any part thereof shall be damaged or destroyed by fire or other casualty during the term of this Lease, Lessee may, at its option and at its sole cost and expense, repair or restore the same according to the original plans thereof or according to such modified plans as shall be previously approved in writing by the Port. Lessee shall provide the Port notice of its intention to repair or restore the Premises within sixty (60) days after the damage or loss occurs. Such work of repair or restoration shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be completed with due diligence but not longer than one (1) year, if possible, or as soon thereafter as is reasonably possible after such work is commenced, and such work shall be otherwise done in accordance with the requirements of the provisions hereof pertaining to the construction of improvements upon the Premises. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration, or if Lessee elects not to repair or restore, to the cost of removing, demolishing, or clearing off the building or improvements. If (i) there are not insurance proceeds, or (ii) the same shall be insufficient for said purpose, Lessee shall make up the deficiency out of its own funds. Should Lessee fail or refuse to make the repair, restoration or removal as hereinabove provided, then in such event said failure or refusal shall constitute a default under the covenants and conditions hereof, and all insurance proceeds so collected shall be forthwith paid over to and be retained by the Port on its own account, and the Port may, but shall not be required to, sue and apply the same for and to the repair, restoration or removal of said improvements, and the Port may, at its option, terminate this Lease as elsewhere provided herein.

7.6.3 Except as otherwise stated herein, should the Premises be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the Premises are rendered wholly unfit for their accustomed uses, the Port shall have the option to terminate this Lease on thirty (30) days' notice, effective as of any date not more than thirty (30) days after the occurrence. In the event that this Section shall become applicable, the Port shall advise Lessee within thirty (30) days after the happening of any such damage whether the Port has elected to continue the Lease in effect or to terminate it. If the Port shall elect to continue this Lease, it shall commence and prosecute with due diligence any work necessary to restore or repair the Premises. If the Port shall fail to notify Lessee of its election within said thirty (30) day period, the Port shall be deemed to have elected to terminate this Lease, and the Lease shall automatically terminate thirty (30) days after the occurrence of the damage. For the period from the occurrence of the damage to the Premises as described in this Section to the date of completion of the repairs to the Premises (or to the date of termination of the Lease if the Port shall elect not to restore the Premises), Rent due hereunder shall be abated in the same proportion as the untenantable portion of the Premises bears to the whole thereof.

7.7 **SIGNS**: Lessee may place in or upon the Premises only such signs as are related to the Authorized Use of the Premises, PROVIDED that Lessee shall first obtain Port's written consent as to size, location, materials, method of attachment, and appearance. Lessee shall install any approved signs at Lessee's sole expense and in compliance with all applicable laws, ordinances, rules and regulations. Lessee shall not damage or deface the Premises in installing or removing signs and shall repair any damage to the Premises caused by such installation or removal.

7.8 **ATTORNEYS' FEES AND COURT COSTS**: In any litigation, arbitration, or other proceeding by which one Party either seeks to enforce its rights under this Lease (whether in contract, tort, or both) or seeks a declaration of any rights or obligations under this Lease, the prevailing Party shall be awarded its reasonable attorney fees, and costs and expenses incurred.

7.9 **ASSIGNMENT OF LEASE**: Lessee shall not assign, rent or sublease any portions of this Lease or any extension thereof, without the prior written consent of the Port, in its sole discretion and upon such conditions as the Port may require, including those set forth herein, no rights hereunder in or to said Premises shall pass by operation of law or other judicial process, or through insolvency proceedings. Otherwise, the rights and obligations hereof shall extend to and be binding upon their respective successors, representatives and assigns, as the case may be. Lessee shall furnish the Port with copies of all such proposed assignment, sublease or rental documents. For the purposes of this Lease, any change of ownership including sale, liquidation or other disposition of some or all of the corporate stock or limited liability company units will be considered an assignment. Should the Port consent to an assignment made by Lessee for the purposes of obtaining a loan or other consideration from a third party, then the Port's consent shall be made in accordance with the consent to assignment document used by the Port for these specific assignments. A copy of this consent form shall be provided by the Port upon request of Lessee.

7.9.1 If the Port refuses to consent to an assignment, Lessee's sole remedy shall be the right to bring a declaratory action to determine whether the Port was entitled to refuse such assignment under the terms of this Lease.

7.9.2 No consent by the Port to any assignment or sublease shall be a waiver of the requirement to obtain such consent with respect to any other or later assignment or sublease. Acceptance of Rent or other performance by the Port following an assignment or sublease, whether or not the Port has knowledge of such assignment or sublease, shall not constitute consent to the same nor a waiver of the requirement to obtain consent to the same.

7.9.3 A minimum handling and transfer fee ("Transfer Fee Deposit") of Three Hundred Dollars ($300.00) shall be payable by Lessee to the Port if Lessee requests the Port's consent to a proposed assignment (including an assignment to a creditor for security purposes), sublease or modification of this Lease. The Port reserves the right to increase the Transfer Fee Deposit up to

Five Hundred Dollars ($500.00) if, in the Port's sole judgment, the transaction will necessitate the expenditure of substantial time and expense on the part of the Port. Such Transfer Fee Deposit shall be submitted to the Port at the same time that Lessee requests the Port's consent to the proposed sublease, assignment or modification. If the Port's reasonable and customary attorneys' fees exceed the Transfer Fee Deposit, then Lessee agrees to reimburse the Port for such additional reasonable and customary attorneys' fees. Lessee's failure to remit this additional amount within sixty (60) days of the mailing of the notice of such charges, shall constitute a default under this Lease. Notwithstanding anything to the contrary herein, Lessee shall not be obligated to reimburse the Port in any case where an assignment, sublease or modification is not accomplished due to total refusal on the part of the Port to grant its consent to the request.

7.9.4 If, pursuant to any assignment or sublease, Lessee receives rent, either initially or over the term of the assignment or sublease, in excess of the Rent called for hereunder, or in the case of a sublease, a portion of the Premises in excess of such Rent fairly allocable to such portion, after appropriate adjustments to assure that all other payments called for hereunder are appropriately taken into account, Lessee shall pay to the Port, as additional rent expenses hereunder, fifty percent (50%) of the excess of each such payment of Rent received by Lessee after its receipt.

7.9.5 If this Lease is assigned, or if the underlying beneficial interest of Lessee is transferred, or if the Premises or any part thereof is sublet to or occupied by anybody other than Lessee, the Port may collect Rent from the assignee, subtenant or occupant and apply the net amount collected to the Rent herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained. No assignment or subletting shall affect the continuing primary liability of Lessee (which, following assignment, shall be joint and several with the assignee), and Lessee shall not be released from performing any of the terms, covenants and conditions of this Lease.

7.9.6 Notwithstanding any assignment or sublease, or any indulgences, waivers or extensions of time granted by the Port to any assignee or sublessee or failure of the Port to take action against any assignee or sublease, Lessee hereby agrees that the Port may, at its option, and upon not less than three (3) days' notice to Lessee, proceed against Lessee without having taken action against or joined such assignee or sublessee, except that Lessee shall have the benefit of any indulgences, waivers and extensions of time granted to any such assignee or sublessee.

7.9.7 Any Lessee request to amend, sub-lease, or assign this Lease shall be conditioned by an amendment providing that the Base Rental Rate shall be adjusted to the prevailing Fair Market Rent. The Port may negotiate a reasonable schedule of periodic adjustments of the Fair Market Rent over a reasonable period of time, if the amount required to reach the Fair Market Rent in the sole discretion of the Port is substantial.

7.9.8 The Lessee must be in Good Standing as that term is defined herein below as a condition precedent to the Port's agreement to amend, sub-lease, or assign the Lease.

7.9.9 “**Good Standing**” Defined- The Lessee is in "good standing" if it is in full compliance with all obligations in their current Lease or past lease agreements, which includes inter alia timely payment of rent, adherence to specific terms of the Lease (property usage, etc.), adherence to property boundaries, promotion of the Port, adherence to local/state/federal rules and regulations, adherence to Port regulations (notification of tenant improvements, permission, notice, etc.), and exercises good faith in its dealings with the Port.

7.10 **REIMBURSEMENT FOR EXPENSES**: Should Lessee seek to assign this Lease to any creditor as security for a loan or forbearance from such creditor, or attempt to otherwise assign, sublease, or modify this Lease between the Parties during the term of this Lease or any renewal thereof, then Lessee agrees to reimburse the Port for all customary and reasonable attorney fees paid by the Port for the review and opinion of such attorney acting on the request. A failure to reimburse the Port within sixty (60) days of the mailing of notice of such charges shall constitute a default under the terms of this Lease. Notwithstanding anything to the contrary herein, Lessee shall not be obligated to reimburse the Port in any case where an assignment, sublease, or modification is not accomplished due to total refusal on the part of the Port to grant its consent to the request.

7.11 **TERMINATION**: Upon expiration or sooner termination of this Lease or any extension thereof, whether by expiration of the stated term or sooner termination thereof, as herein provided, Lessee shall surrender to the Port the Premises peaceably and quietly. Lessee shall restore the Premises to the condition existing at the time of initiation of this Lease, except for: (i) normal wear and tear, and (ii) any improvements which the Port permits to remain on the Premises.

7.11.1 If the Port, at its sole discretion, shall require the use of the Premises for a public use in connection with the business of the Port not involving the lease thereof to another private lessee or in the event that the Port, at its sole discretion, shall require the use of the Premises for a major capital improvement for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to Lessee not less than ninety (90) days before the termination date specified in the notice, unless the need for such use constitutes an emergency, in which case this Lease shall terminate as soon as is practicable.

7.11.2 If the United States Government, the State of Washington, or any agency or instrumentality of said government shall take title, possession, the rights of the Premises or any part thereof, the Port shall have the option to terminate this Lease, and if the taking has substantially impaired the utility of the Premises to Lessee, Lessee shall have the option to terminate this Lease. Both options shall be exercisable as of the date of said taking. If Lessee is not in default under any of the provisions of this Lease on the date of such taking, any rental prepaid by Lessee shall be promptly refunded to Lessee to the extent allocable to any period subsequent to said date, and all further obligations of the Parties shall terminate except liabilities, which shall be accrued prior to such date. To the extent Lessee owns certain improvements upon the Premises and is not otherwise directly compensated therefore by the taking entity, Lessee shall receive a fair allocation of any award received by the Port due to termination for government use. Nothing herein contained shall preclude Lessee from independently pursuing a direct claim for compensation from the taking entity for the value of its improvements to the Premises or its leasehold interest therein.

7.11.3 If any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that occurred prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rent prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

7.12 **DEFAULT, CROSS DEFAULT, AND REMEDIES**: Failure to pay Rent or any other monetary obligations by the first day of each month shall constitute a default under the terms of this Lease. If Lessee is in default in the payment of Rent or other monetary obligations then, at the Port's sole option, upon three (3) days' written notice, this Lease may be terminated and the Port may enter upon and take possession of the Premises. Without limiting the generality of the foregoing, Lessee expressly authorizes the Port to obtain a prejudgment writ of restitution in the event of default by Lessee. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

7.12.1 If Lessee shall fail to perform any term or condition of this Lease, other than the payment of Rent or other monetary obligations, then upon providing Lessee thirty (30) days' written notice of such default, and if Lessee fails to cure such default within the thirty (30) day notice thereof, the Port may terminate this Lease and enter upon and take possession of the Premises. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

7.12.2 If within any one (1) year period, the Port serves upon Lessee three notices requiring Lessee either to: (i) comply with the terms of this Lease or to vacate the Premises or (ii) pay Rent or vacate (collectively referred to herein as "Default Notices"), then Lessee shall, upon a subsequent violation of any term of this Lease by Lessee (including failure to pay Rent), be deemed to be in unlawful detainer, and the Port may, in addition to any other remedies it may have, immediately terminate the Lease and/or commence an unlawful detainer action without further notice to Lessee.

7.12.3 The following shall also constitute a default under the terms of this Lease: (i) A default by Lessee under any other agreement or lease with the Port; (ii) insolvency of Lessee; (iii) an assignment by Lessee for the benefit of creditors; (iv) the filing by Lessee of a voluntary petition in bankruptcy; (v) an adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee; (vi) the filing of an involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within thirty (30) days after filing; and (vii) attachment of or the levying of execution on the leasehold interest and failure of Lessee to secure a discharge of the attachment or release of the levy of execution within ten (10) days.

7.12.4 A default under this Lease shall constitute a default under any other lease or agreement which Lessee has with the Port (hereinafter such other agreements shall be referred to as "Collateral Agreements"). Likewise, any material breach or default under any Collateral Agreements shall be deemed a material breach or default under the terms of this Lease. If any

Collateral Agreements are terminated for a material breach or default of Lessee, then the Port shall, without limiting any other remedies it may have, be entitled to terminate this Lease upon five (5) days' written notice to Lessee.

7.12.5 In addition to the foregoing remedies specified in this article, the Port may exercise any remedies or rights under the laws of the State of Washington. Under no circumstances shall the Port be held liable in damages or otherwise by reason of any lawful re-entry or eviction. The Port shall not, by any re-entry or other act, be deemed to have accepted any surrender by Lessee of the Premises or be deemed to have otherwise terminated this Lease or to have relieved Lessee of any obligation hereunder.

7.12.6 The Port shall be under no obligation to observe or perform any covenant of this Lease after the date of any material default by Lessee unless and until Lessee cures such default.

7.12.7 A fee of Five Hundred Dollars ($500.00) shall be assessed to Lessee for each Default Notice issued to Lessee to defray the costs associated with preparing, issuing, and serving such notice. This fee shall be payable on the first (1st) day of the month following the issuance of the notice.

7.13 **NON-WAIVER**: Neither the acceptance of Rent nor any other act or omission of the Port after a default by Lessee shall operate as a waiver of any past or future default by Lessee, or to deprive the Port of its right to terminate this Lease, or be construed to prevent the Port from promptly exercising any other right or remedy it has under this Lease. Any waiver by the Port shall be in writing and signed by the Port in order to be binding on the Port.

7.14 **NOTICES**: Any notice, demand, request, consent, approval or communication that either Party desires or is required to give to the other Party shall be in writing addressed to the other Party at the addresses as follows:

TO THE PORT	Port of Port Angeles P.O. Box 1350 Port Angeles, WA 98362
TO LESSEE:	City of Port Angeles Attn: City Manager 321 E. 5th Street Port Angeles, WA 98362

or such address as may have been specified by notifying the other Party of the change of address. Notice shall be deemed served on the date of actual delivery or the first attempted delivery as shown on the return receipt if mailed with the United States Postal Service by certified mail, return receipt requested.

7.15 **AGENT FOR SERVICE**: Lessee agrees that if Lessee is in unlawful detainer, pursuant to Chapter 59.12 RCW, and the Port is unable to serve Lessee with the unlawful detainer pleadings after one service attempt, then the Port shall be deemed to have complied with the service requirements of Chapter 59.12 RCW if it mails such pleadings via certified mail to the address set forth in the notice section of this Lease and posts such pleadings in a conspicuous location on the Premises. Service shall be deemed complete on the next third day following the day of mailing.

7.16 **SECURITY**: Lessee specifically acknowledges that the Port has no duty to provide security for any portion of the Premises or surrounding areas. Lessee assumes sole responsibility and liability for the security of itself, its employees, customers, and invitees, and their respective property in or about the Premises. Lessee agrees that to the extent the Port elects to provide any security, the Port is not warranting the effectiveness of any such security personnel, services, procedures or equipment and that Lessee is not relying and shall not hereafter rely on such security personnel, services, procedures or equipment. The Port shall not be responsible or liable in any manner for failure of any such security personnel, services, procedures or equipment to prevent or control, or apprehend anyone suspected of personal injury or property damage in, on or around the Premises.

7.17 **QUIET ENJOYMENT**: The Port acknowledges that it has ownership of the Premises and that it has the legal authority to lease the Premises to Lessee. The Port covenants that Lessee shall have quiet enjoyment of the Premises during the term of this Lease so long as the terms are complied with by Lessee and subject to the Port's right of entry onto the Premises as set forth herein.

7.17.1 The Port reserves the right to grant easements and other land uses on the Premises to others when the easement or other land uses applied for will not unduly interfere with the use to which Lessee is putting the Premises or interfere unduly with the approved plan of development for the Premises. No easement or other land uses shall be granted to third parties, until damages to the Lessee have been dealt with appropriately, or waiver signed by Lessee.

7.17.2 Lessee understands that various federal agencies, including the Department of Homeland Security and U.S. Coast Guard, have the authority to restrict access to certain areas on property owned by the Port in order to counter a terrorist or other threat. Such restrictions could impact Lessee's ability to access the Premises for an indefinite period of time. Since such restrictions on access are outside the control of the Port, Lessee agrees that such interruptions shall not be deemed a violation of this Lease or the Covenant of Quiet Enjoyment.

7.18 **PORT MAY ENTER PREMISES; INSPECTION**: The Port reserves the right to inspect the Premises after written notice (except where the Port reasonably believes there exists or is about to exist an emergency, in which case no notice is required) at any and all reasonable times throughout the term of this Lease, provided that it shall not unduly interfere with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the Premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for a reasonable period of time prior to the expiration or sooner termination of the Lease.

7.19 **TIME**: It is mutually agreed and understood that time is of the essence of this Lease and that a waiver of any default of Lessee shall not be construed as a waiver of any other default.

7.20 **INTERPRETATION**: This Lease has been submitted to the scrutiny of the Parties hereto and their counsel, if desired. In any dispute between the Parties, the language of this Lease shall, in all cases, be construed as a whole according to its fair meaning and not for or against either the Port or Lessee. If any provision is found to be ambiguous, the language shall not be construed against either the Port or Lessee solely on the basis of which Party drafted the provision. If any word, clause, sentence, or combination thereof for any reason is declared by a court of law or equity to be invalid or unenforceable against one Party or the other, then such finding shall in no way affect the remaining provisions of this Lease.

7.21 **HOLDING OVER**: If Lessee remains in possession of said Premises after the date of expiration of this Lease without the Port's prior written consent, such holding over shall constitute and be construed as tenancy at sufferance only, at a monthly rent equal to one hundred fifty percent (150%) of the rent owed during the immediately preceding month under this Lease and otherwise upon the terms and conditions in this Lease and shall continue to be responsible for payment of applicable CAM Expenses and leasehold excise tax obligations. If Lessee holds over with the Port's prior written consent, then until such time as a new written Lease is executed by the Parties hereto, Lessee shall continue to make payments to the Port on a month-to-month basis as provided for in this Lease. Such holdover tenancy may be terminated by either Party at the end of any such monthly period by sending written notice not less than five (5) days before the end of such period. Such holdover tenancy shall be subject to all terms and conditions contained herein.

7.22 **PROMOTION OF PORT COMMERCE**: Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote the activities of the Port.

7.23 **SURVIVAL**: All obligations of Lessee, as provided for in the Lease, shall not cease upon the termination of this Lease and shall continue as obligations until fully performed. All clauses of this Lease, which require performance beyond the termination date, shall survive the termination date of this Lease.

7.24 **GOVERNING LAW**: This Lease, and the right of the Parties hereto, shall be governed by and construed in accordance with the laws of the State of Washington, and the Parties agree that in any such action jurisdiction and venue shall lie exclusively in Clallam County, Washington.

7.25 **ESTOPPEL CERTIFICATES**: At Lessee's request, the Port agrees to execute and deliver to Lessee or its lender(s), a customary estoppel certificate in a form acceptable to the Port which sets forth the following information: (i) the terms and conditions of this Lease, (ii) the status of the Rent payments under the Lease; and (iii) the Port's knowledge of any breaches or anticipated breaches of the Lease. The Port shall have no obligation to execute an estoppel certificate which requests any information other than as set forth above. Lessee agrees to reimburse the Port for all attorneys' fees paid by the Port for the review and opinion of such attorney acting on the request for such estoppel certificate and in negotiating acceptable language in the estoppel certificate. A failure to reimburse the Port within sixty (60) days of the mailing of notice of such charges shall constitute a default under the terms of this Lease.

7.26 **ATTORNMENT**: In the event the Premises are sold, Lessee shall attorn to the purchaser upon the sale provided that the purchaser expressly agrees in writing that, so long as Lessee is not in default under the Lease, Lessee's possession and occupancy of the Premises will not be disturbed and that such purchaser will perform all obligations of the Port under the Lease.

7.27 **ENTIRE AGREEMENT**: This Lease contains all of the understandings between the Parties. Each Party represents that no promises, representations or commitments have been made by the other as a basis for this Lease which have not been reduced to writing herein. No oral promises or representations shall be binding upon either Party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Lease executed with all necessary legal formalities by the Commission of the Port of Port Angeles, or its designee.

7.28 **COMMISSIONS AND FEES**: In the absence of any agreement between the Parties to the contrary, each Party represents and warrants to the other that it has not been represented by, or introduced to the other by, any broker or agent. In the absence of any agreement between the Parties to the contrary, each Party hereby agrees to indemnify and hold the other harmless from and against any and all fees, commissions, costs, expenses (including attorneys' fees) obligations and causes of actions arising against or incurred by the other Party by reason of any claim for a real estate commission or a fee or finder's fee by reason of any contract, agreement or arrangement with, or services rendered at the request of, the indemnifying Party.

7.29 **VALIDATION**: IN WITNESS WHEREOF, the Port has caused this instrument to be signed by its Executive Director, or other designee, by authority of the Commission of the Port of Port Angeles, and this instrument has been signed and executed by Lessee, on the day and written below.

LESSOR:	**LESSEE:**
PORT OF PORT ANGELES	CITY OF PORT ANGELES
________________________	__________________________
Paul S. Jarkiewicz	Nathan West
Its: Executive Director	Its: City Manager
Date: ____________________	Date: ____________________

STATE OF WASHINGTON)
) ss.
County of Clallam County)

On this _____ day of _________________, 20___, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **NATHAN WEST**, to me known to be the **CITY MANAGER OF THE CITY OF PORT ANGELES**, the entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

____
NOTARY PUBLIC in and for the
State of Washington, residing
at ___________________________
My Commission Expires: ________

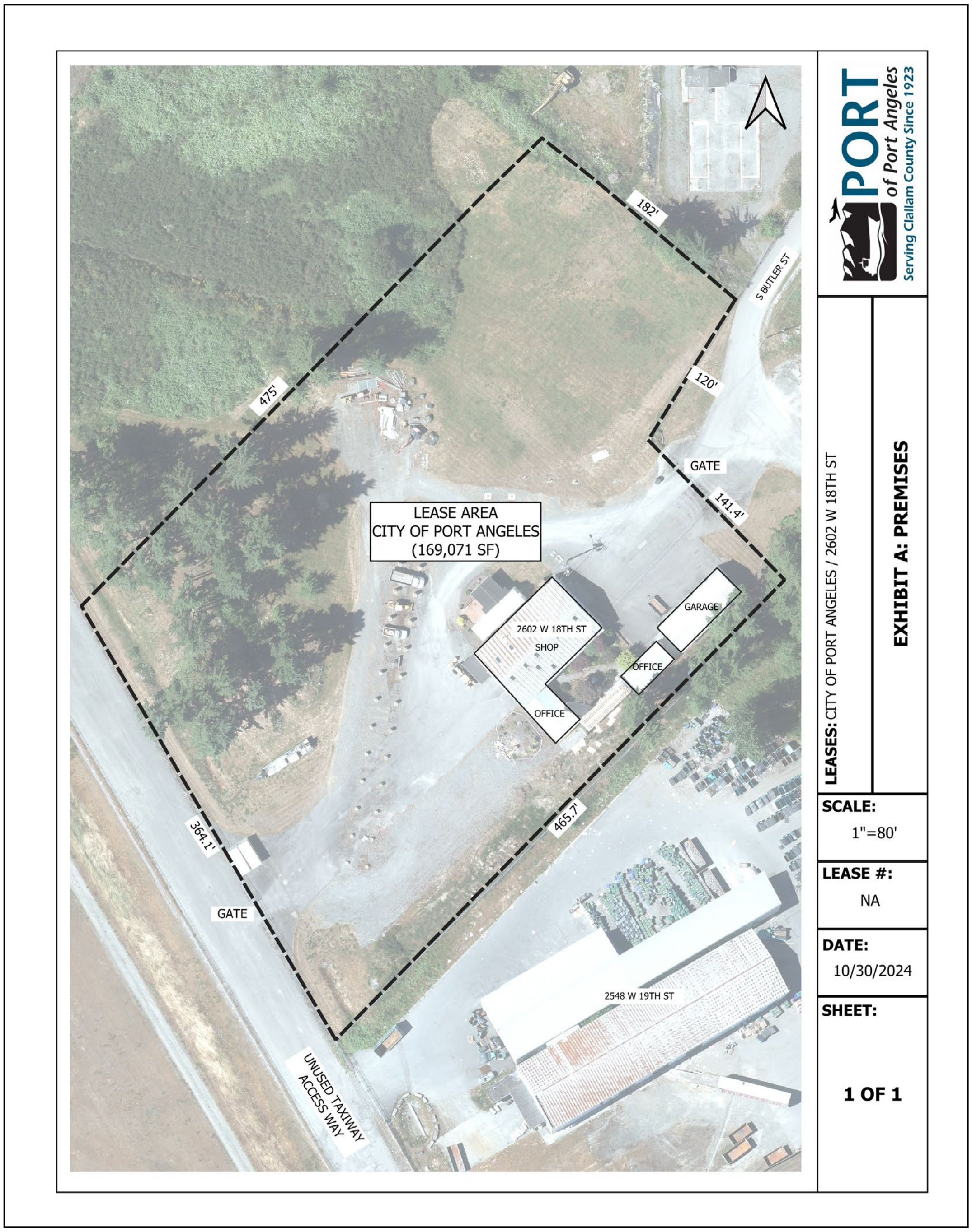
STATE OF WASHINGTON)
) ss.
County of Clallam)

On this _____ day of _________________, 20___, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **PAUL JARKIEWICZ**, to me known to be the **EXECUTIVE DIRECTOR OF THE PORT OF PORT ANGELES**, the entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

____
NOTARY PUBLIC in and for the
State of Washington, residing
at ___________________________
My Commission Expires: ________

EXHIBIT A – Leased Premises



Initials: __________
City

____
Port

EXHIBIT B -Repair and Maintenance Inclusion List

Premises improvements to be repaired and maintained by the Port of Port Angeles as follows:

ACCESS ROADS & PARKING
CATCH BASINS, GRATES, FRAME
DRINKING FOUNTAINS
DOORS, EXTERIOR
DOOR HARDWARE, EXTERIOR
DRAINAGE PIPE
ENTRANCES & STOREFRONTS
ELECTRICAL SERVICE & DISTRIBUTION
FIRE EXTINGUISHERS & CABINETS
FOUNDATION DRAINAGE
GLAZING
GUTTERS & DOWNSPOUTS
HYDRANTS
HANDRAILS AND RAILINGS
HVAC
INSULATION
MANHOLES & CLEANOUTS
PAINTING, EXTERIOR
PAVING & SURFACING
PAVEMENT MARKING & PARKING LINES
PLUMBING (OUTSIDE OF TENANT LEASED SPACE)
RESTROOM CLEANING, COMMON AREAS
ROOFING SYSTEMS (DECKING)
SANITARY SEWAGE SYSTEMS (EXTERIOR MAINS)
SEALANTS & CAULKING/EXTERIOR
SIDING
SIDEWALKS/CURBS
SNOW REMOVAL
STORM SYSTEMS
SWEEPING AND LEAF BLOWING
THERMAL & MOISTURE PROTECTION
WATER DISTRIBUTION (EXTERIOR MAINS)
WEATHERSTRIPPING & SEALS
WINDOWS, EXTERIOR

Lessee shall be responsible for repair and maintenance of all Premises improvements not identified on this Exhibit B.

Initials: ____________ Port of Port Angeles

Initials: ____________ Lessee

ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS

November 12, 2025

Subject: APPROVAL OF 2ND AMENDMENT TO EXECUTIVE DIRECTOR CONTRACT

Presenter: Steve Burke, Commission President

RCW & POLICY REQUIREMENTS:

Per RCW 53.08.170, the Port Commission has authority to create and fill positions of employment and to fix wages, salaries and benefits.

Further, the Executive Director's Contract requires that the Commission and Executive Director mutually review and confer on the performance of the Executive Director not less than annually at or near the anniversary date of July 25, 2023, and may address salary and other adjustments as described below.

BACKGROUND:

The Port's Executive Director was hired via contract on July 25, 2023. The Executive Director's Contract requires that the Commission and Executive Director mutually review and confer on the performance of the Executive Director not less than annually at or near the anniversary date of July 25, 2023.

The Executive Director shall be eligible for salary increases and/or bonus compensation based on the Commission's evaluation of Executive Director's performance. The Contract provides that any future annual adjustment to salary and bonus compensation, if any, shall be effective on the established July 25th anniversary date for that year. Any performance-based increases and/or bonus compensation, if any, shall be set by the Commission in public session.

In 2024, the Executive Director's contract was amended as follows:

- The salary was adjusted.
- The Contract was clarified to provide that any annual cost-of-living adjustments which may be made available to port employees shall also be available to the Executive Director effective the same date as all other Port employees.
- Any cap on annual vacation carry-over hours was eliminated.
- The Executive Director was provided with an additional 5% deferred compensation contribution.

DISCUSSION:

The Commission and Executive Director have carried out the 2025 mutual review and have conferred on the Executive Director’s performance. Commission may discuss the results of the evaluation in public session.

The Executive Director also requested that his title be changed to Chief Executive Officer to better align with the organizational structure at the Port.

POSSIBLE ACTION:

As a result of the evaluation process, Commission may take action in the public portion of their meeting.

PORT of Port Angeles

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 ($27.44 M recognized in 2026) and disciplined local match, alongside a planned use of reserves ($(5.15 M)) 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

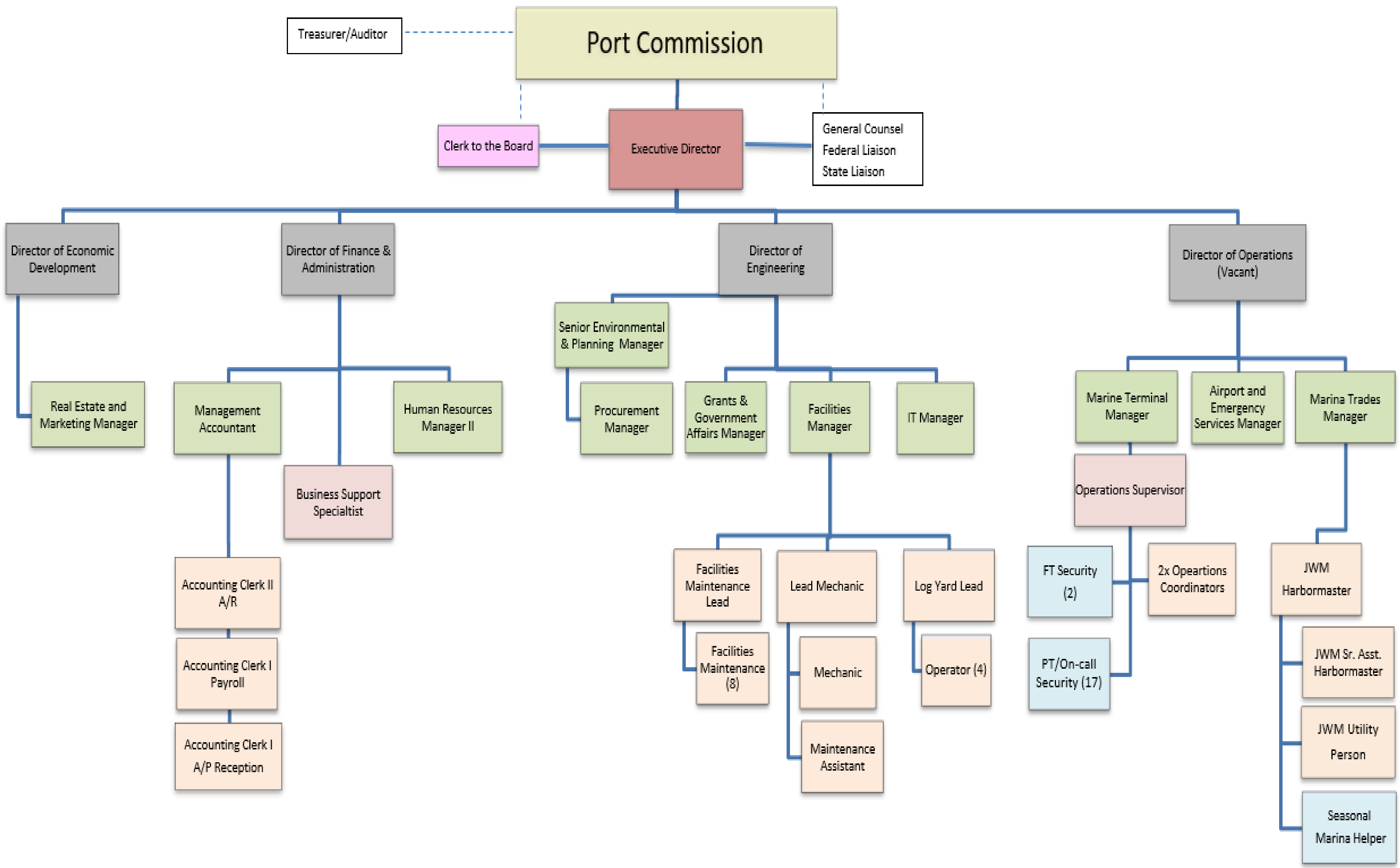
STEVEN D. BURKE, PRESIDENT
Term Expires 2025

COLLEEN M. MCALEER, VICE PRESIDENT
Term Expires 2025

CONNIE L. BEAUVAIS, SECRETARY
Term Expires 2027

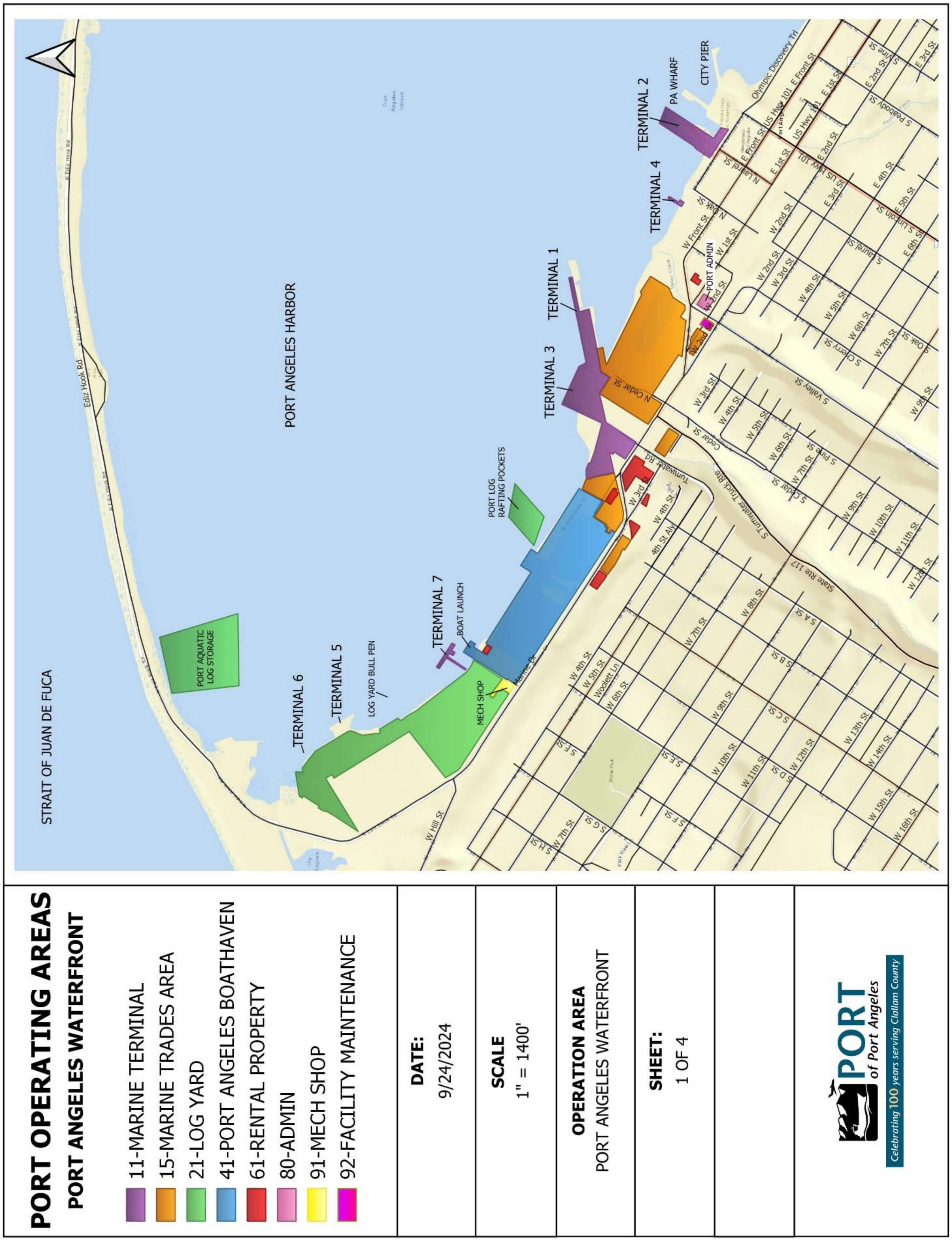
PORT MANAGEMENT TEAM

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

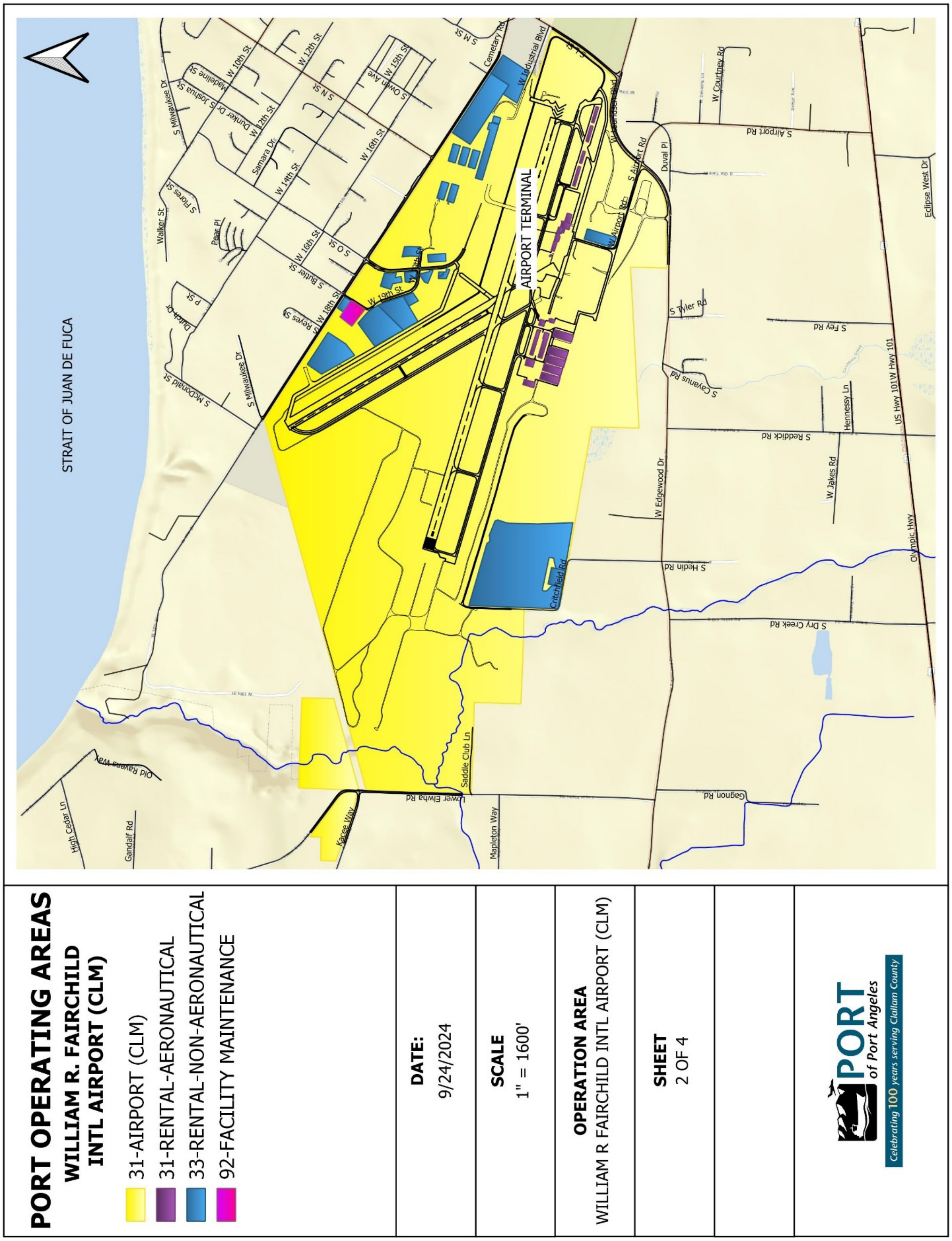


2026 Org Chart

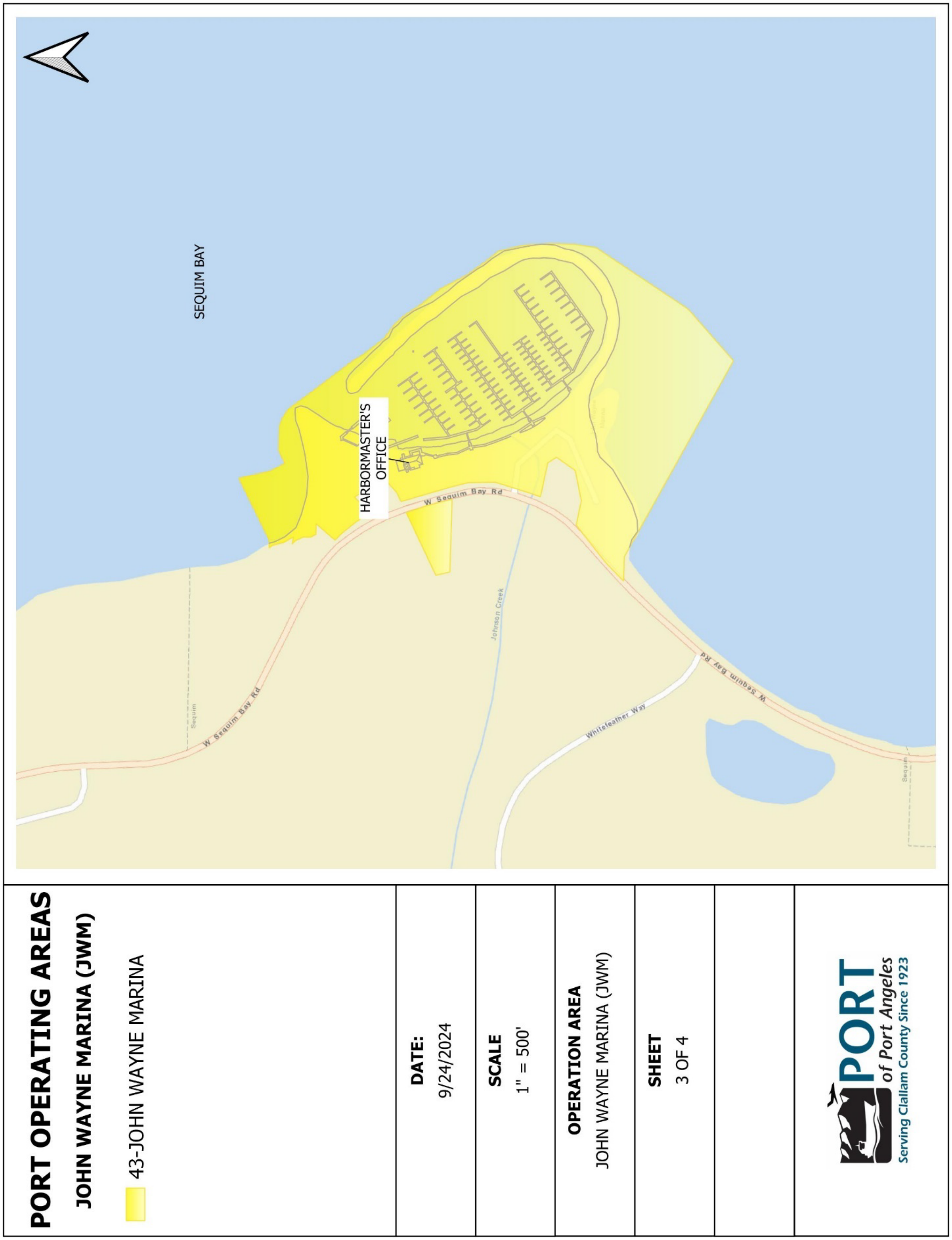
PORT OPERATING AREAS



PORT OPERATING AREAS – continued



PORT OPERATING AREAS – continued



PORT OPERATING AREAS – continued

PORT OPERATING AREAS

SEKIU AIRPORT (11S)

32-SEKIU AIRPORT

DATE: 9/24/2024

SCALE 1" = 900'

OPERATION AREA SEKIU AIRPORT (11S)

SHEET 4 OF 4

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
OPERATING REVENUES						
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**
OPERATING EXPENSES						
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	-	0	0	(0)	(0)	-
DEPRECIATION	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)**
NON-OP (GENERAL)						
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***
NON-OP (CAPITAL)						
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

BEGINNING CASH BALANCE		**21,611,269**
OPERATING REVENUES		
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**	
NON-OPERATING REVENUE		
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**
OPERATING EXPENSES		
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**	
NON-OPERATING EXPENSES		
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**
ENDING CASH BALANCE		**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.

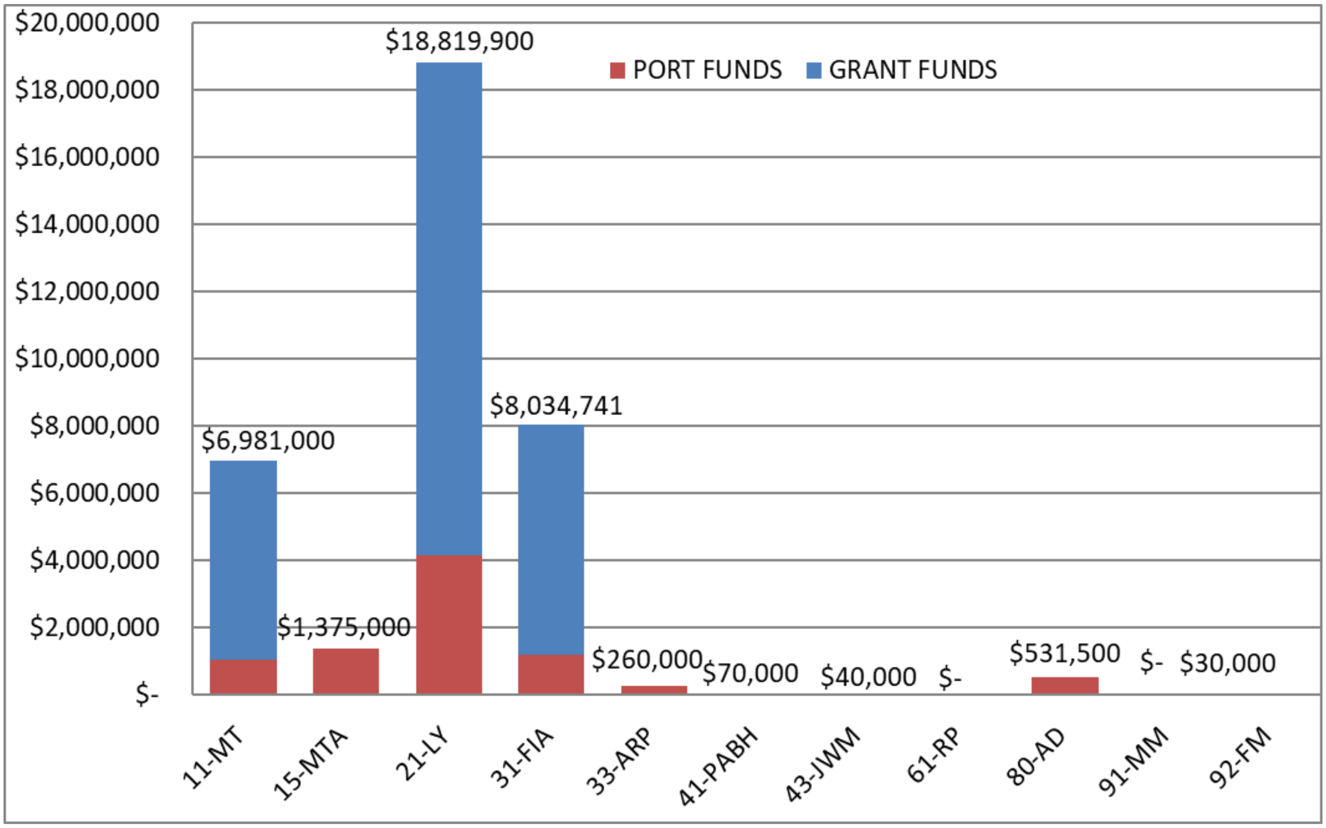
FEDERAL & STATE GRANTS AWARDED TO THE PORT OF PORT ANGELES

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 TWIC Readers Safety Vessel	$230,000 $ 23,500 $ 84,000	$80,000 $ 8,000 $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



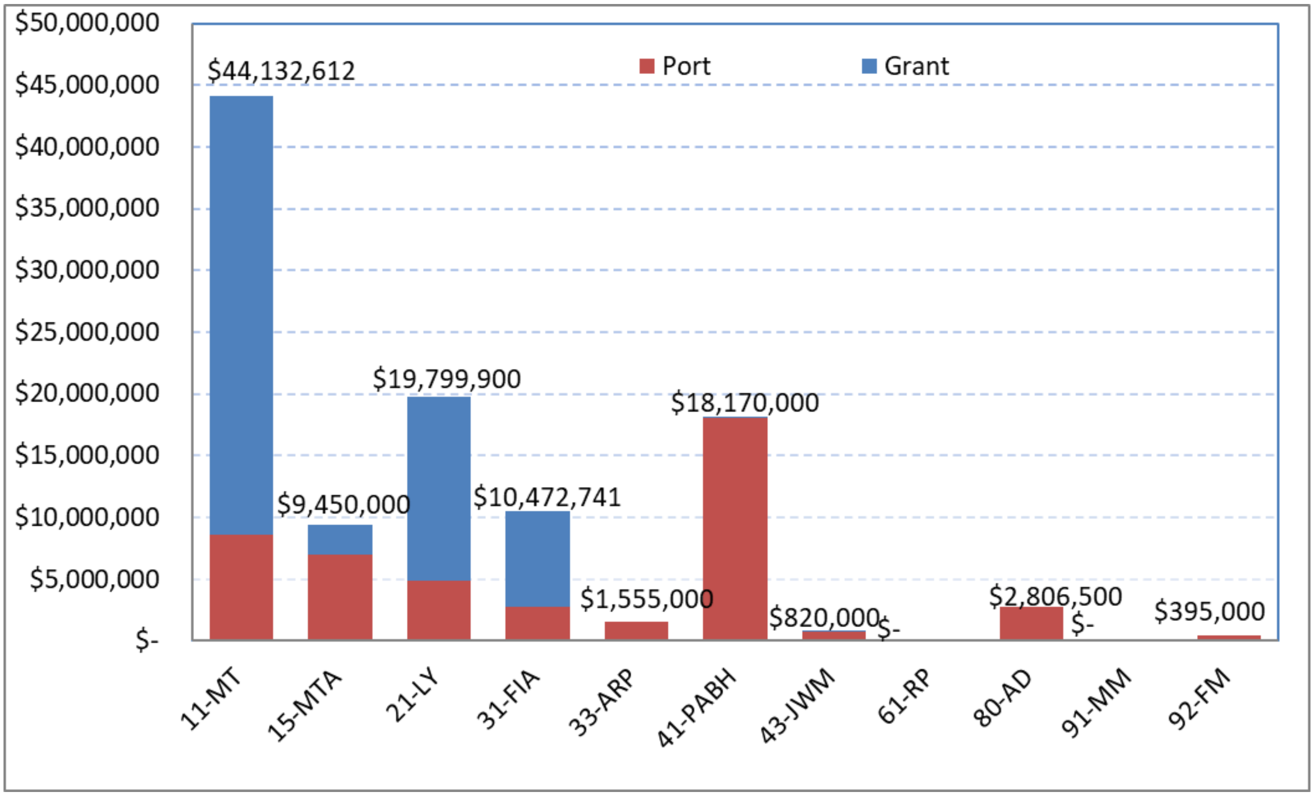
Dept.	2025 Port Projected	2025 Grant Projected	2025 Total Projected	2026 Port Budget	2026 Grant Budget	2026 Total Budget
11-MT	$ 1,927,470	$ 542,770	$ 2,470,240	$ 1,048,500	$ 5,932,500	$ 6,981,000
15-MTA	$ 585,983	$ 1,143,938	$ 1,729,921	$ 1,375,000	$ -	$ 1,375,000
21-LY	$ 63,000	$ 189,000	$ 252,000	$ 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

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

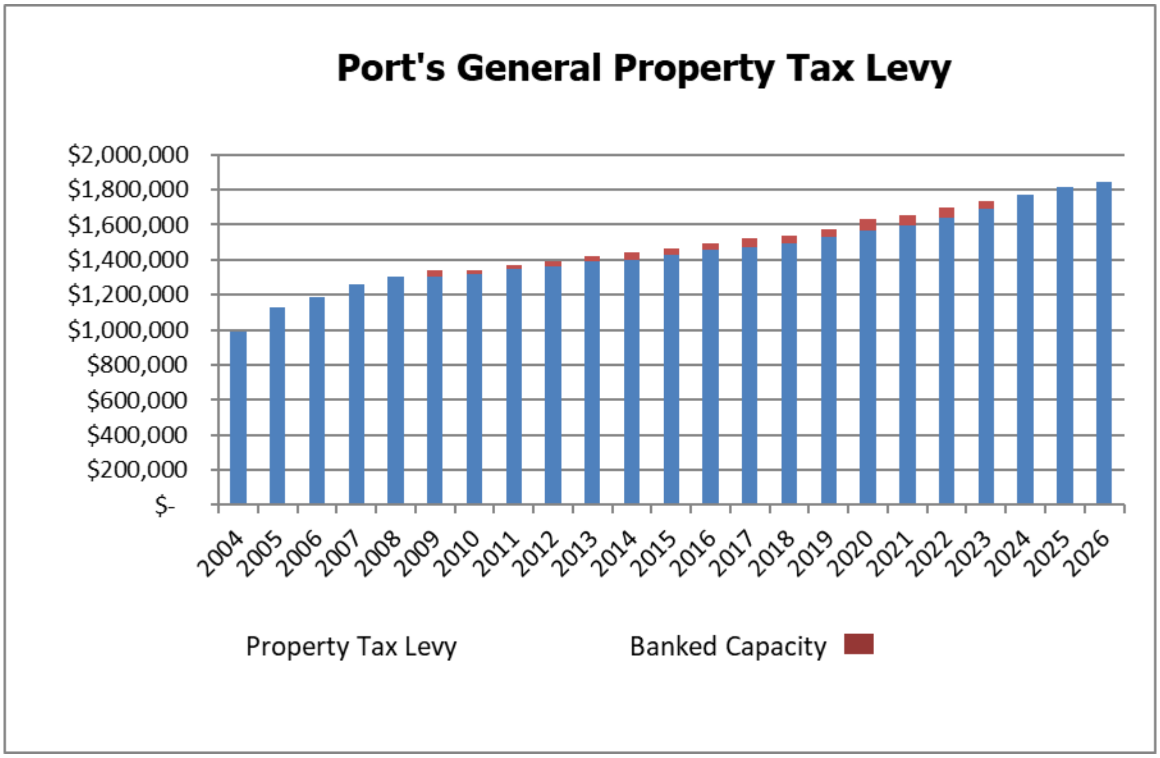
2025	Total Property Tax	$ 1,810,790
2026	1% increase	$ 18,108
2026	Banked Capacity	$ -
2026	New Construction	$ 14,734
2026	Refunds	$ 40,000
2026	State Adjustments	$ -
2026	Total Property Tax	$ 1,883,631
2026	Net Increase	$ 72,842

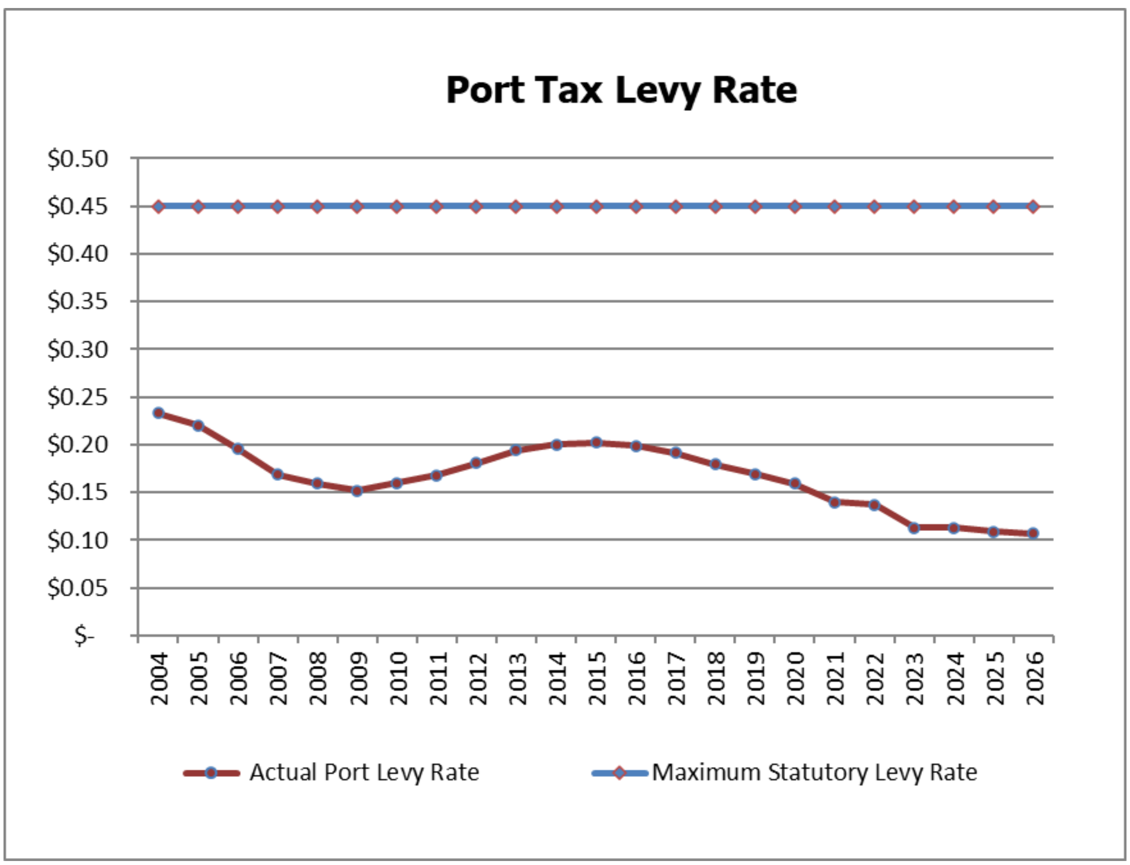
TAX LEVY USES

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

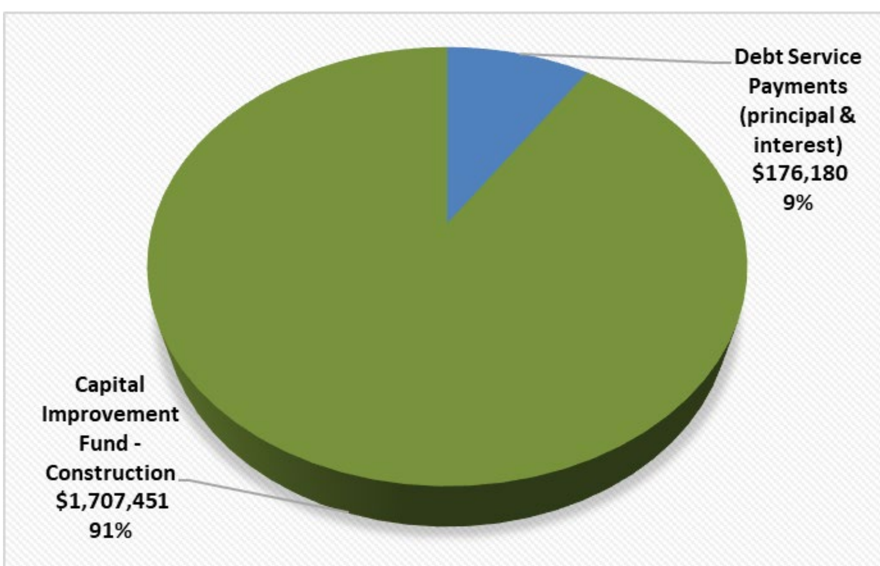
Special levies approved by the voters are not subject to the above limitations. The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters within the Port District, not to exceed $0.45 per $1,000 of assessed value of taxable property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

Industrial Development District (IDD) Tax Levies

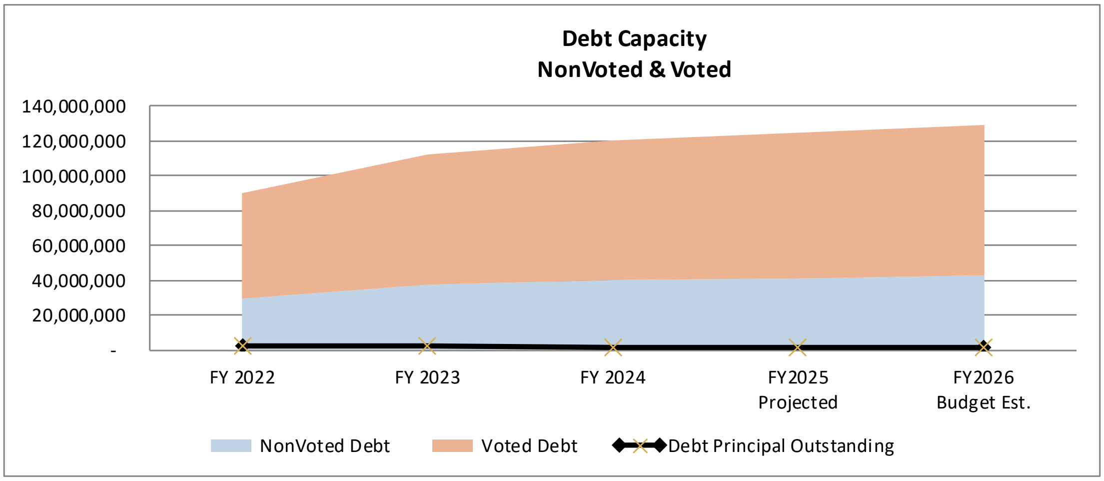
Port districts may annually levy for Industrial Development District (IDD) purposes when they have adopted a comprehensive scheme of harbor improvements and industrial development. For IDD purposes, levies are treated as though they are separate regular property tax levies made by or for a separate taxing 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.



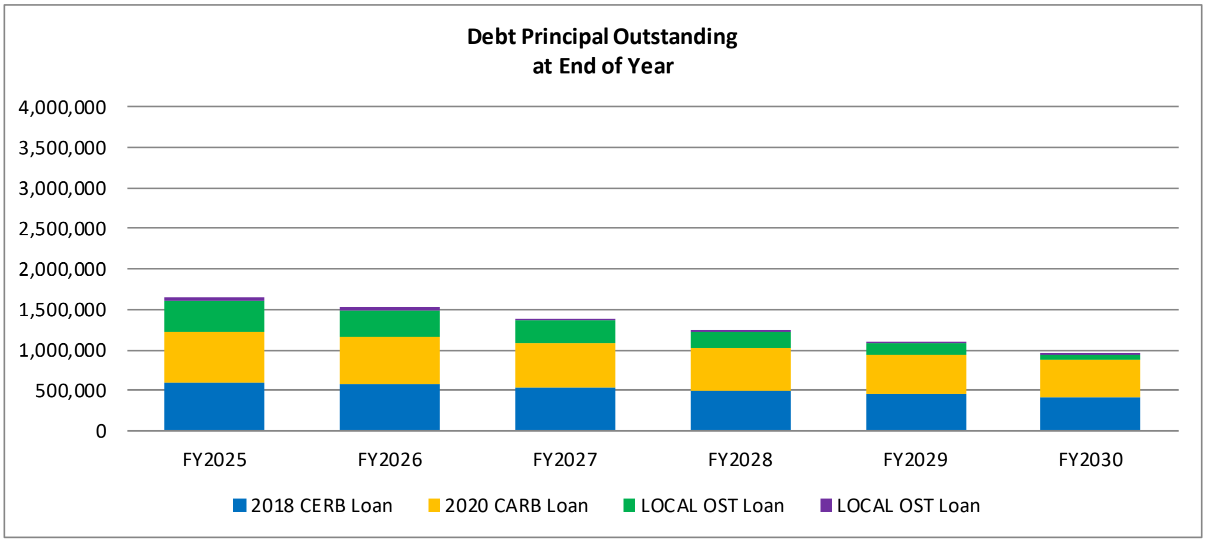
DEBT SERVICE AND BOND FUNDS
Debt Capacity



	FY 2022	FY 2023	FY 2024	FY2025 Projected	FY2026 Budget Est.
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
Statutory Debt Limit: NonVoted debt cannot exceed .25% of AV; combined Non-Voted & Voted debt cannot exceed .75% of AV					
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***	**Potential New Debt**
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)

Bond/Loan Name	Project Name	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
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

Bond/Loan Name	Project Name	Maturity
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

Bond/Loan Name	Project Name	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031 +	Fiscal Years (FY) 2025 thru 2041 Remaining Principal	Maturity
2015 Ref LTGO	Refunded 2006 PABH	357,505	-	-	-	-	-	-	357,505	Dec 1, 2025
2018 CERB Loan	MTA Washdown Facility	34,319	35,005	35,705	36,419	37,148	37,891	423,191	639,678	Jan 31, 2040
2020 CARB Loan	FIA Utility Extension	32,760	33,416	34,084	34,765	35,461	36,170	448,706	655,362	Jan 1, 2041
LOCAL OST Loan	Log Loader	53,115	55,838	58,702	61,712	64,877	68,204	71,702	434,150	Dec 1, 2031
LOCAL OST Loan	Lightning	-	5,977	6,420	6,742	7,079	7,433	15,998	49,648	Jun 1, 2026
TOTAL	**Debt Principal Outstanding**	**477,698**	**130,236**	**134,912**	**139,638**	**144,564**	**149,697**	**959,597**	**2,136,343**	

DEBT INTEREST PAYMENTS

Bond/Loan Name	Project Name	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031 +	Fiscal Years (FY) 2025 thru 2041 Remaining Interest	Coupon Rate
2015 Ref LTGO	Refunded 2006 PABH	8,187	-	-	-	-	-	-	8,187	2.29%
2018 CERB Loan	MTA Washdown Facility	12,794	12,107	11,407	10,693	9,965	9,222	47,933	114,120	2.00%
2020 CARB Loan	FIA Utility Extension	13,107	12,452	11,784	11,102	10,407	9,698	55,598	124,148	2.00%
LOCAL OST Loan	Log Loader	18,391	19,052	16,260	13,325	10,239	6,995	3,585	87,847	2.96%
LOCAL OST Loan	Lightning	1,386	2,333	2,023	1,694	1,349	986	810	10,580	3.21%
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 subsi

DEBT SERVICE PAYMENTS (PRIN + INT)

Bond/Loan Name	Project Name	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031 +	Fiscal Years (FY) 2025 thru 2041 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**

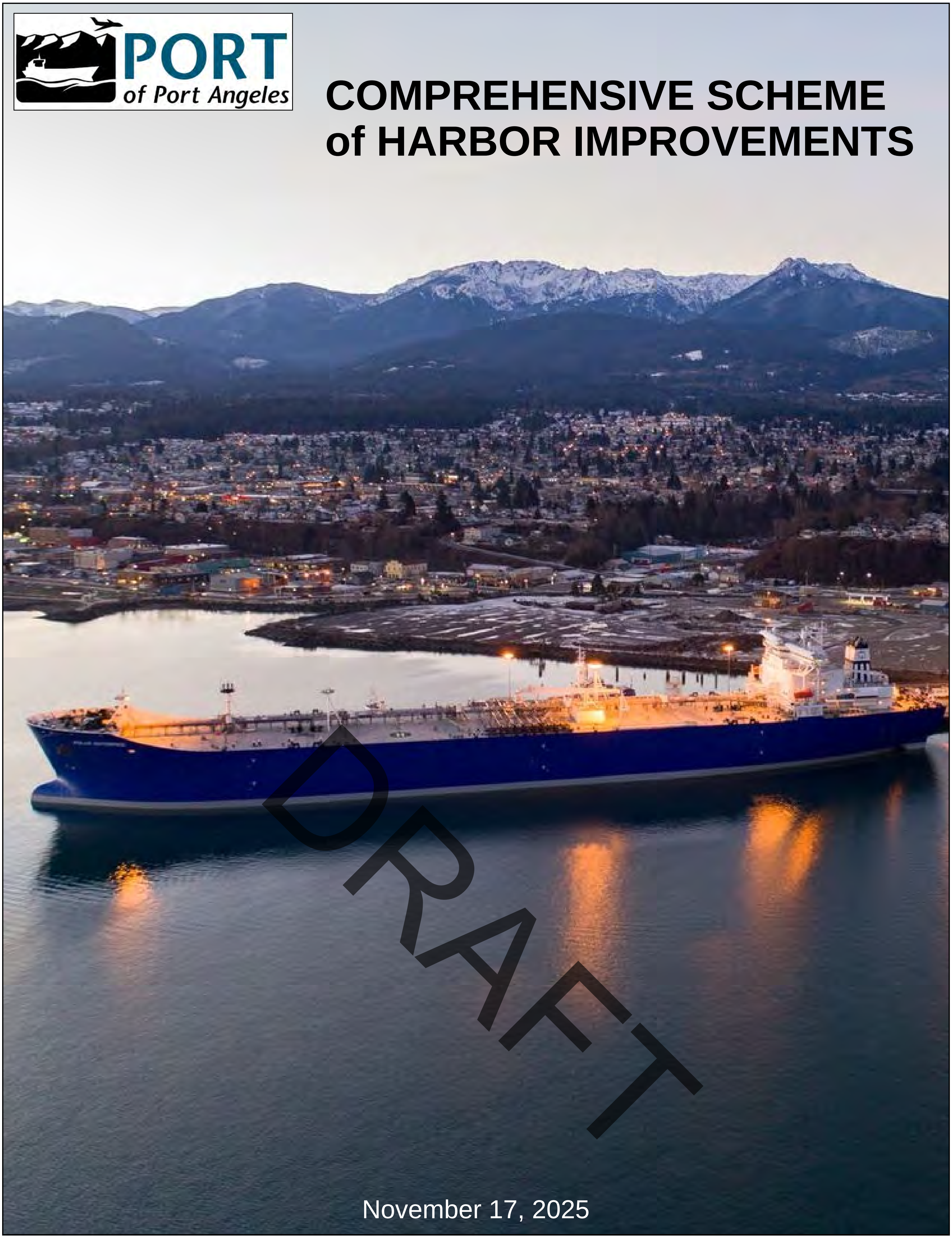
COMMUNITY SUPPORT
2026 Budget

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: $0.02/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
ADMIN	Administration
AIP	Airport Improvement Program
AIP	Airport Industrial Park
ACC	Advanced Composite Center
ACTI	Angeles Composite Technology, Inc.
ALP	Airport Layout Plan
ARP	Airport Rental Properties
A/V	Audio / Visual
BD	Business (Economic) Development
BL	Boat Launch
BY	Boat Yard
CMC	Composite Manufacturing Campus
COGS	Cost of Goods Sold
CPI	Consumer Price Index
CRTC	Composite Recycling Technology Center
CSO	Combined Sewer Overflow
DOT	Department of Transportation
DNR	Department of Natural Resources
EA	Environmental Assessment
EDC	Economic Development Council
EOY	End of Year
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
KPly	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)
NWF FEMA	National Wildlife Federation - Federal Emergency Management Agency
OBS	Obstruction
OPVB	Olympic Peninsula Visitor Bureau
PABH	Port Angeles Boat Haven
PABY	Port Angeles Boat Yard
PERS	Public Employee Retirement System
PFC	Passenger Facility Charges
PFD	Port Filled Dump
PTO	Paid Time Off
PUD	Public Utility District
RP	Rental Property
SEK	Sekiu Airport
SP	Strategic Plan
T1	Terminal #1 Main Terminal
T2	Terminal #2 Black Ball Ferry
T3	Terminal #3 Concrete Cargo Pier
T4	Terminal #4 Timber Dock Oak Street
T5	Terminal #5 Old M&R Pier
T6	Terminal #6 Barge Berth Pier
T7	Terminal #7 Nippon/Daishowa Pier
TBD	To Be Determined

COMPREHENSIVE SCHEME of HARBOR IMPROVEMENTS



November 17, 2025

COMPREHENSIVE SCHEME of HARBOR IMPROVEMENTS

January 27, 2015

Proposed Amendment November 17, 2025 per Resolution 25-1334

TABLE OF CONTENTS

PORT OF PORT ANGELES | 338 W First Street, Port Angeles WA 98362 | Tel 360.457.8527 | portofpa.com

Introduction

Under Washington State law, Washington port districts are entrusted with broad powers to develop and operate programs and facilities designed to promote and encourage the development of transportation, commerce, tourism, and industry. The Port of Port Angeles's vision, mission and core values, along with its strategic plan provide the policy-level direction for programs and activities undertaken by the Port.

The Port's Comprehensive Scheme reflects the intended plans for capital spending in the near future; however, these plans can change due to shifts in operating budgets, economic opportunities, and community priorities. The Comprehensive Scheme is amended, as necessary, to authorize anticipated improvements, acquisition or sale of real property, or adoption of plans and programs; making it a living document. Revisions occur through formal resolutions adopted by Port Commission.

Comp Scheme and GMA

Comprehensive plans are required of cities and counties which fall under the State of Washington's Growth Management Act (GMA) codified as RCW 36.70A. Ports, on the other hand, do not exercise land use authority as do cities and counties under the GMA. Instead, Ports are subject to the planning requirements and the adopted Comprehensive Plans of the cities and counties in which the Ports operate.

Instead of Comprehensive Plans with their GMA connotations, Ports are required to comply with RCW 53.20.010, which requires a Comprehensive Scheme of Harbor Improvements. Courts ruled the Port's bundle of budget and planning documents including the Comprehensive Plan document satisfy the requirement of a Comprehensive Scheme of Harbor Improvements.

Terminals 1 & 3

Background

The Port of Port Angeles first enacted a Comprehensive Scheme of Harbor Improvements in 1924 in the form of Commission Resolution No. 5. Following Resolution No. 5, the Port of Port Angeles Comprehensive Scheme of Harbor Improvements took the form of a series of resolutions amending or supplementing that original plan. A summary of resolutions constituting the history of the Port's CSHI as amended is set forth in Table 1.

In 1987 the Port Commission adopted a new CSHI, incorporating in a single document, plans for all port facilities. The 1987 CSHI was updated as required through 2013. In 2015 the Comprehensive Scheme of Harbor Improvements was redrafted to reflect the dynamic nature of Port planning and development.

2015 Comp Scheme

In January 2015 the Comprehensive Scheme of Harbor Improvements format was modified from the lengthy 1987 scheme. The 2015 and current CSHI is a preface for the current planning and budget documents in use by the Port.

Port Property

Appendix A of this document is a comprehensive overview of current Port property and includes current use, and reference to applicable Port planning documents.

1926 Port Transit Shed

Budget & Planning Documents

The current budget & planning documents, as they now exist or are hereinafter amended, incorporated into the Port Comprehensive Scheme of Harbor Improvements are as follows:

- Port of Port Angeles, Strategic Plan: 2025-2026
- Current Capital Budget: 2026
- Recreation and Public Access Plan: 2024
- Clallam County Hazard Mitigation Plan Update: 2024
- William R. Fairchild International Airport Master Plan Update: 2019
- Marine Trades Industrial Park Master Plan: 2018
- Sekiu Airport Layout Plan: June 2013
- Central Waterfront Master Plan: 2010

Federal, State, Local Regulations

In addition to the guidance presented in the Port's current planning documents, development in or above marine environments generally also requires permits from federal, state agencies and local government (City of Port Angeles & Clallam County). Local municipality and county permits are required to cover local building codes and meet the requirements of the Shoreline Management Act.

Federal and State permits are usually required when impacts to navigable waters or fish and wildlife habitat are anticipated. Development activities waterward of the mean higher high water (MHHW) for tidal waters are regulated by the U.S. Army Corps of Engineers (USACE or Corps), Washington State Department of Ecology (WSDOE), and the Washington Sate Department of Fish and Wildlife (WDFW).

In addition, the National Oceanographic and Atmospheric Administration (NOAA Fisheries) and U.S. Fish and Wildlife Service (USFWS) must concur that any project requiring federal approvals (a USACE permit, for example) is consistent with the Endangered Species Act (ESA). These agencies will require that proposed projects avoid or reduce project impacts on certain fish and wildlife species through design and/or environmental controls or mitigate impacts through restoration activities.

State Environmental Policy Act (SEPA)

A project or plan prepared by the Port will be subject to SEPA analysis. The Port is authorized by state law to act as its own lead agency. That means that, whenever the Port requests a land use permit, such as a shoreline permit from the City, it will be required to fulfill the environmental documentation requirements of SEPA.

The Port complies with SEPA's environmental review processes by:

Each improvement identified as a physical Project will undergo individualized SEPA review as soon as the "principle features of a proposal and its environmental impacts can be reasonably identified… and the environmental effects can be meaningfully evaluated." (WAC 197-11-055).

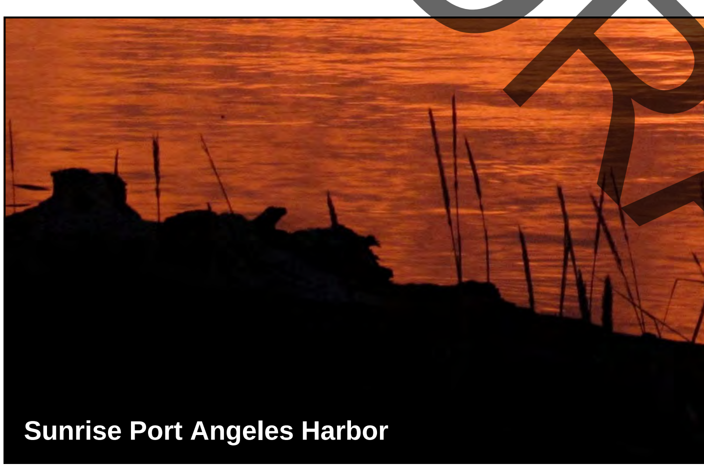

Sunrise Port Angeles Harbor

Table 1
Comprehensive Scheme Resolutions from 1925-2025

Table-1 Comprehensive Scheme Resolutions from 1924-2025 (Sheet 1 of 6)

Resolution No.	Date	Subject
2	5/8/1923	Request that the War Department establish Pierhead and Bulkhead lines so that Port can build docks in Port Angeles Harbor.
5	1/23/1924	Adoption of a comprehensive scheme or plan of harbor improvements consisting of a description, maps and plans as prepared by Port Engineer, after public hearing.
6	1/23/1924	Call for special election of question of: (1) Ratification of comprehensive scheme of harbor improvements, and (2) Issuing serial bonds to pay for some property acquisition as shown in comprehensive scheme.
7	3/11/1924	Upon referral by the War Department, the Port Commission: (1) Recommends granting a permit for work at Quillayute by the Washington Pulp and Paper Corp. (2) Recommends approving part and denying part of the work at Quillayute requested by Quillayute Boom and Driving Col., and (3) Takes no action on a boom proposed above the Town of Mora since it is outside area covered by Port Comp Scheme.
15	2/10/1925	Recommendation from Port to War Department that Washington Pulp and Paper Corp. be required to amend its plan for boom grounds on Quillayute River.
17	5/1/1925	Setting a public hearing on the question of amending the Port Comp. scheme as follows: Acquire additional property in Port Angeles, and authorize construction of port facilities Acquire additional property in Port Angeles, and authorize construction of a sea wall or bulkhead Change location and design of Dungeness wharf.
18	5/13/1925	Amend the original comprehensive scheme of the Port as follows: Acquire additional property in Port Angeles, and authorize construction of port facilities Acquire additional property in Port Angeles and authorize construction of sea wall or bulkhead Acquire additional property at Dungeness and authorize construction of a wharf Also refer amendments to vote of people.
20	7/6/1925	Gives results of special election item described in Resolution 18. Those were: Passed Passed Passed.
29	10/27/1926	Established price to be paid owners of land for Unit No. 1, Port Angeles.
30	10/27/1926	Authorized condemnation proceeding to acquire necessary lands in Unit No. 1, Port Angeles.
36	7/13/1927	Authorized vacation proceedings for streets and alleys in port fill area, City of Port Angeles.
43	9/13/1927	Authorize the Port to pay $17,000 as contribution to Port Angeles LID No. 118.
44A	4/8/1929	Increases the Port's contribution to LID No. 118 by $1,500.
54	4/8/1929	Reaffirms Port's position to U.S. Board of Engineers for Rivers and Harbors that there is a need for rock jetty and dike at mouth of Quillayute River.
87	11/25/31	Protest the sale of tidelands for oyster growing since those tidelands are shown in Port's comprehensive plan as being used for small boat haven.
106	9/10/1936	Amends Unit No. 13 of the Port's Comprehensive Scheme of Harbor Improvements and refers to changes to a special election to be held on November 3, 1936.

Table-1 Comprehensive Scheme Resolutions from 1924-2025 (Sheet 2 of 6)

Resolution No.	Date	Subject
135	8/13/1941	Instituting condemnation proceedings to carry out plans for improvements Unit No. 1 (Pen Ply site).
148	4/10/44	Proposing the adoption of Supplemental Comprehensive Scheme of Harbor Improvements as follows: Acquire by purchase or condemnation the property in District No. 1 to be known as Industrial Development District No. 1 and to develop said lands. Etc. for Industrial Development District No. 2.
149	4/10/44	Setting a public hearing for the subject identified in Resolution No. 148.
150	6/14/1944	Adoption of plan to create Industrial Development Districts No. 1 and 2 as proposed.
151	6/14/1944	Creation of Industrial Districts No. 1 and 2 as described.
152	8/9/1944	Proposing and amendment and supplementary comprehensive scheme and setting public hearing thereon.
153	9/6/1944	Adoption of certain additions to comprehensive scheme of harbor improvements, creating a fish terminal in a portion of Industrial Development District No. 1.
156	9/6/44	Employing Preston Thorgrimson as bond attorneys to assist in preparing bond resolutions and other papers.
157	12/13/45	Providing for the acquisition of certain lands to be used as fish terminal.
160	1/10/45	Request that the county convey to the Port lands within the Industrial Development Districts that were acquired through foreclosure of tax liens.
163	4/11/45	Requesting the county to transfer additional land acquired through foreclosure of tax liens.
165	6/6/1946	Requesting that the State vacate Tumwater Creek Waterway.
189	12/10/1947	Declaring the Port's intention to assist the U.S. Government in improving the Qullayute River dredging for commerce and navigation.
196	9/8/1948	Proposing the adoption of a supplemental comprehensive scheme of harbor improvements. The plan would authorize acquisition by purchase of condemnation lands in the Industrial Development District No. 3 (Dungeness)
197	9/8/1948	Setting a public hearing on the adoption of Industrial Development District No. 3.
198	11/10/1948	Adoption of comprehensive scheme amendment and creation of Industrial Development District No. 3 to allow construction of a general boat haven.
199	11/10/1948	Creation of Ind. Dev. District No. 3.
200	11/10/1948	Authorization proceeding to acquire land at Dungeness by purchase or condemnation.
205	5/10/1950	Propose amended supplemental Comprehensive Scheme of Harbor Improvements to include Lot 2 Sec. 26, T21N, R$ W.W.M. (Cline Spit vicinity).
208	4/1/1951	Adopt supplementary Comprehensive Scheme of Development by acquiring, maintaining and developing the Clallam Co. Airport and attached facilities.
212	9/12/1951	Establishment of an airport fund for operation of Clallam County Airport.
229	3/11/1953	Agreement to cooperate with City of Port Angeles in filling property between 1st and the railroad, from Oak to Valley.
236	11/10/54	Agreement to convey right-of-way for Front Street and Marine Drive to City in exchange for David Masters property.
251	3/14/56	A proposal to amend comprehensive scheme of harbor improvements by acquiring certain property in Dungeness.

Table-1 Comprehensive Scheme Resolutions from 1924-2025 (Sheet 3 of 6)

Resolution No.	Date	Subject
252	4/11/56	Reestablishment of reaffirmation to proceed with acquiring lands at Dungeness to establish area for mooring and landing boats. Creation of Industrial Development District No. 3 with new boundaries.
253	4/11/56	Decision to acquire by purchase or condemnation the land at Dungeness.
256	10/10/56	Agreement to cooperate with U.S. Government in a project to improve Quillayute River for commercial fishing boats.
258	2/13/57	A proposal to amend supplemental comprehensive scheme of harbor improvements by leasing from Quillayute Tribe for 25 years lands on the Quillayute River.
259	2/27/57	Agreement to amend comprehensive scheme as proposal in Resolution 258.
260	2/27/57	Appropriation of money for lease and improvements at Quillayute.
261	3/13/1957	Agreement to cooperate with the U.S. Government in the creation and operation of Port Angeles boat basin.
280	5/14/1958	Setting in public hearing to consider amending Resolution No. 153 to extend Port Angeles boat haven.
282	6/11/1958	Adopting plans for breakwater, dredging, floats and piling, all in Industrial District No. 1.
289	2/27/1959	Amending the Comprehensive Scheme of Harbor Improvements to allow the acquisition of a dock at the foot of Laurel Street and allow improvements of same.
341	8/17/1966	Authorizing a study by TAMS to determine the feasibility of constructing a marina at Dungeness.
343	8/30/1966	Adoption of certain amendments to Unit No. 1 of comprehensive scheme, allowing reconstruction of Pier No. 1, authorizing construction T-3, and installing a truck scale.
398	1/14/1971	Establishing terms and conditions for using a portion of William R. Fairchild International Airport as log yard.
399	2/11/1971	Amend Comprehensive Scheme to authorize an addition to Terminal 1, to develop non-aeronautical lands at WRF International Airport for industry, to acquire and develop lands at Miller Peninsula, and to acquire land and develop an airport at Sekiu.
400	9/9/1971	Amend Comprehensive Scheme by modifying pier faces and dredging to minus 45 feet.
414	3/15/1973	To further amend the Port's comprehensive Scheme by acquiring a leasehold interest in air and water pollution control facilities and sublease to ITT Rayonier.
416	4/12/1973	Amendment to the Comprehensive Scheme of Harbor Improvements to authorize the Port to improve renovate and equip its existing booming grounds.
459	5/12/1977	Declare surplus Lots 4-9 of Block 2 and one-half of tideland east of Laurel Street.
460	6/17/1977	Amend the Port's comprehensive Scheme by including a small boat haven at Pitship Point and commencing an improvement project.
466	11/10/1977	Amend Comprehensive Scheme to allow the acquisition of additional lands at WRF International Airport.
467	10/11/1977	Amend Comprehensive Scheme addition to Unit 2, acquiring additional lands and improvements east of Laurel Street.
469	11/29/1977	Adopt amendment to Comprehensive Scheme for WRF International Airport, authorizing development of North Industrial Park.
519	3/12/1981	Adopt amendment to Comprehensive Scheme declaring Gales Addition land surplus, and Miller Peninsula land surplus.

Table-1 Comprehensive Scheme Resolutions from 1925-2025 (Sheet 4 of 6)

Resolution No.	Date	Subject
525	10/1/81	Amend Comprehensive Scheme to include the location of a small boat haven at Pitship Point, and proceeding to acquire necessary lands and obtain necessary permits.
533	6/10/1982	Amending Port's Comprehensive Scheme by adopting a new airport layout plan for WRF International Airport.
552	9/9/1983	Adoption of Port's Comprehensive Park and Recreation Plan.
578	2/11/1985	Establishment of three industrial development districts; Marine Terminal area, Carlsborg Industrial Park, and William R. Fairchild International Airport.
579	2/11/1985	Amend the Port's Comprehensive Scheme to include construction of approximately 150,000 sq. ft. of light manufacturing and warehouse facilities within Airport Industrial Development District.
580	2/22/1985	Authorize the sale or execution of options to sell general purpose manufacturing and warehousing buildings to be constructed within the William R. Fairchild International Airport Industrial Development District.
584	6/13/1985	Creation of the Forks Industrial Development District.
623	3/9/1987	Port adopts Comprehensive Scheme of Harbor Improvements prepared by Tams and dated December 1986.
658	11/13/1989	Fisheries Section, page S.3. Ediz Hook boat launches, page 5.21.
666	3/12/1990	Marine Terminal develop options, page 3.5.33. New tourist commercial chapter, page 6.1.
680	8/26/1991	Fisheries Section, page S.3. Marine Terminal development options, page 3.5.33. New tourist commercial section, page 6.1. Ediz Hook boat launch, page 5.21.
703	5/10/1993	Commercial Fisheries Section, pages 4.6, 4.7, and 4.8. Add Figure 4.1.1.
707	12/13/1993	Tourist Commercial Chapter revisions.
717	11/14/1994	Update of Chapter 3.1, the Marine Terminals Section.
722	3/13/1995	Updates to the Forward, Chapter 1, and Chapter 2.
732	8/28/1995	Adopting amendments to the Airport Master Plan
740	12/11/1995	Adopting amendments to: Chapter 3.2; Chapter 3.5; Chapter 4; Chapter 5, and Adding the following new chapters: 3.3, Other Port Terminals; 3.4, Port Angeles Barge Terminal; 3.6, Port Angeles Private Cargo Terminals; 3.7, Other Terminals, Port Angeles Harbor.
754	6/24/1996	Adopting an amended Chapter 7 for the Comprehensive Park and Recreation Plan.
770	2/24/1997	Amendments to Appendix A of the Comprehensive Scheme of Harbor Improvements.
788	4/27/1998	Amendment to Section 2.28 of Appendix A of Comprehensive Scheme of Harbor Improvements.

Table-1 Comprehensive Scheme Resolutions from 1924-2025 (Sheet 5 of 6)

Resolution No.	Date	Subject
806	11/9/1998	Forward, pages F.1 and F.2. Include a new Chapter 6, Strategic Action Plan. Adopt the Industrial Development Plan for Fairchild Industrial Park as an element of the plan. Add to the section on “Industrial Potential in Clallam County, pages 4.12 through 4.14.
813	8/9/1999	Amendments to Appendix A of the Comprehensive Scheme of Harbor Improvements.
850	11/13/2000	Amendments to Appendix A of the Comprehensive Scheme of Harbor Improvements.
03-896	11/17/2003	Adopt resolution declaring KONP Triangle Surplus Property.
04-906	4/12/2004	Surplus Serenity House Building. Approved surplus of building.
04-912	8/23/2004	Surplus Property. Authorized the surplus of the 113 acres on Edgewood and Lower Elwha Road.
08-970	8/25/2008	South Fairchild Industrial Park Property (Salable land in Sector B). Motion to introduce Resolution 08-970 which surpluses the property and withdraws it from the Port’s Comprehensive Plan/Scheme. Motion passed unanimously. Motion to adopt Resolution 08-970. Motion passes unanimously.
10-1007	1/10/2011	Amendments to Appendix A of the Comprehensive Scheme of Harbor Improvements.
12-1029	1/23/2012	Amendments to Appendix A of the Comprehensive Scheme of Harbor Improvements.
12-1042	6/11/2012	Declared property at 720 Marine Drive surplus to Port needs.
13-1067	10/28/2013	Amendments to Appendix A of the Comprehensive Scheme of Harbor Improvements.
15-1099	1/27/2015	Comprehensive Scheme of Harbor Improvements and Appendix A reformatted and updated.
15-1113	12/15/2015	Amendments to Comprehensive Scheme of Harbor Improvements. - Added reference to and incorporated new Port Strategic Plan: 2015 - 2020 - Added reference to and incorporated current Port Capital Budget
16-1129	5/23/2016	Modified the Port Comprehensive Scheme of Harbor Improvements to find the Lower Elwha Road Property surplus to Port needs and declared the Subject Property to be no longer needed for Port District purposes.
17-1161	11/21/2017	Modified the Port Comprehensive Scheme of Harbor Improvements to find the Carlsborg Railroad Right of Way Property surplus to Port needs and declared the Subject Property to be no longer needed for Port District purposes.
20-1214	2/25/2020	Amendments to Comprehensive Scheme of Harbor Improvements. - Added reference to: 1. Port Capital Budget:2020 2. Clallam County Hazard Mitigation Plan Update: 2019 3. Marine Trades Industrial Park Master Plan: 2018 4. William R. Fairchild International Airport Master Plan Update: 2019 5. Port Comprehensive Park and Recreation Plan: 2018 - Removed reference to : 1. Central Waterfront Master Plan: 2010 2. Marine Facilities Master Plan: 2006 3. John Wayne Marina Market Study Final Report: 2004 Harbor Master Building Use Study: 2004 John Wayne Marina Expansion Financial Assessment: 2009 - Reformatted and referenced Appendix A: Port Property Overview

Table-1 Comprehensive Scheme Resolutions from 1924-2025 (Sheet 6 of 6)

Resolution No.	Date	Subject
21-1231	1/12/2021	Added reference to the 2021 Port Capital Budget and revised Appendix A to include reference to the Marine Trades Center at the Former KPLY Mill Site.
22-1247	1/11/2022	Added reference to the 2022 Port Capital Budget
23-1272	1/24/2023	Added reference to the 2023 Port Capital Budget and the 2023-2028 Strategic Plan
23-1289	11/14/2023	Added reference to the 2024 Port Capital Budget
24-1307	11/19/2024	Added references to the 2025 Port Capital Budget, 2025 Strategic Plan and 2024 Recreation and Public Access Plan.
25-1314	1/7/2025	Declared approximately 6.3 acres of Port property (Protection Property or Subject Property) adjacent to Terminal 7 as surplus due to its unique characteristics and approves its transfer to the Lower Elwha Klallam Tribe (LEKT) in exchange for three stormwater ponds. The transfer aligns with a Memorandum of Agreement (MOA) involving the U.S. Department of Transportation, addressing historic preservation and environmental considerations. Additionally, the Port's Comprehensive Scheme of Harbor Improvements was amended to reflect these property exchanges such as Subject Property is surplus to Port needs and declared the Subject Property to be no longer needed for Port District purposes. CSHI Appendix A will be updated after property transfer has occurred.
Proposed 25-1334	Proposed 11/17/2025	Added references to the 2026 Port Capital Budget, 2024 Clallam County Hazard Mitigation Plan and updated Appendix A to include purchase of property and building at 313 W 1st St, Port Angeles, WA 98362.

Table 2
Property Surplus to Port Needs

Table-2 Property Surplus to Port Needs (Sheet 1 of 1)

Resolution No.	Date	Property Description
25-1314	1/7/2025	Approximately 6.13 acres "Protection Area" property at the Port's Terminal 7 with an approximate address of 1301 Marine Drive.

Appendix A
Port Property Overview

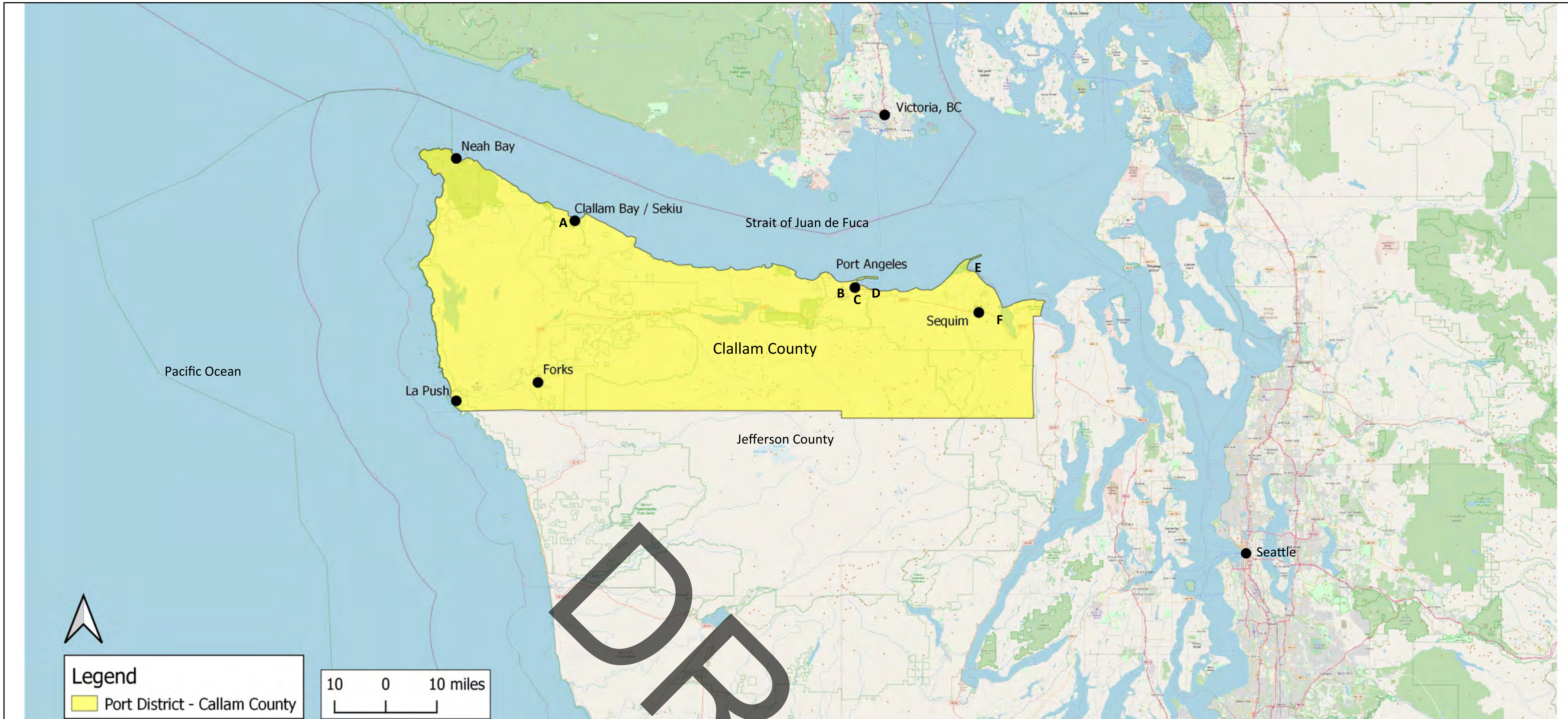


FIGURE 1— Port District, Clallam County, WA

Port Property Overview	
Description	**Figures**
A. Sekiu Airport	2
B. William R. Fairchild International Airport	3
C. Port Angeles Waterfront	4, 5, 6 & 7
D. Tozier Marine Parkway	8
E. Dungeness Tidelands	9
F. John Wayne Marina	10

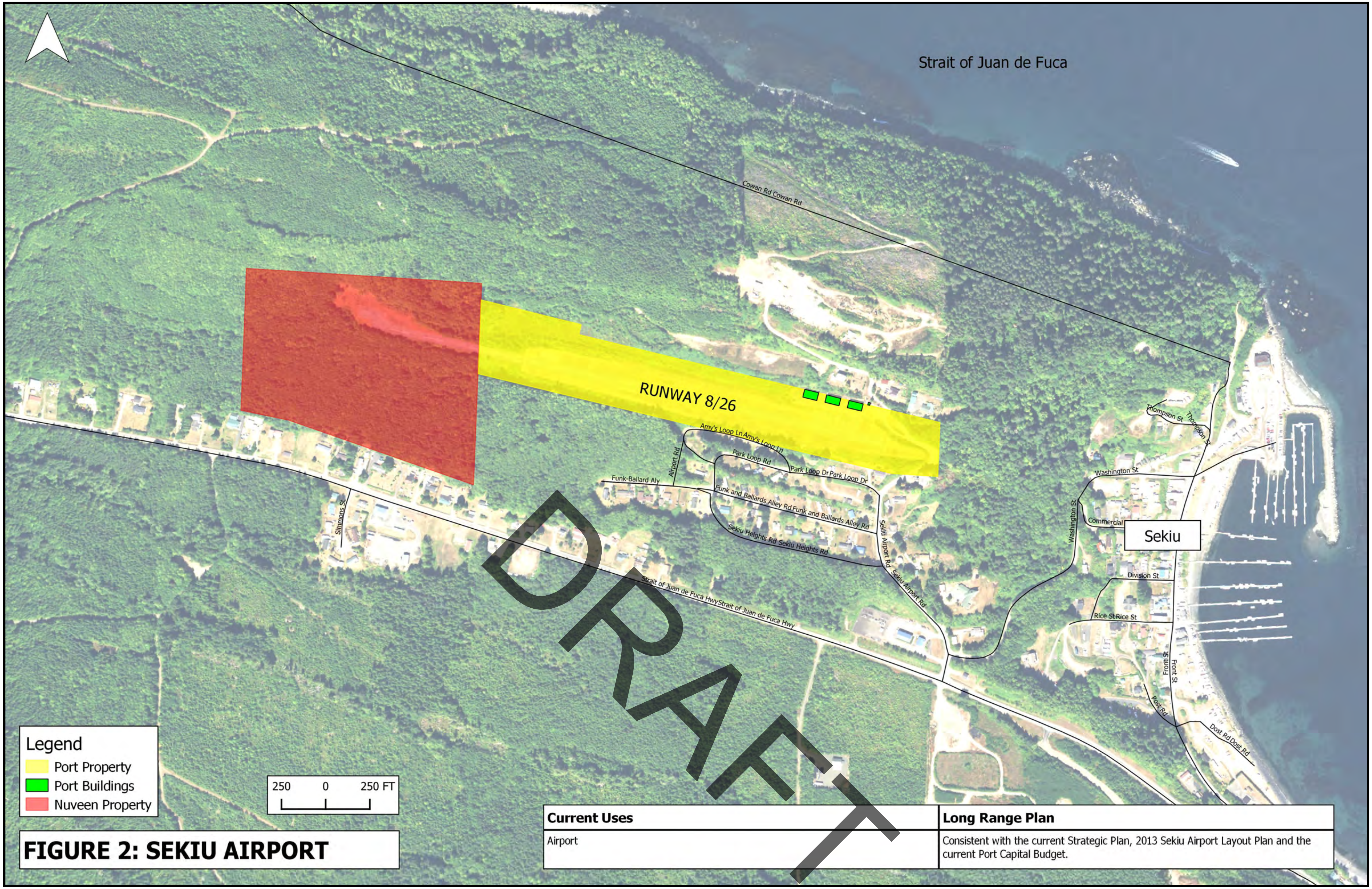


FIGURE 2: SEKIU AIRPORT

Current Uses	Long Range Plan
Airport	Consistent with the current Strategic Plan, 2013 Sekiu Airport Layout Plan and the current Port Capital Budget.

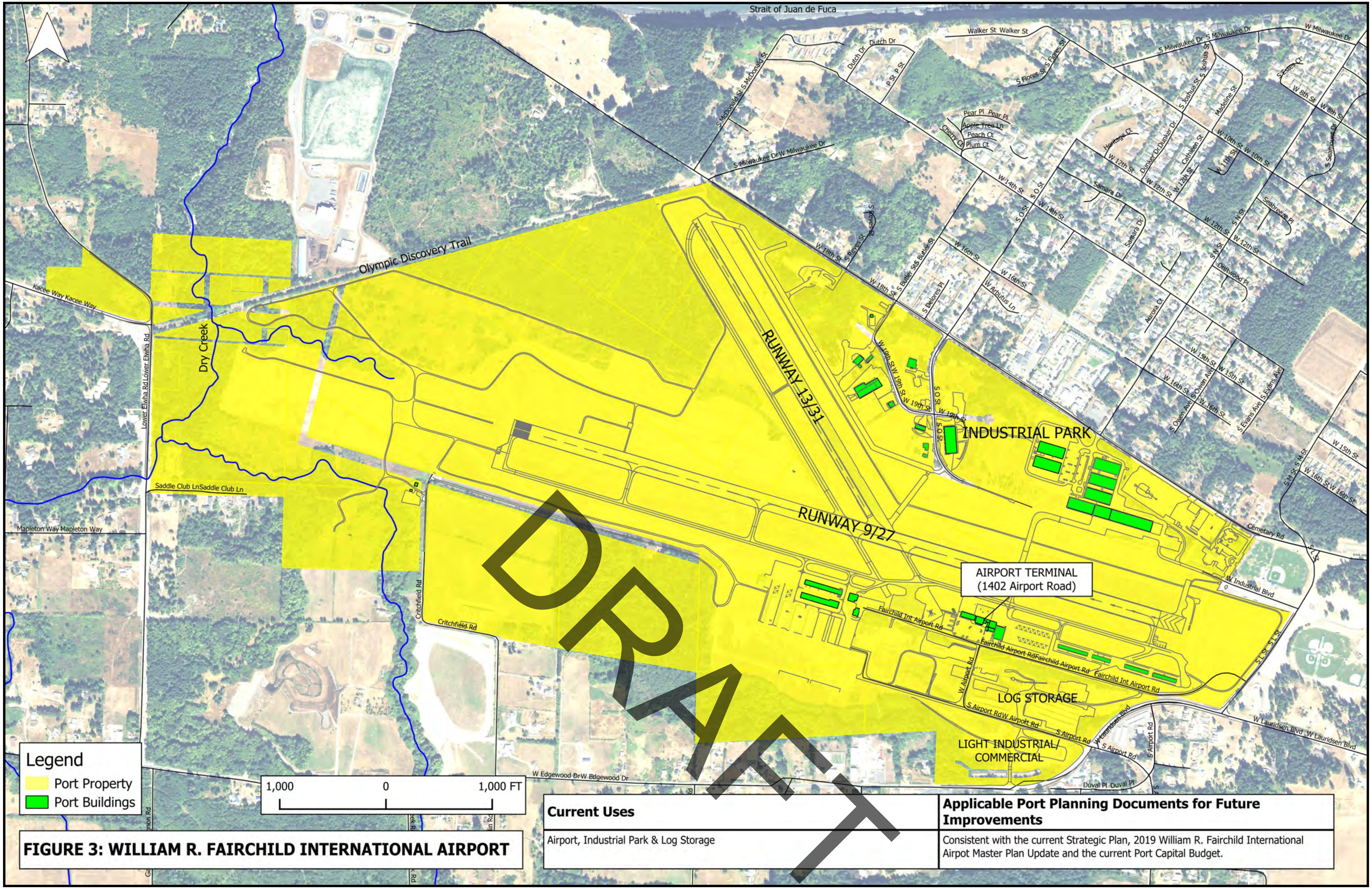


FIGURE 3: WILLIAM R. FAIRCHILD INTERNATIONAL AIRPORT

Current Uses	Applicable Port Planning Documents for Future Improvements
Airport, Industrial Park & Log Storage	Consistent with the current Strategic Plan, 2019 William R. Fairchild International Airpot Master Plan Update and the current Port Capital Budget.

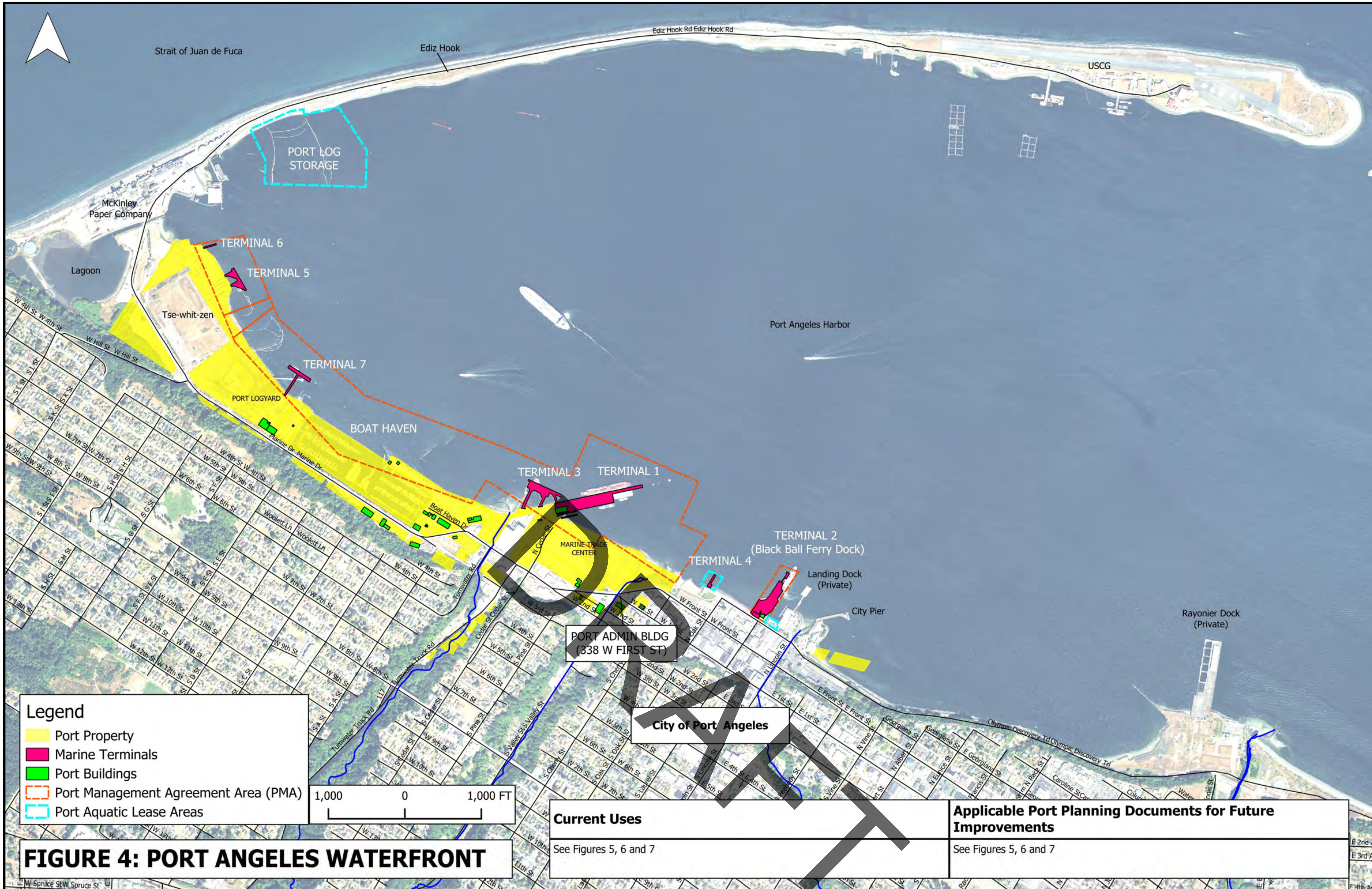


FIGURE 4: PORT ANGELES WATERFRONT

Current Uses	Applicable Port Planning Documents for Future Improvements
See Figures 5, 6 and 7	See Figures 5, 6 and 7

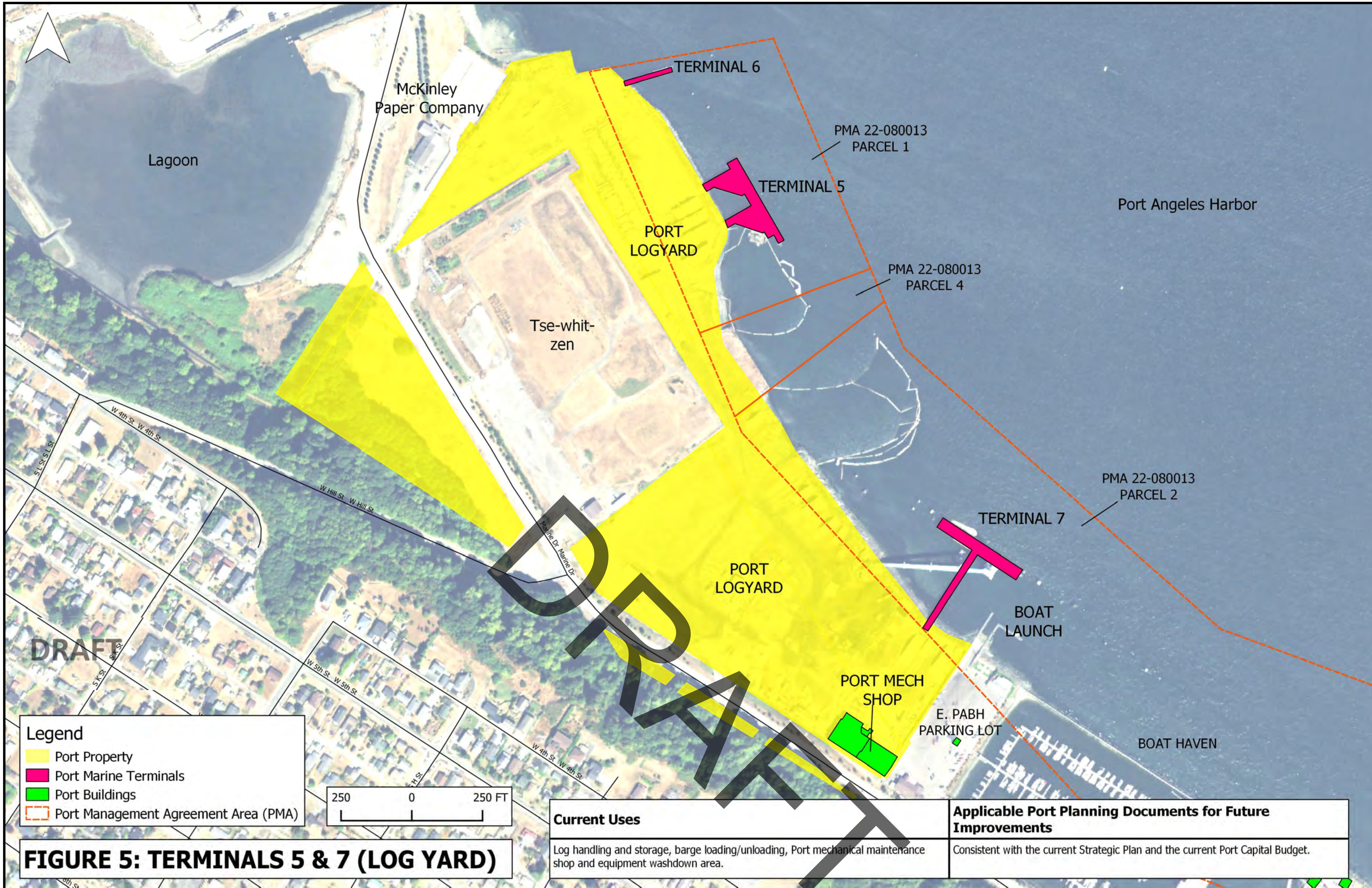


FIGURE 5: TERMINALS 5 & 7 (LOG YARD)

Current Uses	Applicable Port Planning Documents for Future Improvements
Log handling and storage, barge loading/unloading, Port mechanical maintenance shop and equipment washdown area.	Consistent with the current Strategic Plan and the current Port Capital Budget.

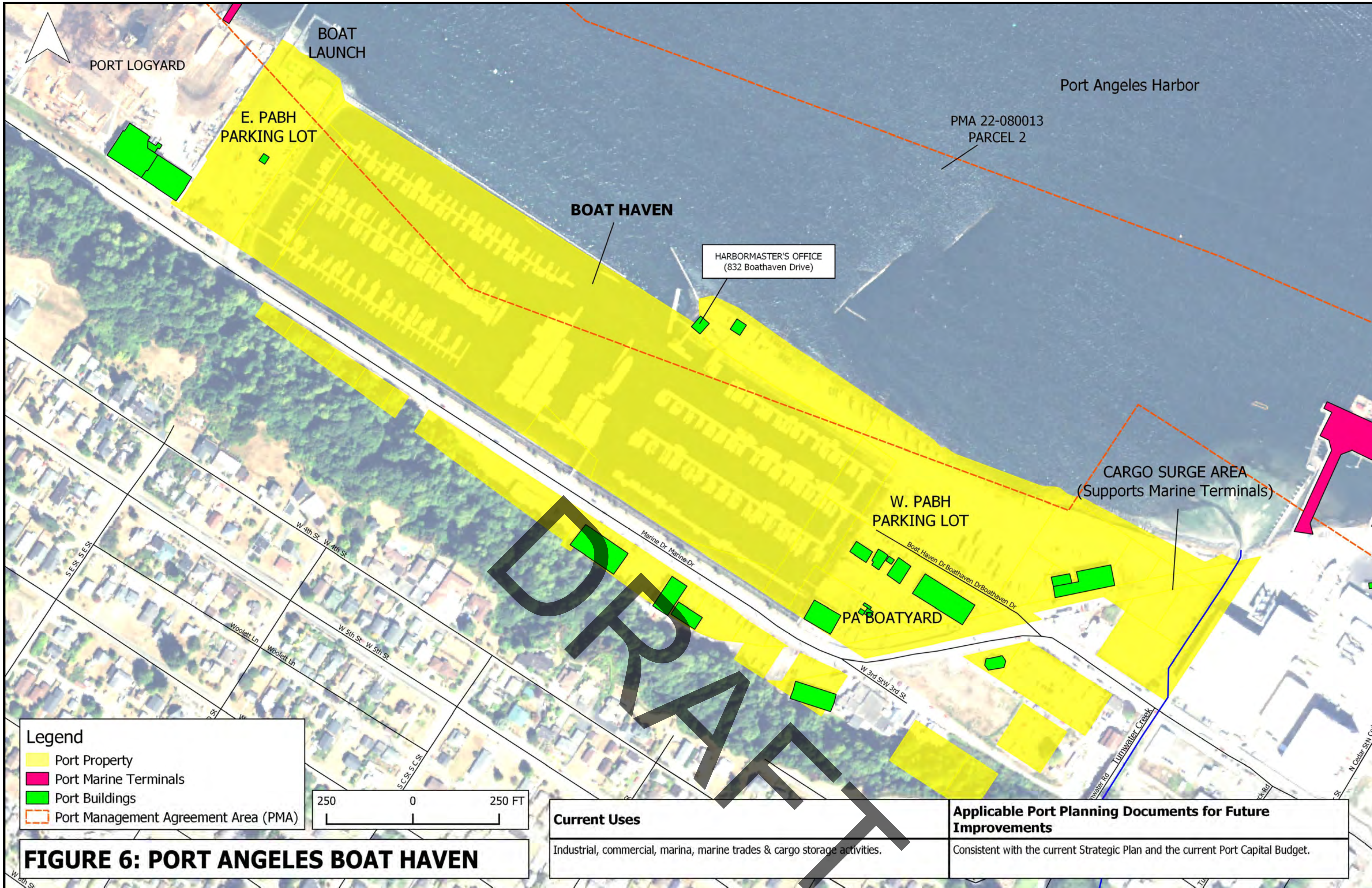


FIGURE 6: PORT ANGELES BOAT HAVEN

Current Uses	Applicable Port Planning Documents for Future Improvements
Industrial, commercial, marina, marine trades & cargo storage activities.	Consistent with the current Strategic Plan and the current Port Capital Budget.

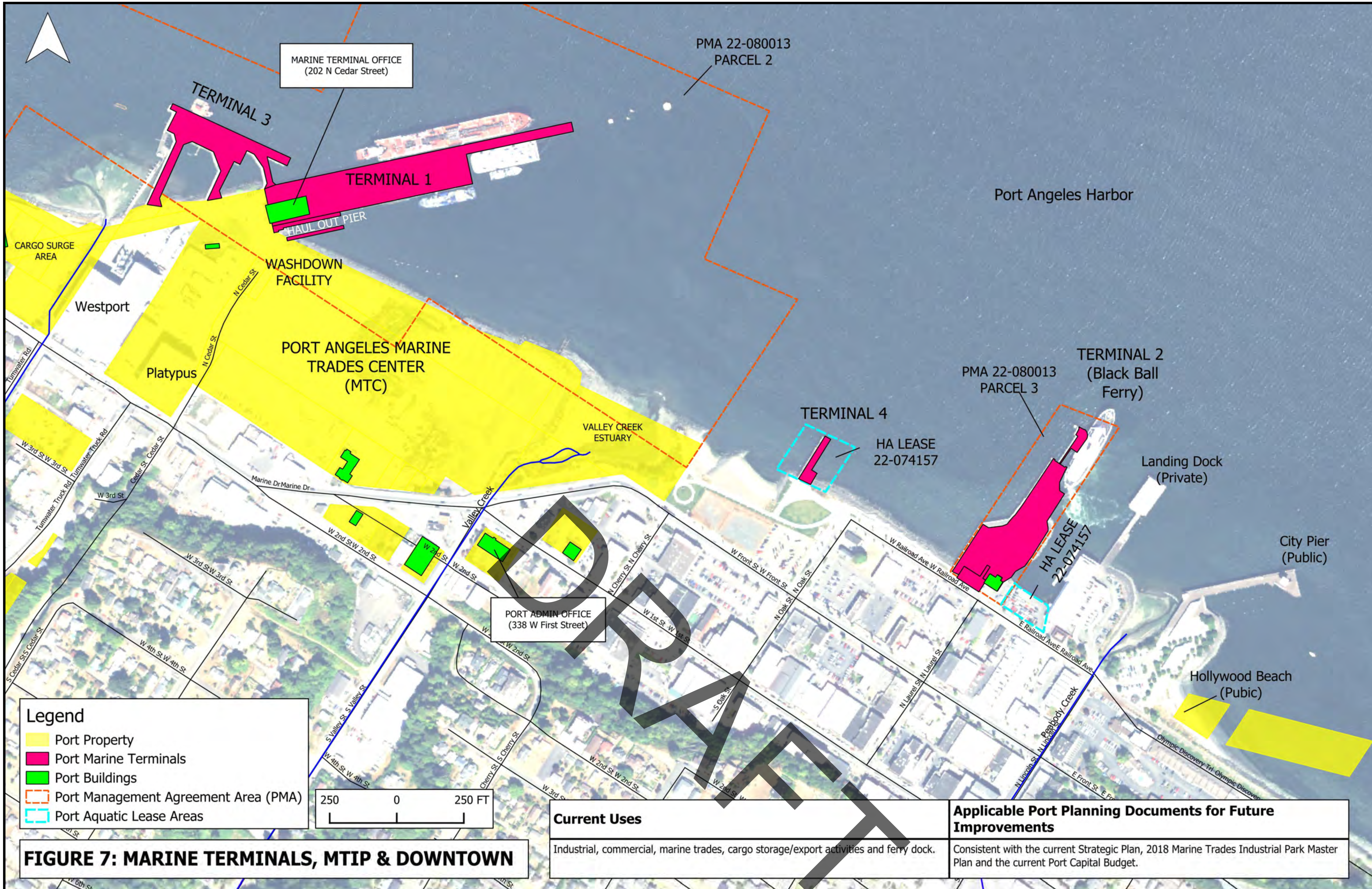


FIGURE 7: MARINE TERMINALS, MTIP & DOWNTOWN

Current Uses	Applicable Port Planning Documents for Future Improvements
Industrial, commercial, marine trades, cargo storage/export activities and ferry dock.	Consistent with the current Strategic Plan, 2018 Marine Trades Industrial Park Master Plan and the current Port Capital Budget.

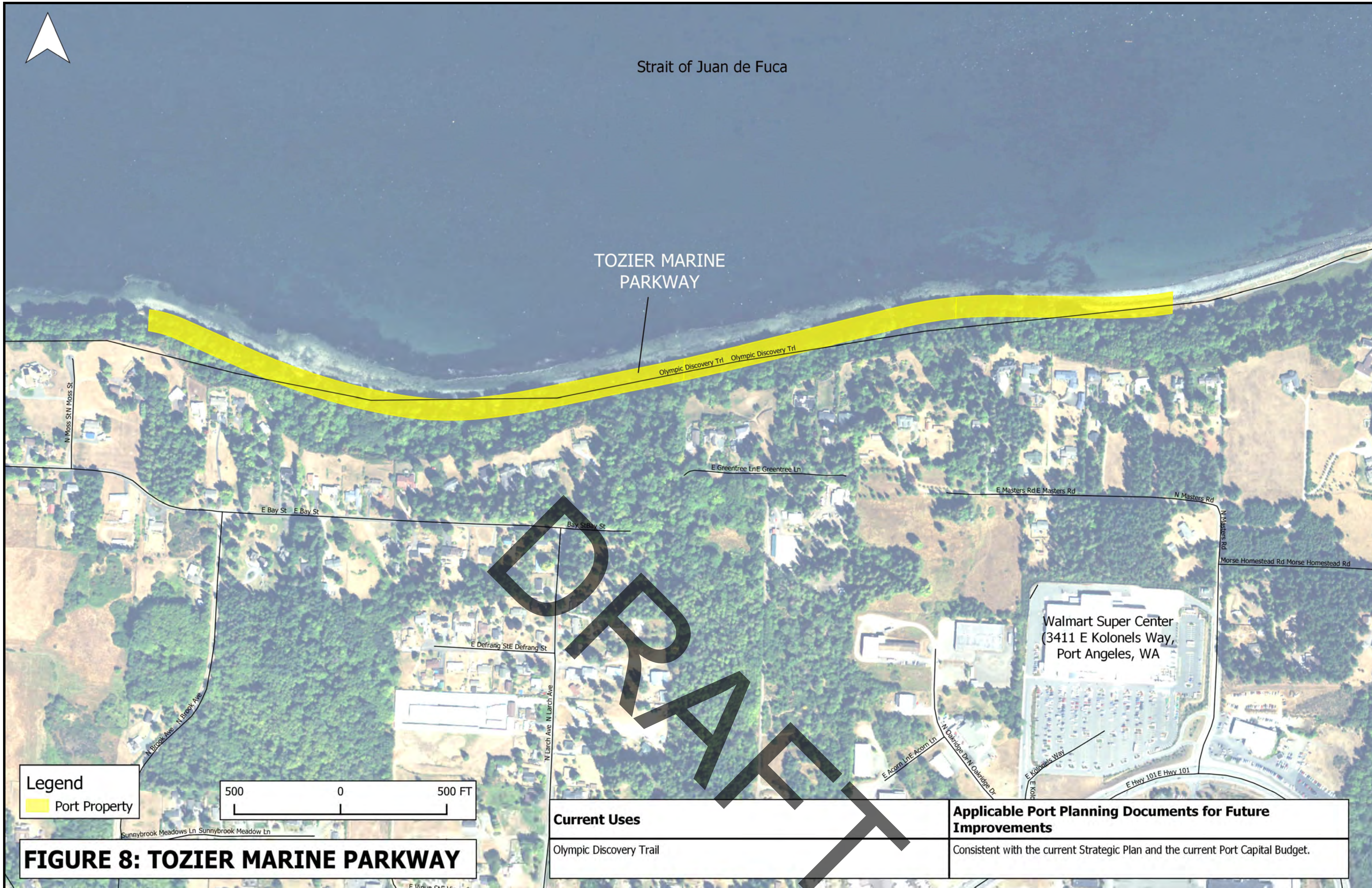


FIGURE 8: TOZIER MARINE PARKWAY

Current Uses	Applicable Port Planning Documents for Future Improvements
Olympic Discovery Trail	Consistent with the current Strategic Plan and the current Port Capital Budget.

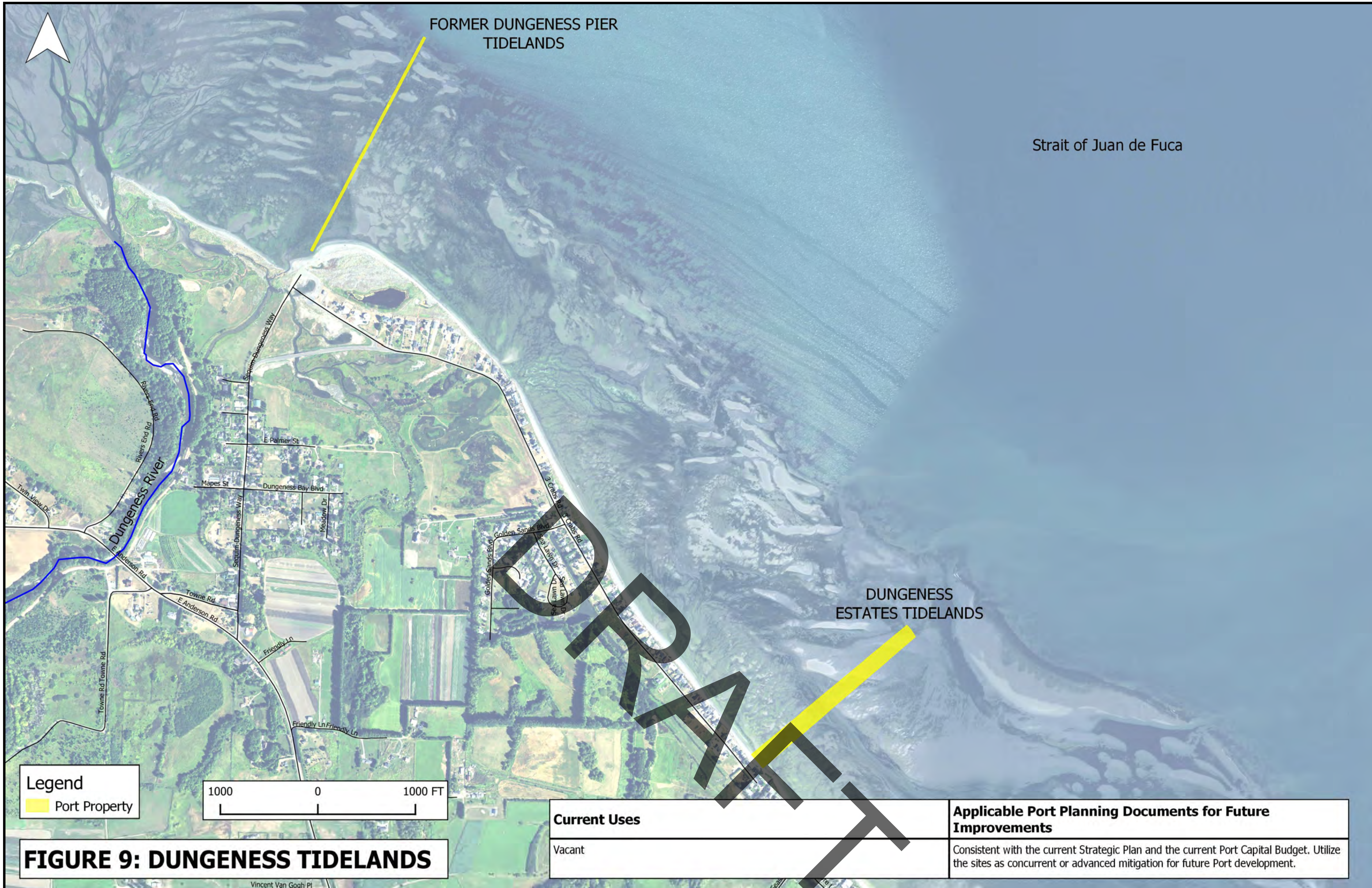


FIGURE 9: DUNGENESS TIDELANDS

Current Uses	Applicable Port Planning Documents for Future Improvements
Vacant	Consistent with the current Strategic Plan and the current Port Capital Budget. Utilize the sites as concurrent or advanced mitigation for future Port development.

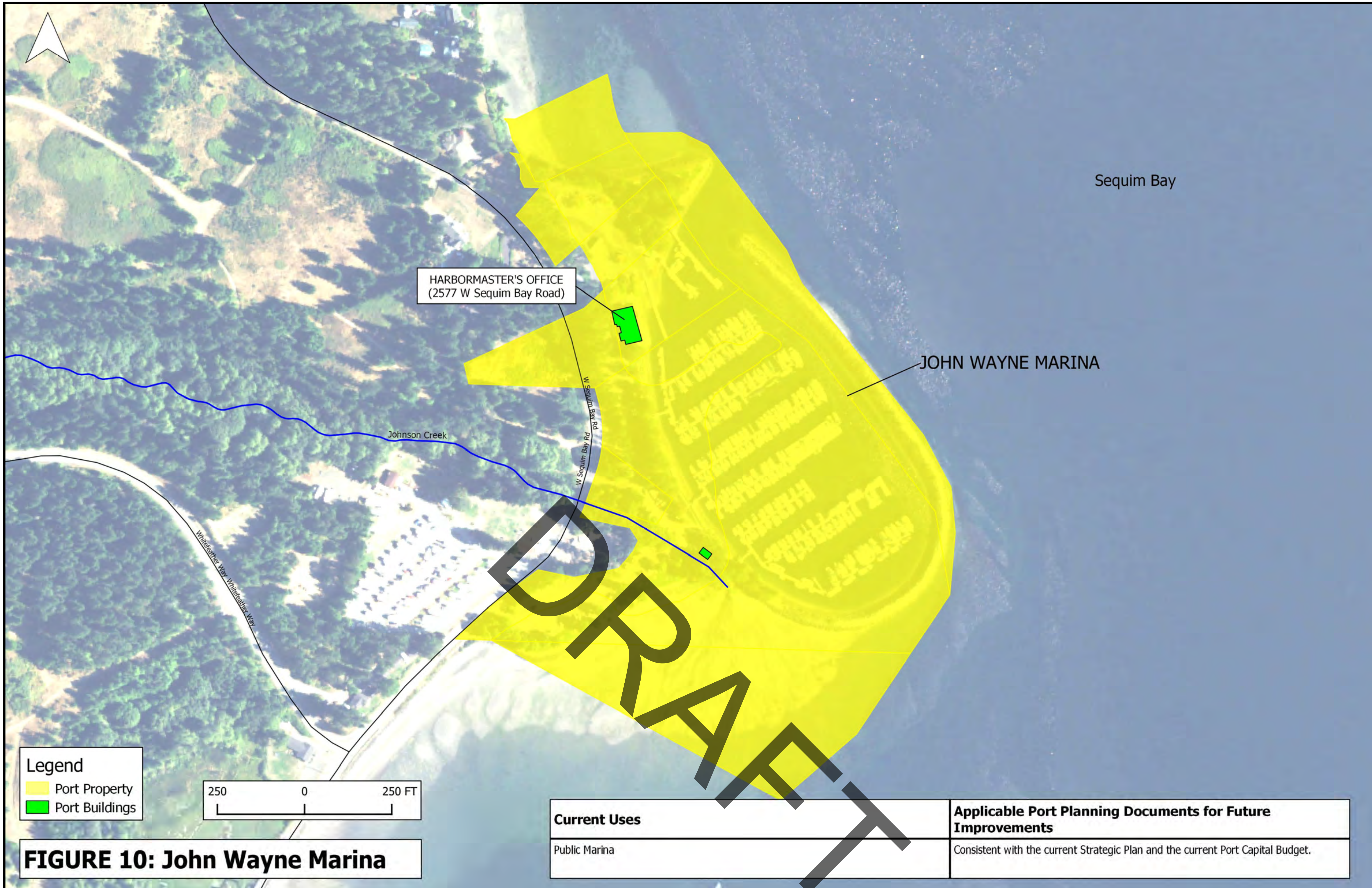


FIGURE 10: John Wayne Marina

Current Uses	Applicable Port Planning Documents for Future Improvements
Public Marina	Consistent with the current Strategic Plan and the current Port Capital Budget.

COMPREHENSIVE SCHEME
of HARBOR IMPROVEMENTS
January 27, 2015

Amendment November 17, 2025

PORT of Port Angeles

25-1332

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT ANGELES AUTHORIZING PROPERTY TAX LEVY

WHEREAS, the Port Commission of the Port of Port Angeles has met and considered its budget for the calendar year 2026; and,

WHEREAS, the Port district's actual levy amount from the previous year was $1,810,789.69; and

WHEREAS, the population of the Port District is more than 10,000.

NOW THEREFORE BE IT RESOLVED, by the Port Commission, that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2026 tax year.

The dollar amount of the increase over the actual levy amount from the previous year shall be $18,107.90, which is a one percent (1.0%) increase from the previous year. This amount is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state-assessed property, and any annexations that have occurred and refunds made.

ADOPTED by the Port Commission of the Port of Port Angeles, at a Commission meeting thereof held this 17th day of November 2025.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

____
Steven D. Burke, President

____
Colleen M. McAleer, Vice-President

____
Connie L. Beauvais, Secretary

25-1333

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT ANGELES ADOPTING THE FINAL BUDGET FOR 2026

WHEREAS, the preliminary budget of the Port of Port Angeles was prepared and filed on the 28th day of October 2025; and

WHEREAS, in accordance with R.C.W. 53.35.045 a public hearing was held on November 12th, 2025; and

WHEREAS, the preliminary budget was adopted as the final budget on the 17th day of November 2025.

NOW, THEREFORE, BE IT RESOLVED that the budget herein is the Final Budget of the Port of Port Angeles for the calendar year 2026.

		2026 BUDGET
Beginning Cash Balance	**$**	**21,611,269**
Sources of Cash		
Revenues - Operating		11,678,583
Revenues - Non-Operating		951,265
Property Tax Levy		1,883,631
Grants for Capital Projects		27,442,141
Total Sources		41,955,620
Uses of Cash		
Expenses - Operating		10,639,567
Expenses - Non-Operating		117,984
Debt Service (Principal & Interest)		176,180
Capital Projects		36,142,141
Total Uses		47,075,872
Ending Cash Balance	**$**	**16,491,017**
Change in Cash Balance	$	(5,120,252)
RCW 53.36.120 & 53.36.130 Specific Budget Items		
Promotion Hosting	$	6,650

ADOPTED by the Port Commission of the Port of Port Angeles at a Commission meeting thereof held this 17th day of November 2025.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

Steven D. Burke, President

Colleen M. McAleer, Vice-President

Connie L. Beauvais, Secretary

25-1334

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT ANGELES, A MUNICIPAL CORPORATION, AMENDING THE PORT OF PORT ANGELES COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS TO UPDATE REFERENCES TO THE CURRENT PORT BUDGET AND PLANNING DOCUMENTS.

WHEREAS, pursuant to Revised Code of Washington, Chapter 53.20, the Port of Port Angeles is required to adopt a comprehensive scheme of harbor improvements and amend the plan as may be appropriate prior to undertaking improvement projects; and

WHEREAS, state law provides no specific requirements or guidance to port authorities as to the format, length, or content of a port's Comp Scheme; however, port authorities have interpreted the law as requiring an inventory and description of all port properties and identification of anticipated future improvements at these properties; and

WHEREAS, the existing Port of Port Angeles Comprehensive Scheme of Harbor Improvements was adopted pursuant to Resolution No. 25-1314, dated January 7, 2025; and

WHEREAS, the Port proposes to amend the Comprehensive Scheme of Harbor Improvements to include the current Port Capital Budget and Strategic Plan; and

WHEREAS, the Port Commission opened a public hearing on November 12, 2025, and closed the hearing on November 17, 2025, after giving notice as required by law, on adopting a proposed amendment to said Comprehensive Scheme of Harbor Improvements; and

WHEREAS, after discussion and consideration of the proposed modification to said Comprehensive Scheme of Harbor Improvements, the The Port Commission decided that the said Comprehensive Scheme of Harbor Improvements should be amended as provided herein,

NOW THEREFORE, BE IT RESOLVED, that the Port of Port Angeles Comprehensive Scheme of Harbor Improvements is hereby amended as follows:

25-1334 Continued

1. Incorporate into the Comprehensive Scheme of Harbor Improvements the following Port budget and planning documents:
    a. 2026 Capital Budget
    b. 2024 Clallam County Hazard Mitigation Plan
    c. Appendix A – Port Property Overview
        i. Add property and building at 313 W 1st St, Port Angeles, WA 98362.

ADOPTED by the Port Commission in a regular meeting thereof held this _______ day of _________, 2025

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

____
Steven D. Burke, President

____
Colleen M. McAleer, Vice President

____
Connie L. Beauvais, Secretary

<u>**Future Agenda Items – Commission Meeting**</u>

11/12/2025

<u>November 17, 2025 (Special Commission Meeting)</u>

- Close Public Hearing on 2026 Budget
- Adopt 2026 Budget & Tax Levy & Comprehensive Scheme

<u>November 25, 2025 (Regular Commission Meeting) - **CANCELLED**</u>

<u>December 9, 2025 (Regular Commission Meeting)</u>

- Monthly Delegation of Authority Report
- Monthly Cash and Investment Report
- Q4 Grant Update

<u>December 23, 2025 (Regular Commission Meeting) – **CANCELLED**</u>

<u>January 13, 2026 (Regular Commission Meeting)</u>

- Monthly Delegation of Authority Report
- Monthly Cash and Investment Report

<u>Upcoming Events</u>

November 18, 2025 – Marine Hwy 5 Roundtable, Tacoma, WA

November 19-21 – WPPA Annual Meeting, Tacoma, WA

November 20-22 – Pacific Marine Expo, Seattle, WA

December 3-5 – International Workboat Show, New Orleans, LA

<u>**Future**</u>

- Boatyard and Marina Rules & Regulations
- Port Emergency Response Plans and Activities
- Employee Handbook Update and Resolutions