**REGULAR COMMISSION MEETING**
**Tuesday, November 10, 2026, at 9:00 a.m.**
**338 W. First St, Port Angeles, WA 98362**
**AGENDA**

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/

## I. CALL TO ORDER / PLEDGE OF ALLEGIANCE

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

## III. APPROVAL OF AGENDA

## IV. WORK SESSION

A. Monthly Cash & Investment Report……1-2

## V. APPROVAL OF CONSENT AGENDA

A. Regular Commission Meeting Minutes – October 27, 2026……..3-6

B. Special Commission Meeting Minutes – November 4, 2026……7-9

C. Vouchers in the amount of $3,472,342.53……10

## VI. COMPLETION OF RECORDS

A. Monthly Delegation of Authority……11-13

## VII. PLANNING AND CAPITAL PROJECTS

A. Item for Consideration – William R. Fairchild International Airport – Hangar F – 2 Hour Wall – Bid Award……14-16

## VIII. LOG YARD

A. Log Yard Site and Stormwater Improvements Monthly Project Update……..15-24

B. Hangar E Project Update……25-28

## IX. MARINE TRADES AND MARINE TERMINALS

No items

PORT of Port Angeles
Serving Clallam County Since 1923

**X. PROPERTY**

A. Item for Consideration – First Step Family Support New Term Lease…….29-57

**XI. MARINAS**

No items

**XII. AIRPORTS**

No items

**XIII. OTHER BUSINESS**

A. Second Consideration of Res 26-1352 Community Economic Revitalization Board (CERB) Committed Private Partner (CPP) Program Application for Port Angeles Composite (PAC) Project……58-59

B. Second Consideration of Res 26-1353 Revising Investment Policy……62-65

C. Second Consideration of Res 26-1354 Revising Capital Improvement Policy……...66-75

D. **Opening of Public Hearing:** 2027 Budget, Tax Levy, and Comprehensive Scheme, Introduction of Resolutions 26-1355, Res 26-1356, Res 26-1357…….76-136

**XIV. ITEMS NOT ON THE AGENDA**

**XV. COMMISSIONER REPORTS**

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

**XVII. FUTURE AGENDA**……..……137

**XVIII. NEXT MEETINGS**

*A.* November 17, 2026 – Special Commission Meeting (**Comm. Kidwell Excused Absence*)
*[Close Public Hearing & Adopt 2027 Budget and Tax Levy]*

B. November 24, 2026 – Regular Commission Meeting – **MEETING CANCELED**

C. December 8, 2026 – Regular Commission Meeting

D. December 22, 2026 – Regular Commission Meeting

## XIX. UPCOMING EVENTS

A. November 19-21, 2026 – Pacific Marine Expo (Seattle, WA)

B. December 2-4, 2026 – International Workboat Show (New Orleans, LA)

C. December 9-11, 2026 – Washington Public Ports Association (WPPA) Annual Meeting (Vancouver, WA – Hilton Vancouver)

## XX. EXECUTIVE SESSION

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 2026

| | YTD |
|---|---|
| **Beginning Cash Balance** | **20,464,446** |
| Operating Revenues | 9,489,253 |
| Non-Operating Revenues | 9,156,917 |
| **Total Revenues** | **18,646,170** |
| Operating Expenses | 8,761,584 |
| Non-Operating Expenses | 14,556,674 |
| **Total Expenses** | **23,318,259** |
| **Ending Cash Balance** | **15,792,357** |
| **Change in Cash Balance** | **(4,672,089)** |

## Cash & Investments held as of 10/31/2026

| Name | Type | Interest Rate | 5/31/26 Face Value | 6/30/26 Face Value | 7/31/26 Face Value | 8/31/26 Face Value | 9/30/26 Face Value | 10/31/26 Face Value | Annual Interest | Maturity Date | Acquisition Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FFCB 4-year (Piper Sandler) | Bond | 3.98% | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 119,400 | 11/13/2029 | 11/13/2025 |
| FNMA 5-year (Piper Sandler) | Bond | 4.50% | - | - | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 225,000 | 7/17/2031 | 7/17/2026 |
| First Federal | Cash | 3.99% | 4,506,105 | 4,519,335 | 4,533,219 | 4,547,448 | 4,561,627 | 4,576,335 | 182,596 | | |
| LGIP Balance | Cash | 3.99% | 8,906,413 | 8,933,443 | 6,055,887 | 4,073,881 | 3,086,567 | 2,496,219 | 99,599 | | |
| Columbia Bank Account | Cash | 0.30% | 450,628 | 445,207 | 1,525,659 | 1,366,001 | 242,513 | 719,803 | 2,159 | | |

## Investments Called or Matured

| Name | Type | Interest Rate | | | | | | | | Maturity Date | Redemption Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FHLB 5-year (Piper Sandler) | Bond | 4.30% | 5,000,000 | 5,000,000 | - | - | - | - | - | 7/15/2030 | 7/9/2025 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Ending Investment/Cash Balance** | **21,863,146** | **21,897,985** | **20,114,766** | **17,987,330** | **15,890,707** | **15,792,357** | **628,754** | |

## Outstanding Debt

| | Rate | 5/31/26 Amount | 6/30/26 Amount | 7/31/26 Amount | 8/31/26 Amount | 9/30/26 Amount | 10/31/26 Amount | |
|---|---|---|---|---|---|---|---|---|
| CERB Washdown | 2.00% | 570,354 | 570,354 | 570,354 | 570,354 | 570,354 | 570,354 | 20 year, 2020 - 2040 (January pmt) |
| CARB Airport Utilities | 2.00% | 589,186 | 589,186 | 589,186 | 589,186 | 589,186 | 589,186 | 20 year, 2021 - 2041 ( January pmt) |
| Office of the State Treasurer | 2.96% | 467,188 | 461,211 | 461,211 | 461,211 | 461,211 | 461,211 | 7 year, 2025 - 2031 (June & December pmt) |
| | | 1,626,728 | 1,620,751 | 1,620,751 | 1,620,751 | 1,620,751 | 1,620,751 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Ending Balance** | **20,236,418** | **20,277,233** | **18,494,014** | **16,366,579** | **14,269,956** | **14,171,606** |

* Cash balances shown do not include funds held as the Harbor Group treasurer.
* Cash and investments do include $517,500 received from Shell for upcoming environmental cleanup at 220 Tumwater (former longshore parking lot)

**REGULAR COMMISSION MEETING**
**Tuesday, October 27, 2026, 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/

Connie Beauvais, Commissioner
Colleen McAleer, Commissioner
Kelly Kidwell, Commissioner ***Excused Absence***
Paul Jarkiewicz, Chief Executive Officer
Chris Hartman, Chief Operating Officer
Caleb McMahon, Chief Commercial Officer
Sarah Kuh, Management Accountant
Zach Holsted, Capital Program Manager
Katharine Frazier, Grants & Gov't Affairs Manager
Scott Hough, Senior Operations Manager
Jenna Riley, Procurement Manager / Clerk to the Board

## I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:45)

**Comm. Kidwell Excused Absence*

Comm. Beauvais called the meeting to order at 9:02 am.
Comm. Beauvais noted that the Commission acknowledged Comm. Kidwell was not present due to an excused absence.

## II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:46-11:37)

Robbie Mantooth of Port Angeles spoke on the Friends of Ennis Creek and Protect the Peninsula regarding the Rayonier cleanup site and the use of barges. Ms. Mantooth requested a letter of support and asked staff to gather information to support the cause.

## III. APPROVAL OF AGENDA (11:38-11:48)

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

## IV. WORK SESSION (11:49-1:08:39)

A. September Financial Report
- Presentation By: Sarah Kuh
- Discussion
- No Action

B. Present Preliminary 2027 Budget & Tax Levy
- Presentation By: Paul Jarkiewicz
- Discussion
- Action: Comm. McAleer requested a notes section for the assumptions

## V. APPROVAL OF CONSENT AGENDA (1:08:40-1:10:44)

A. Regular Commission Meeting Minutes – October 13, 2026

B. Vouchers in the amount of $2,030,902.54
- Discussion
- Motion to approve the consent agenda as presented: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 2-0 (Unanimous)

## VI. COMPLETION OF RECORDS (1:10:45-1:25-48)

A. 3rd Quarter Operations Report
- Presentation By: Paul Jarkiewicz, Scott Hough, and Caleb McMahon
- Discussion
- No Action

## VII. PLANNING AND CAPITAL PROJECTS (1:25:49-1:58:36)

A. 2027 Draft Final Capital Budget

- Presentation By: Zach Holsted
- Discussion
- Action: Additional edits to be made as discussed

B. Item for Consideration – Port Angeles Composite (PAC) Project Pre-Engineered Metal Building Purchase Order for CHG Building Systems, Inc.

- Presentation By: Zach Holsted
- Discussion
- Motion to delegate authority to the Chief Executive Officer to execute a Purchase Order with CHG Building Systems, Inc. for the PAC – Pre-Engineered Metal Building in the amount of Two Million One Hundred Sixty-One Thousand Seven Hundred Seventy Dollars and No Cents ($2,161,770) plus applicable Washington State Sales Tax, expressly conditioned upon the Port and Port Angeles Composites entering into a binding Memorandum of Agreement regarding Cost Recovery in a form acceptable to the CEO and Port General Legal Counsel: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 2-0 (Unanimous)

C. Item for Consideration – Nelson Worldwide Professional Services Agreement Amendment 02

- Presentation By: Jenna Riley
- Discussion
- Motion to authorize the Chief Executive Officer to execute Amendment 02 of the Professional Services Agreement with Nelson Worldwide Architects for the “Port Angeles Boat Yard Multi-User Building Design” project for an amount not to exceed One Hundred Four Thousand One Hundred Four Dollars and Zero Cents ($104,104.00) and to make minor modifications that might be necessary. The execution of this amendment will set the total contract amount at Five Hundred Forty-Six Thousand Eight Hundred Fifty-Four Dollars and Zero Cents ($546,854.00): Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 2-0 (Unanimous)

## VIII. LOG YARD

No items

## IX. MARINE TRADES AND MARINE TERMINALS

No items

## X. PROPERTY

No items

## XI. MARINAS

No items

## XII. AIRPORTS

No items

## XIII. OTHER BUSINESS (1:58:37-2:23:06)

A. Item for Consideration – Community Aviation Revitalization Board (CARB) Loan Application for Port Angeles Composite (PAC) Project

- Presentation By: Katharine Frazier
- Discussion
- Motion to Authorize the Chief Executive Officer to apply for $1.2 million in CARB loan funding for the PAC project, and to make minor modifications to the application as might be necessary: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 2-0 (Unanimous)

B. Item for Consideration – Community Economic Revitalization Board (CERB) Committed Private Partner (CPP) Program Application for Port Angeles Composite (PAC) Project and Resolution 26-1352

- Presentation By: Katharine Frazier
- Discussion
- Motion to introduce Resolution 26-1352, a Resolution of the Port of Port Angeles, Washington, authorizing submission of an application for a community economic revitalization board loan/grant in the amount of $5,000,000 to fund building improvements for an existing tenant, Port Angeles Composite: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 2-0 (Unanimous)
- This will be placed on the next agenda for second consideration

C. Item for Discussion – US-101 Simdars Interchange Project

- Presentation By: Chris Hartman
- Discussion
- No Action – Paul Jarkiewicz will report back to the City of Sequim that the Port will join them

D. Item for Consideration – Res 26-1353 Revising Investment Policy

- Presentation By: Paul Jarkiewicz
- Discussion
- Motion to introduce Resolution 26-1353, a Resolution of the Port of Port Angeles revising the Port of Port Angeles Investment Policy: Comm. Beauvais
- 2nd: Comm. McAleer
- Vote: 2-0 (Unanimous)
- This will be placed on the next agenda for second consideration

E. Item for Consideration – Res 26-1354 Revising Capital Improvement Policy

- Presentation By: Paul Jarkiewicz
- Discussion
- Motion to introduce Resolution 26-1354, a Resolution of the Port of Port Angeles revising the guidelines for Capital Improvement Policies: Comm. Beauvais
- 2nd: Comm. McAleer
- Vote: 2-0 (Unanimous)
- This will be placed on the next agenda for second consideration

## XIV. ITEMS NOT ON THE AGENDA (2:23:07-2:23:10)

No items

## XV. COMMISSIONER REPORTS (2:23:11-2:33:40)

Comm. McAleer spoke on Caleb McMahon attending the City of Port Angeles Planning Commission Meeting on the evening of October 27, 2026, to speak about the City's proposed draft code changes. Recommended providing input to the City of Port Angeles regarding conditional use permits and what would be a viable process for them to put forward for new economic opportunities.

## XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (2:33:41-2:34:01)

None

## XVII. FUTURE AGENDA (2:34:02-2:35:34)

## XVIII. NEXT MEETINGS

A. November 10, 2026 – Regular Commission Meeting
*[Open Public Hearing on 2027 Budget and Tax Levy]*

*B.* November 17, 2026 – Special Commission Meeting (**Comm. Kidwell Excused Absence*)
*[Close Public Hearing & Adopt 2027 Budget and Tax Levy]*

C. November 24, 2026 – Regular Commission Meeting – **MEETING CANCELED**

D. December 8, 2026 – Regular Commission Meeting

E. December 22, 2026 – Regular Commission Meeting

## XIX. UPCOMING EVENTS

A. November 19-21, 2026 – Pacific Marine Expo (Seattle, WA)

B. December 2-4, 2026 – International Workboat Show (New Orleans, LA)

C. December 9-11, 2026 – Washington Public Ports Association (WPPA) Annual Meeting (Vancouver, WA – Hilton Vancouver)

## XX. EXECUTIVE SESSION (2:35:35-2:36:28)

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

- Comm. Beauvais recessed the meeting to convene an executive session with an anticipated length of 45 minutes. Following the executive session, the Commission may take action as a result of the executive session.
- Discussion:
  - Four (4) 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 11:38 a.m.
- Start Time: 11:40 a.m.
- Estimated End Time: 12:25 p.m.
- End Time: 12:26 p.m.

**Public Session of Commission Meeting Reconvened: 12:26 p.m.**

Comm. Beauvais noted that no action will be taken on any agenda items as a result of the executive session.

## XXI. ADJOURN (2:36:29-2:36:32)

Comm. Beauvais adjourned the meeting at 12:26 p.m.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

_____
Connie Beauvais, President

_____
Colleen McAleer, Vice President

**SPECIAL COMMISSION MEETING**
**Wednesday, November 4, 2026, at 9:00 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/

Connie Beauvais, Commissioner
Colleen McAleer, Commissioner
Kelly Kidwell, Commissioner
Paul Jarkiewicz, Chief Executive Officer
Chris Hartman, Chief Operating Officer
Caleb McMahon, Chief Commercial Officer
Sarah Kuh, Management Accountant
Jenna Riley, Procurement Manager / Clerk to the Board

## I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (00:00-0:35)

Comm. Beauvais called the meeting to order at 9:02 a.m.

## II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:36-1:06)

None

## III. APPROVAL OF AGENDA (1:07-1:21)

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

## IV. SPECIAL AGENDA BUSINESS (1:22-48:00)

A. Item for Consideration – Memorandum of Agreement and Cost Recovery Agreement with Port Angeles Composite, LLC

- Presentation By: Paul Jarkiewicz
- Discussion
- Motion to authorize the Chief Executive Officer to execute the Memorandum of Agreement and Cost Recovery Agreement between the Port of Port Angeles and Port Angeles Composite, LLC, substantially in the form presented, conditioned upon PAC's approval of the Port's bond-related costs through the Project Approval Process, and to make minor modifications as necessary in consultation with Port Legal Counsel, provided that such modifications do not materially alter the terms approved by the Commission: Comm. McAleer
- Comm. Beauvais reiterated that this MOA establishes the process through which the Port and PAC may evaluate, document, and approve improvements to existing facilities and the development of additional industrial facilities for PAC's use, and the cost recovery of same.
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

## V. APPROVAL OF CONSENT AGENDA

No items

## VI. COMPLETION OF RECORDS

No items

## VII. PLANNING AND CAPITAL PROJECTS

No items

## VIII. LOG YARD

No items

## IX. MARINE TRADES AND MARINE TERMINALS

No items

## X. PROPERTY

No items

## XI. MARINAS

No items

## XII. AIRPORTS

No items

## XIII. OTHER BUSINESS

No items

## XIV. ITEMS NOT ON THE AGENDA

No items per RCW 42.30.080

## XV. COMMISSIONER REPORTS

None

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

None

## XVII. FUTURE AGENDA

## XVIII. NEXT MEETINGS (48:01-48:11)

A. November 10, 2026 – Regular Commission Meeting
[*Open Public Hearing on 2027 Budget and Tax Levy*]

B. November 17, 2026 – Special Commission Meeting (**Comm. Kidwell Excused Absence*)
[*Close Public Hearing & Adopt 2027 Budget and Tax Levy*]

C. November 24, 2026 – Regular Commission Meeting – **MEETING CANCELED**

D. December 8, 2026 – Regular Commission Meeting

E. December 22, 2026 – Regular Commission Meeting

## XIX. UPCOMING EVENTS

A. November 19-21, 2026 – Pacific Marine Expo (Seattle, WA)

B. December 2-4, 2026 – International Workboat Show (New Orleans, LA)

C. December 9-11, 2026 – Washington Public Ports Association (WPPA) Annual Meeting (Vancouver, WA – Hilton Vancouver)

## XX. EXECUTIVE SESSION (48:12-48:14)

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

No executive session was held.

## XXI. ADJOURN (48:15-48:19)

Comm. Beauvais adjourned the meeting at 9:50 a.m.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

_____
Connie Beauvais, President

_____
Kelly Kidwell, 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 21, 2026 – November 3, 2026

CERTIFICATION

| **Accounts Payable** | | | | |
|---|---|---|---|---|
| | **Begin** | **End** | | |
| **For General Expenses and Construction** | **Check #** | **Check #** | | |
| Accts Payable Checks (computer) | 420979 | 421012 | $ | 445,366.00 |
| Voided/Zero Payable | | | | |
| Accts Payable ACH | 008861 | 008888 | $ | 2,586,004.54 |
| VOIDED/ZERO PAYABLE ACH | | | | |
| Wire Transfer - Expenses | | | $ | 2,804.92 |
| Wire Transfer - Excise Tax | | | $ | 24,007.10 |
| Wire Transfer - Leasehold Tax | | | $ | 195,693.77 |
| **Total General Expenses and Construction** | | | **$** | **3,253,876.33** |
| | | | | |
| **Payroll** | | | | |
| Employee Payroll Checks PPD (Direct Deposit) | 008789 | 008860 | $ | 133,260.51 |
| Voided Payroll Check | 008818, 008819, 008837 | | $ | - |
| Wire Transfer - (Payroll Taxes, Retirement, Deferred Comp, L&I, PFML) | | | $ | 85,205.69 |
| **Total Payroll** | | | **$** | **218,466.20** |
| **Total General Exp & Payroll** | | | **$** | **3,472,342.53** |

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, Colleen McAleer

_____
Commissioner, Kelly Kidwell

* Detail is available upon request to Sarah Kuh, Management Accountant sarahk@portofpa.com

# MONTHLY REPORT TO THE BOARD OF PORT COMMISSIONERS
**October 2026**

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 | X | |
| Work Contracts ($50,000 or less) Executed | X | |
| Work Contracts Completed | X | |
| Change Orders Authorized | X | |
| Work by Port Crews or Day Labor ($50,000 or less) | X | |
| Claims Settled | X | |
| Professional & Personal Services Awarded and Architectural, Engineering & Technical Services Awarded | | X |
| Fees Waived | X | |
| Uncollectible Accounts Written Off | X | |
| Experts Engaged for Litigation | X | |
| Grant Applications/Award | X | |
| Travel Outside WA, OR, ID, and BC, Canada | X | |
| Surplus Personal Property (under $10,000) | X | |

LEASES, RENEWALS, AND OTHER REAL ESTATE DOCUMENTS
OF ONE YEAR OR LESS APPROVED BY CHIEF EXECUTIVE OFFICER
(In Accordance with the Delegation of Administrative Authority, Resolution 26-1336 dated 4.14.2026)

## OCTOBER 2026

| TENANT NAME | DOCUMENT & LOCATION | FORM OF SURETY AND AMOUNT | PREMISES SQ FEET | THIS TERM | MONTHLY RENT AMT. |
|---|---|---|---|---|---|
| Feiro Marine Life Center | Temporary Access/Terminal 4 for scientific crab surveying | Waived | 3,000 SF +/- | 10.19.2026 MTM | Waived |
| Millican Crane Service, Inc. | Dry Moorage Agmt/Marine Trade Center Land | $750<br>3 months rent | 1,000 SF Land<br>$0.25/SF | 11.01.2026 MTM for crane and equipment storage | $250.00 |
| Port Angeles Hardwood, LLC | Term Lease/<br>2548 W 19th St | $27,458.28<br>3 months rent | 19,800 SF Bldg<br>115,672 SF Land | 6 months<br>11.01.2026 - 4.30.2027 | $9,152.76<br>$0.287/SF Bldg<br>$0.03/SF Land |
| Fire Chief Equipment Co. Inc. | Lease Amendment/<br>2007 S. O Street, Suite A Office | Previously waived | 1750 SF Office | As of 6.01.2026 | Removed $250 fixed utilities. Tenant is now direct-billed by City for utilities |
| Sequim Bay Yacht Club | Lease Renewal and Amendment/<br>2577 W Sequim Bay | $3,825.78<br>Assigned Savings Account | Club Room 901 SF<br>Storage 130 SF<br>Land for shed 1,740 SF<br>17 LF Float<br>Slip for 28 foot Boat | 1 year<br>6.01.2026 - 5.30.2027 | Consolidate invoicing: change from MOLO program to standard invoice program.<br>$690.82 Bldg Use<br>$325.38 Moorage |
| Sequim Bay Yacht Club | Lease Amendment/<br>2577 W. Sequim Bay | $3,825.78<br>Assigned Savings Account | **39 LF Float**<br>**20 LF Chase Boat**<br>Slip for 28 foot Boat<br>(Bldg use unchanged) | As of 11.01.2026 | Corrected and increased actual Moorage LF.<br>$690.82 Bldg Use<br>$630.70 Moorage |

# PROFESSIONAL & PERSONAL SERVICES
## AWARDED BY THE CHIEF EXECUTIVE OFFICER
## (In Accordance with Delegation of Authority)
## October 2026

| CONSULTANT | PROJECT | EST. COST | OTHER CONTRACT PROVISIONS |
|---|---|---|---|
| **Personal Services Agreements / Amendments:** | | | |
| Jennifer Baker | Chief Financial and Administrative Officer Consulting Services | NTE $25,000.00 | Agreement through 12/31/2027 |
| Smith Currie Oles LLP | GC/CM Legal Services – Composites Manufacturing Building | NTE $74,000.00 | Agreement through 12/31/2027 |
| Floyd\|Snider | Amendment 01 West PA Harbor Remedial Design and Consulting Expert Support | No Cost Increase | Agreement Extended through 12/31/2028 |
| **Professional Services Agreements / Amendments:** | | | |
| Haley Aldrich | Marine Trades Buildings Biological Assessment (BA) | NTE $15,666.00 | Meet EDA pre-award requirement to prepare a BA |
| Progressive Design-Build Consulting, LLC | GC/CM Advisory & Owner's Rep. Services – Composites Manufacturing Building | NTE $70,300.00 | Agreement through 12/31/2027 |
| Floyd\|Snider | Vapor Intrusion Assessment Support | NTE $31,520.00 | Agreement through 12/31/2027 |

**ITEM FOR CONSIDERATION**
**BY THE**
**BOARD OF PORT COMMISSIONERS**

**November 10, 2026**

**SUBJECT: WILLIAM R. FAIRCHILD INTERNATIONAL AIRPORT – HANGAR F – 2 Hour Wall - BID AWARD**

**PORT LEAD: Zach Holsted, Capital Program Manager**

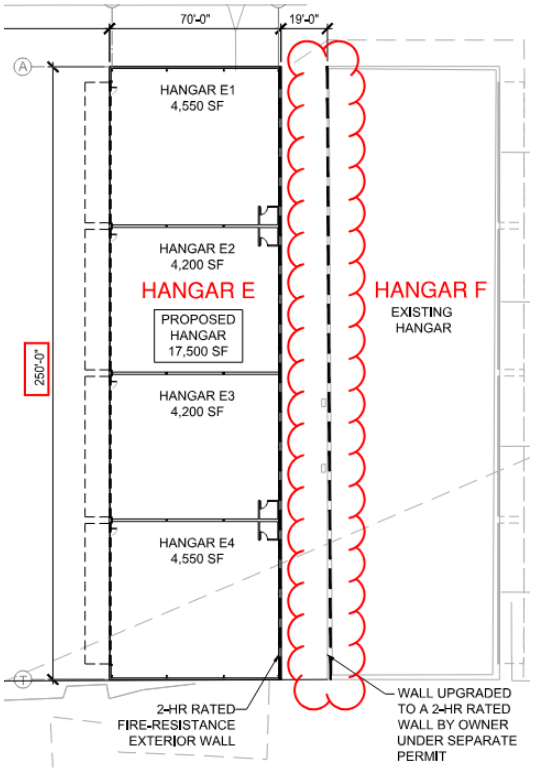
## RCW & POLICY REQUIREMENTS:

Public works is defined within RCW 39.04.010 as "all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein."

Additionally, the Port's Delegation of Administrative Authority, Resolution 26-1336, Section VI.A requires professional service contracts in excess of $75,000 to be awarded by the Commission.

## BACKGROUND:

This project is a direct result of the Hangar E new construction project and will consist of constructing a new rated partition within the existing Hangar F.



On September 4, 2026, and September 11, 2026, the Port advertised for bids in the Peninsula Daily News and the Seattle Daily Journal of Commerce, with bid submissions scheduled to open on October 13, 2026. Due to additional questions, the bid opening date was extended to October 21, 2026.

## ANALYSIS:

The bid opening was held on October 21, 2026. A total of three (3) bids were submitted with the following results:

| Bidder | Total Bid |
|---|---|
| *Engineer's Estimate* | *$ 138,500* |
| J & A Interior / Exterior Pros LLC | $ 207,300 |
| **Interwest Construction, Inc.** | **$ 208,000** |
| Hoch Construction | $ 217,823 |

The bid numbers in the above table do not include Washington State Sales Tax.

J & A Interiors / Exteriors Pros LLC submitted the lowest apparent bid. The Port performed its bid analysis and determined that the bid was unresponsive due to the bidder failing to complete page 5 of the Bid Form Acknowledgments by failing to identify the structure of the bidder's identity. Because the bid is not consistent, it is non-responsive and was not considered.

This determination made Interwest Construction, Inc. (ICI) the new lowest apparent bid. A bid analysis was completed on ICI's submitted bid documents, and all relevant information was accurately provided, ensuring ICI's bid was responsive. Both the Port team and its legal counsel verified that ICI meets the necessary qualifications and requirements to perform the work as a responsible bidder.

## ENVIRONMENTAL IMPACT:

The construction of this new wall is within a completed structure and will not pose any additional environmental impact beyond construction debris, which will be removed and taken to a recycling/transfer facility.

## FISCAL IMPACT:

This wall cost is separate from the Hangar E project and is not eligible for federal funding from the FAA. The Port will cover the full cost of this project. This project was not distinctly broken out on the 2026 Capital Budget and will impact the Capital Budget Contingency ($449,500) by $208,000.

**RECOMMENDED ACTION:**

Authorize the Chief Executive Officer to execute a public works contract with Interwest Construction, Inc. for the William R. Fairchild International Airport – Hangar F – 2 Hour Wall project for a total amount not to exceed Two Hundred Eight Thousand Dollars and No Cents ($208,000), plus applicable Washington State Sales Tax, and to make minor modifications as may be necessary.

# *October 2026: Log Yard Update*

## *November 10, 2026*

# *Log Yard and Site Improvements: From the East Then*



PORT of Port Angeles

# *Log Yard and Site Improvements: From the East Now*



PORT of Port Angeles

# *Log Yard and Site Improvements: From the West Then*



PORT of Port Angeles

# *Log Yard and Site Improvements: From the West Now*



PORT of Port Angeles


APRIL 2026


November 2026

# *Questions?*



PORT of Port Angeles

# *October 2026: Hangar E Update*

## *November 10, 2026*

# June 2026



PORT of Port Angeles

# November 2026



PORT of Port Angeles

# *Questions?*



PORT of Port Angeles

**ITEM FOR CONSIDERATION**
**BY THE**
**BOARD OF PORT COMMISSIONERS**

Date: November 10, 2026

SUBJECT: New Lease – First Step Family Support

Presented by: Caleb McMahon, Chief Commercial Officer

**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 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 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:**
First Step Family Support has been a Port tenant since 2022. This non-profit business currently leases a portion of the 1050 Building warehouse for storage of diapers and supplies, which will be provided to those in need within Clallam and Jefferson Counties.

The Port is requesting the Tenant relocate from the current leased premises due to an upcoming Port project. First Step Family Support has identified the 2007 S. O Street, A1 warehouse as an optimal place to relocate.

**Port Area:** North Airport Industrial Park

**Address:** 2007 S. O Street, Suite A1 Warehouse, Port Angeles.

**Leased Space:** 1,750 square feet of warehouse.

**Use:** Storage of diapers and materials incidental to this non-profit's business.

**Commencement Date:** December 1, 2026

**Term:** One year. December 1, 2026 to November 30, 2027. Renewals: Four optional one-year renewal terms available, at Port consent.

**Proposed Lease Rate:**

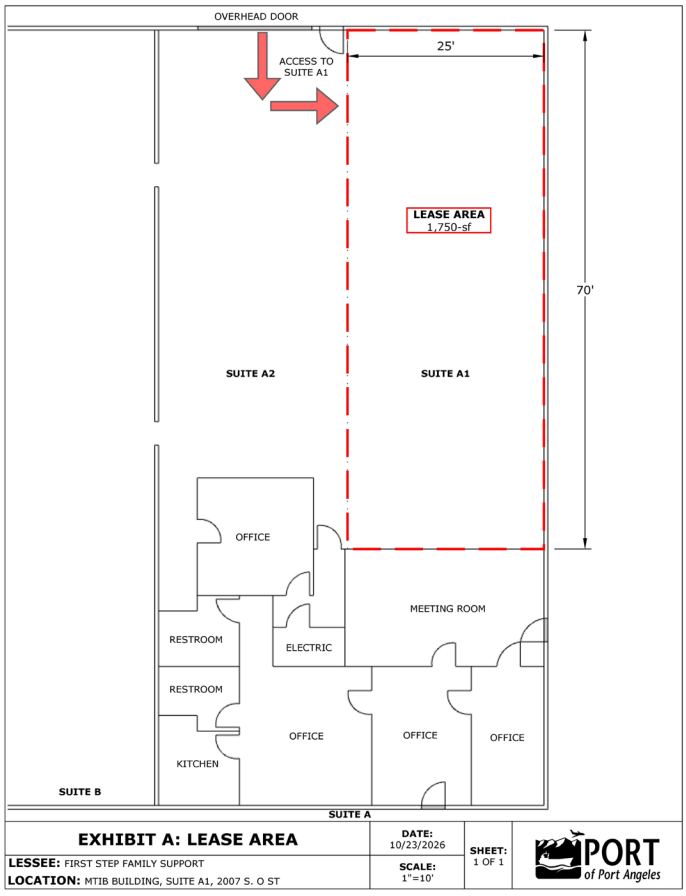
| 2007 S. O Street, Suite A1 | Sq Ft | Rate/SF | Monthly Rate |
|---|---|---|---|
| Warehouse A1 | 1,750 | $0.47 | $822.50 |
| Nonexclusive access to overhead door | Included | | $0.00 |
| **Base Rent** | | | **$822.50** |
| Leasehold ExciseTax | | 12.84% | $105.61 |
| Utilities - electric | | | $50.00 |
| **Monthly Payment** | | | **$978.11** |

**Fiscal Impact of The Lease:** $822.50 x 12 = $9,870 annual rent. $9,870 x 5 years = $49,350.00

**Financial Security**: Three months rent ($822.50 x 3 = $2,467.50). The Lessee has a deposit on file of $1,451.25, so the balance due will be $1,016.25.

**Non-Standard terms requiring Commission approval:** Staff recommends a waiver of annual consumer price index rent increases throughout the lease term and renewals. This is as consideration of the Port's requirement for the Lessee to relocate from the 1050 building warehouse, and to support this non-profit business' goals to provide programs and services to the community.

**RECOMMENDED ACTION:**
On a motion and second, Staff recommends the Commission authorize the Chief Executive Officer to sign a lease with First Step Family Support, per the terms and conditions presented.



# 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 FIRST STEP FAMILY SUPPORT CENTER, a Washington non-profit 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**: First Step Family Support Center
P.O. Box 249
Port Angeles, WA 98362

**Premises**: 1,750 square feet of warehouse known as Warehouse Suite A1, 2007 S. O Street, Port Angeles, WA 98363, including nonexclusive access to the Overhead Loading Door, and nonexclusive parking at 2007 S. O Street, 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**: Storage of goods related to the services provided to children and families in the community.

**Benefit to the Public**: None.

**Commencement Date**: December 1, 2026

**Term**: One Year. December 1, 2026 through November 30, 2027.

**Extensions**: Four (4) one-year extensions.
[X] Requires Port consent, at Port's sole discretion

**Base Rent:**

| 2007 S. O Street, Suite A1 | Sq Ft | Rate/SF | Monthly Rate |
|---|---|---|---|
| Warehouse A1 | 1,750 | $0.47 | $822.50 |
| Nonexclusive access to overhead door | Included | | $0.00 |
| | | **Base Rent** | **$822.50** |
| Leasehold ExciseTax | | 12.84% | $105.61 |
| Utilities - electric | | | $50.00 |
| | | **Monthly Payment** | **$978.11** |

**Financial Security (see Section 5.4 for more information**): Three months rent ($822.50 x 3 = $2,467.50). The Lessee has a deposit on file in the amount of $1,451.25. Balance due is **$1,016.25.**

**Additional Unique Terms and Conditions:** The Lessee is a regular partner with the Port to support the community through First Step's programs for parents, and proving crucial education, programs, and supplies. Therefore, the Port waives all annual consumer price index increases over the lease term and renewal extensions of this lease.

## 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 one year beginning December 1, 2026 through November 30, 2027. If Lessee takes possession of the Premises before the Commencement Date, Lessee shall pay prorated rent for the period prior to the commencement date, or for any period subsequent to commencement of the Lease term.

2.3 **RENEWAL**: Subject to the terms and conditions herein, Lessee may renew this Lease for four (4) 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**: RESERVED.

3.2 **COMMON AREAS**: RESERVED

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**: Lessee shall pay to the Port Lessee's agreed pro rata share of the CAM Expenses ("**Pro Rata Share**"). Lessee's Pro Rata Share is based on the percentage obtained by dividing the agreed rentable area of the Premises by the agreed building area. The Parties agree that Lessee's Pro Rata Share under this Lease is 0 percent (0 %).

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: Storage of goods related to the services provided to children and families in the community. (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 tenant-owned 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**: Fixed fee of $50.00/month for electricity.
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.

Meter Number(s) associated with this leased premises: Not applicable.

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.

5.2.3 **Workers' Compensation; Employer's Liability/Stop Gap**: If Lessee has employees, Lessee shall obtain, at Lessee's expense, and keep in effect during the term of this Lease and any renewals or extensions of this Lease, Workers' Compensation as required by the State of Washington, with statutory limits, and Employer's Liability/Stop Gap Insurance with limits of not less than One Million Dollars ($1,000,000) per accident for bodily injury or disease.

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.__ **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:

- ✓ Three Months of Rent.
- ✓ Three months rent ($822.50 x 3 = $2,467.50). The Lessee has a deposit on file in the amount of $1,451.25. Balance due is **$1,016.25.**

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 **WASTE AND REFUSE**: 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 **DAMAGE AND DESTRUCTION**:

7.6.1 **Port Owned Buildings/Improvements**: 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 **Lessee Owned Buildings/Improvements**: 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<br>P.O. Box 1350<br>Port Angeles, WA 98362 |
| TO LESSEE: | First Step Family Support<br>P.O. Box 249<br>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 Chief Executive Officer, 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 | FIRST STEP FAMILY SUPPORT |
| _____ | _____ |
| Paul S. Jarkiewicz | Elisia Anderson |
| Its: Chief Executive Officer | Its: Executive Director |
| Date: _____ | Date: _____ |

STATE OF WASHINGTON )
) ss.
County of Clallam )

On this _____ day of _____, 2026, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ELISIA ANDERSON, to me known to be the EXECUTIVE DIRECTOR of FIRST STEP FAMILY SUPPORT, 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: _____

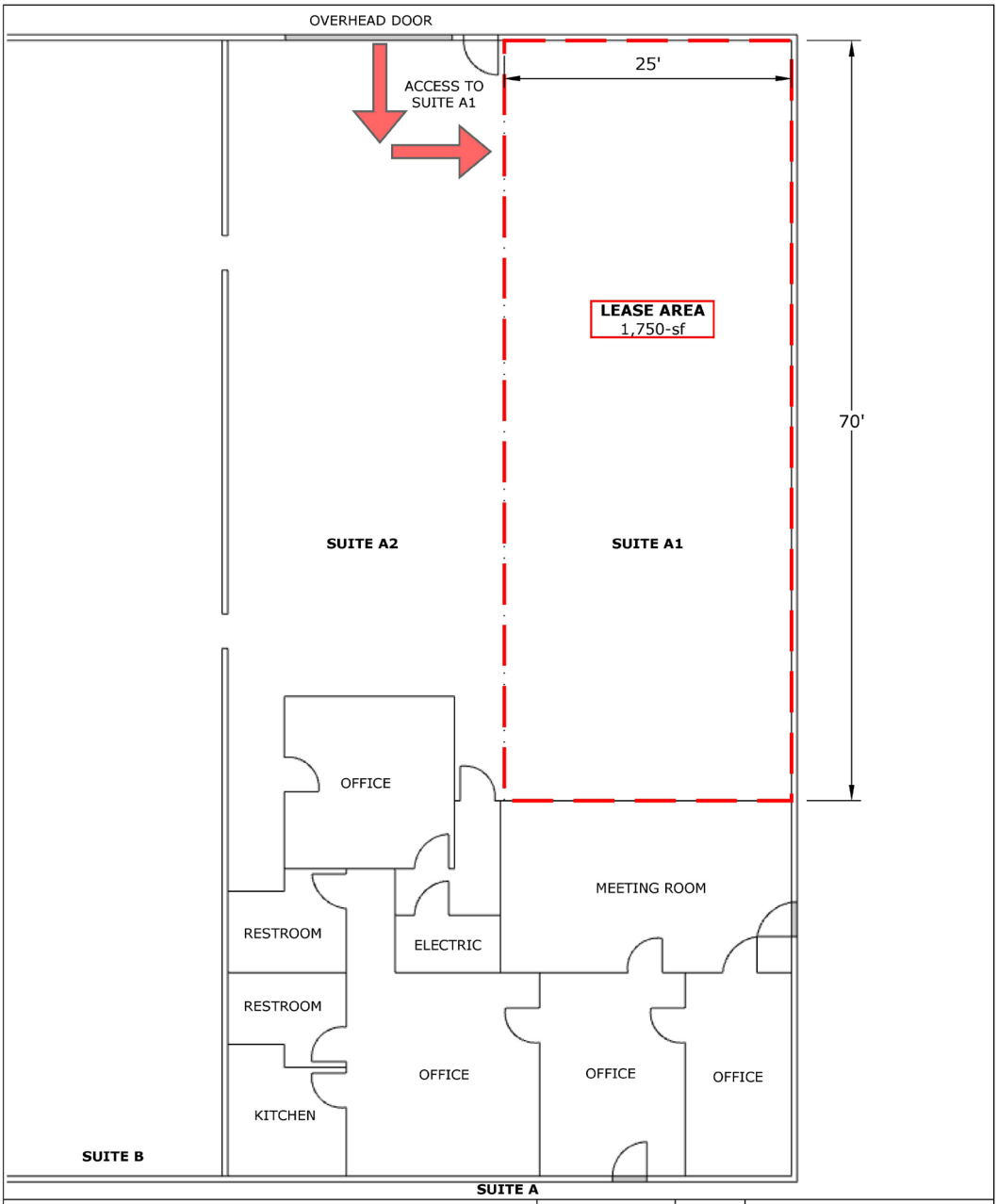
STATE OF WASHINGTON )
) ss.
County of Clallam )

On this _____ day of _____, 2026, 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 CHIEF EXECUTIVE OFFICER 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: _____ Lessee | Initials: _____ 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

Initials: _____ Lessee

**26-1352**

**A RESOLUTION OF THE PORT OF PORT ANGELES, WASHINGTON AUTHORIZING SUBMISSION OF AN APPLICATION FOR A COMMUNITY ECONOMIC REVITALIZATION BOARD LOAN/GRANT IN THE AMOUNT OF $5,000,000 TO FUND BUILDING IMPROVEMENTS FOR AN EXISTING TENANT, PORT ANGELES COMPOSITE.**

**WHEREAS**, Community Economic Revitalization Board (CERB) funds are provided by the Washington State Department of Commerce to support a broad array of projects across the state in furtherance of economic development; and

**WHEREAS**, CERB offers the Committed Private Partner (CPP) program specifically for projects that involve a private partner, including for-profit entities, so long as the project results in increased family-wage employment in the region; and

**WHEREAS**, the Port of Port Angeles has partnered with an existing tenant, Port Angeles Composite (PAC), to undertake a significant expansion project that will bring new employment and manufacturing opportunities to Clallam County; and

**WHEREAS**, the PAC expansion project is in alignment with CERB's core funding principles and mission; and

**WHEREAS**, PAC has committed to investing private funds into the purchase of manufacturing equipment, and has also committed to creating new jobs that will exceed the County's average wage; and

**WHEREAS**, the project represents a commitment of resources toward enhancing the vitality of the area and expansion of economic and employment opportunities for Port Angeles and Clallam County, together with increased tax revenues; and

**WHEREAS**, in the event the application for CERB funding is approved, and the grant is accepted by the Port, the Port will comply with all applicable federal and State requirements in regard to environmental impact of the project; and

**WHEREAS**, the project will not result in the transfer/relocation of jobs from one part of the state of Washington to another; and

**WHEREAS**, the Port intends to apply for $5,000,000 in CERB funds; and

**WHEREAS**, the matching portion of the grant is minimum of 20% of the project amount, and the Port intends to provide at least this amount ($1,250,000) to support project goals; and

**WHEREAS**, the Port finds that an application should be submitted for consideration by CERB, and that such submission will promote economic development within Port Angeles and Clallam County.

**NOW THEREFORE, BE IT RESOLVED** by the Port of Port Angeles, Washington, as follows:

1. That the Chief Executive Officer is hereby authorized to submit an application to the Community Economic Revitalization Board, for and on behalf of the Port, for CERB funding in the approximate amount of $6,250,000 (including local match) for the CERB Project; and

2. That the Chief Executive Officer is hereby further authorized to provide such additional information as may be necessary to secure approval of such application; and

3. That, in the event such application is approved, the Chief Executive Officer is authorized to enter into an agreement for such funding; and

4. That this Resolution shall be effective upon passage and signatures heron in accordance with law.

ADOPTED this 10th day of November, 2026.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

_____
Connie L. Beauvais, President

_____
Colleen M. McAleer, Vice President

_____
Kelly G. Kidwell, Secretary

**26-1353**

**RESOLUTION OF THE PORT OF PORT ANGELES REVISING THE PORT OF PORT ANGELES INVESTMENT POLICY**

WHEREAS, the Board of Commissioners (the "Port Commission") of the Port of Port Angeles (the "Port") has statutory authority to adopt from time to time resolutions authorizing the investment of Port District funds which are not required for immediate expenditures and which are in the custody of the Port Treasurer and to specify, subject to statutory constraints, permitted investment of said funds; and

WHEREAS, the Port Commission has from time to time enacted various resolutions for the purposes and uses aforesaid; and

WHEREAS, the Port Commission deems it advisable to enact a new resolution governing the investment policy with regard to funds of the Port District not needed for immediate expenditure; and

WHEREAS, the Port Commission deems it advisable to rescind the current Port of Port Angeles resolution governing investment policy of such funds, to wit: Resolution No. 10-987, and to replace the same with a new investment policy as hereinafter set forth;

NOW, THEREFORE, BE IT RESOLVED, that the Port Commission of the Port of Port Angeles hereby rescinds Resolution No. 10-987 and adopts the following investment policy to govern investment of Port funds not needed for immediate expenditure, and authorizes the investment of such funds by the Port Treasurer in accordance with the terms and provisions herein.

## Treasury & Investment Policy

### I. Governing Authority

The treasury and investment programs shall be operated in conformance with federal and Washington State legal requirements, including Revised Code of Washington (RCW) Ch. 53.36 Finances, Ch. 36.29 County Treasurer, Ch. 39.58 Public Funds – Deposits and Investments – Public Depositaries, and Ch. 39.59 Public Funds – Authorized Investments.

### II. Scope

This policy applies to the investment of all funds. Proceeds from certain bond issues may be covered by the bond covenants and will be managed accordingly.

### III. Delegation of Authority

Authority to manage the investment program is derived from RCW 53.36.010, authorizing the appointment of a Port Treasurer, and Port Resolution 24-1302, appointing the Port Treasurer and Deputy Treasurer. Management

responsibility for the investment program is hereby delegated to the Port Treasurer, who shall establish written procedures, including internal controls, for the operation of the investment program consistent with this investment policy. The internal controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in the financial markets, or imprudent actions by employees and officers of the Port. The internal controls shall be reviewed with an independent auditor.

The Port Treasurer may delegate authority to other Port staff hereafter identified as an "Investment Officer," such as, for example, the Executive Director or the Deputy Treasurer, depending on qualifications and as the need arises. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Port Treasurer. The Port Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities. Procedures should include references to: investment accounting, wire transfer agreements, and collateral/depository agreements.

The Port has established an approach for determining the minimum amount of cash on hand and investments to meet its financial obligations during a period of severe, adverse operating conditions that would substantially impair its revenue stream. It has based the components of this approach on prudent financial management considerations. This minimum amount also serves to guide the Port as to when it needs to borrow for its capital program. The minimum is a dynamic amount, which changes with its components below:

1. Six months of cash on hand for operating expenses based on the current year Port budget; funds should be readily accessible at a bank or LGIP;
2. Any self-insurance reserves (if applicable); and
3. All bond debt service reserve funds per their bond covenants.

Any amount in excess of this minimum amount is hereby deemed to be in excess of the Port's current needs at the time the minimum amount is calculated. Such excess amounts, as identified by the Port Treasurer in accordance with the factors set forth above, may be invested by the Port Treasurer in accordance with applicable law.

## IV. Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions authorized to provide investment services and a list of authorized security broker/dealers with acceptable credit worthiness. No public deposits shall be made except in qualified public depositaries as provided in Chapter 39.58 RCW, Public Funds.

## V. Commercial Bank

The Port Treasurer shall lead the selection of the Port's commercial bank. The Treasurer will report to the Port Commission the status of the commercial banking relationship every five to ten years and will seek Commission direction regarding the need to seek bids from qualifying banks that have a branch in Clallam County, Washington.

## VI. Investment Program Objectives

The primary objectives of investment activities, in priority order, shall be safety, liquidity, and yield:

1. *Safety:*
Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. *Liquidity*
The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

3. *Yield or Market Rate of Return*
The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

## VII. Standards of Care

1. *Prudence*
The standard of care to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. When acting in accordance with written procedures and this investment policy and exercising due diligence, the Port Treasurer and any Investment Officer designated by the Port Treasurer shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

In determining whether a Port investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than a consideration as to the prudence of a single investment, and, whether the investment decision was consistent with the written investment policy of the entity.

2. *Ethics and Conflicts of Interest*
Port investment officials involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Port investment officials shall disclose any material interests in financial institutions with which they conduct business, and shall disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Port investment officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Port.

## VIII. Safekeeping and Custody

1. *Delivery vs. Payment*
All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

*2. Safekeeping*
Securities will be held by an independent third-party custodian selected by the Port as evidenced by safekeeping receipts in the Port's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

## IX. Authorized Investments

1. *Investment Types*
As authorized by RCW 39.59.040 and RCW 39.58.130, the Port may invest in the following:

A. Bonds of the state of Washington and any local government in the state of Washington;
B. General obligation bonds of a state and general obligation bonds of a local government of a state, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency (A, AA, AAA or equivalent ratings as determined by specific rating agencies. Sub-ratings within each rating category, such as +, -, or 1, 2, 3, are not considered in this criteria);
C. Subject to compliance with RCW 39.56.030. Issuing Officer to Fix Rate, registered warrants of a local government in the same county as the government making the investment;
D. Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States; or United States dollar denominated bonds, notes, or other obligations that are issued or guaranteed by supranational institutions, provided that, at the time of investment, the institution has the United States government as its largest shareholder;
E. Federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures and guaranteed certificates of participation, or the obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system;
F. Bankers' acceptances purchased on the secondary market;
G. Commercial paper purchased in the secondary market, provided that any local government of the state of Washington that invests in such commercial paper must adhere to the investment policies and procedures adopted by the state investment board;
H. Corporate notes purchased on the secondary market, provided that any local government of the state of Washington that invests in such notes must adhere to the

investment policies and procedures adopted by the state investment board; and

I. A public depositary as defined in RCW 39.58.010, so long as any funds so deposited are secured by collateral in accordance with the provisions of Ch. 39.58 RCW.

## X. Investment Parameters

1. *Diversification*

It is the policy of the Port to diversify its investment portfolios. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets in all Port funds shall be diversified by maturity, issuer, and class of security. Diversification strategies shall be determined and revised periodically by the Port Treasurer for all funds.

Any other provision of this resolution notwithstanding, the aggregate total investment portfolio is constrained by the following provisions at the time of purchase. No more than 50% of the Port's direct portfolio shall be invested in a single financial institution or any one security except as noted below:

A. Investment in the Local Government Investment Pool may comprise up to 80% of the total portfolio;
B. U.S. Treasury and U.S. Government agency securities may comprise up to 80% of the total portfolio, and U.S. Government agency securities shall be restricted so that no more than 60% of the total portfolio is invested in any one agency;
C. Washington State and local municipal bonds may comprise up to 60% of the total portfolio;
D. Repurchase agreements and commercial paper may not comprise more than 10% of the total portfolio;
E. Certificates of deposit shall be limited to 50% of net worth of the issuing institution;
F. Deposits at the Port’s bank for investment holdings are to be separately identified and will exclude the amount in the day-to-day checking accounts;
G. The Treasurer shall at all times manage the Port’s portfolio in a manner that will assure adequate cash flow to meet all reasonably foreseeable circumstances.

2. *Maximum Maturities*

To the extent possible, the Port shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Port will not directly invest in securities maturing more than the lesser of five (5) years from the date of purchase or the maturity period authorized in applicable state and local statutes and ordinances.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years, but no more than ten (10) years, if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with maturities exceeding five (5) years shall be disclosed in writing to the Port Commission.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools,

money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

*3. Competitive Bids*
In general, the Port Treasurer should attempt to obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments purchased on the secondary market.

**XI. Reporting**

1. *Methods*
The Port Treasurer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio. This management summary will be prepared in a manner that will allow the Port to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Port's Executive Director and the Port Commission. The report will include the following:

A. Listing of individual securities held at the end of the reporting period;
B. Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements);
C. Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks;
D. Listing of investment by maturity date; and
E. Percentage of the total portfolio, which each type of investment represents.

2. *Performance Standards*
The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established.

**XII. Rescission of Prior Resolutions**
This Resolution No. 26-1353 supersedes Resolution 19-1203 and all other prior resolutions related to the subject matter hereof, and said prior resolutions are hereby rescinded.

PASSED and ADOPTED this 10th day of November 2026.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

_____
Connie L. Beauvais, President

_____
Colleen M. McAleer, Vice President

_____
Kelly G. Kidwell, Secretary

**26-1354**

**RESOLUTION OF THE PORT OF PORT ANGELES REVISING THE GUIDELINES FOR CAPITAL IMPROVEMENT POLICIES**

WHEREAS, the Port of Port Angeles' (Port) mission is to be the primary leader in economic development in Clallam County by marketing and developing properties for the long-term benefit of Port District Stakeholders while fulfilling the Port's environmental stewardship role; and

WHEREAS, the Port Commission is committed to pursuing those capital investments which:

A. Create Family Wage Jobs;
B. Promote sustainable environmental practices;
C. Generate adequate Return on Investment in the long-term.

WHEREAS, the Port Commission is charged with providing capital investment guidance to facilitate sound financial choices and to meet the objectives outlined in the Port's Strategic Plan; and

WHEREAS, the capital investment guidance will address the formulation of (a) the Port's long-term Five-Year Capital Improvement Plan, (b) the yearly Capital Improvement Plan within the annual budget, and (c) Project Financing and Evaluation programs;

WHEREAS, this Resolution No. 26-1354 supersedes Resolution 13-1059 and all other prior resolutions related to the subject matter hereof, and said prior resolutions are hereby rescinded.

NOW, THEREFORE, BE IT RESOLVED, that:

1. Capital Improvement Plan – This is a five-year projection of the proposed major capital expenditures, including major maintenance. This plan attempts to identify current and future needs for major construction (building and infrastructure), land acquisition and equipment to improve the economic potential within the Port district. Funding sources, such as reserves, grants, or debt, will be identified as appropriate. The Port may decide to limit its investment in infrastructure projects due to funding sources.

2. Capitalization Threshold – Capital expenditures include both capital assets and major repairs. Capital assets include expenditures for buildings, land, improvements, and equipment with a cost of $10,000 or more and a useful life of at least five years. Major repairs include expenditures with a value in excess of $10,000 and have a useful life of at least five years.

3. Annual Capital Projects Budget – The Annual Capital Improvement Plan is an important outcome of the long-term Capital Improvement Plan. It aligns capital needs with net surplus generated by operating divisions, property taxes in excess of debt service and capital reserves. It considers the cash flows generated by capital projects with their costs and related ongoing financing requirements along with ongoing maintenance costs.

    a. Annual Budget – The annual Capital Improvement Plan implements the current year spending plan for capital projects.

    b. Authorization – While individual capital projects expenditures will require Commission authorization before they proceed, projects in this Plan are budgeted to be undertaken.

4. "Triple Bottom Line" Objectives – This measures how the Capital Budget and individual capital projects delivery on the Port's Mission Statement. The following factors will be considered in prioritizing and funding projects.

    a. Job Creation – Port projects will focus on jobs that generate enough income to support a spouse and two dependents in Clallam County. Additional considerations are community enhancement, support of a clustering effect of existing businesses, and alignment with local government goals.

    b. Environmental Stewardship – Port projects will promote sustainable environmental practices. These projects endeavor to do no harm and curtail environmental impact. The Port will build projects that support clean technology, conserve energy and use renewable resources items whenever feasible.

    c. Return on Investment – Port projects will provide an acceptable return on investment based on the focus of a project. Job creation, environmental stewardship and preservation of infrastructure assets that support ongoing economic activity are important considerations in determining an acceptable rate of return. There are many performance measures used to evaluate and compare investment opportunities. The appropriate measure will depend on the project.

5. Property Taxes – The Commission intends to use property tax levy proceeds for debt service incurred in the funding of capital improvements and for capital improvement projects. The Commission does not intend to use tax levy proceeds for operational purposes. If economic conditions change or other circumstances arise for an unanticipated use of the tax levy, then the project and/or use must be approved by the Commission.

6. Use of Debt – The Port may use debt to pay for capital projects subject to the Port's Debt Management Policy (future policy). Any use of debt to fund capital projects must be approved by the Port Commissioners. In all situations, term of debt will be less than estimated project life.

7. Administration – The Chief Executive Officer, Chief Operating Officer or his/her designee shall adopt such procedures as may be necessary or desirable to implement the provisions of this resolution. This includes procedures for budgeting and planning of capital assets, determining the return on investment criteria, evaluating the return on investment, maintaining capital asset records and other monitoring and reporting procedures.

ADOPTED by the Port Commission of the Port of Port Angeles, at a Commission meeting thereof held this 10th day of November 2026.

Attachment – Capital Improvement Policy

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

_____
Connie L. Beauvais, President

_____
Colleen M. McAleer, Vice President

_____
Kelly G. Kidwell, Secretary

| Approval Required (check box) | Approved By: | Approval Reference (if applicable) |
|---|---|---|
| ☒ Commissioners (Policy)<br>☒ Chief Executive Officer<br>☒ Chief Operating Officer<br><br>Approval Date: _____ | _____<br>Paul Jarkiewicz, Chief Executive Officer<br><br>_____<br>Chris Hartman, Chief Operating Officer | Res 26-1354<br>Effective Date: Jan 1, 2013<br>Updated: November 10, 2026 |

## I. PURPOSE

The purpose of the Capital Improvement Policy is to provide guidance in managing the development of the Port's infrastructure and capital assets. Adherence to this policy helps the Port preserve, maintain, and improve its capital investments and avoid emergency and unexpected major costs in the future. It provides guidance on appropriate rates of return and consideration for selecting the best use of Port funds for capital investments.

The Capital Improvement Plan (CIP) provides a multi-year list of proposed major capital expenditures, including major maintenance. This plan attempts to identify current and future needs for major construction, land acquisition and equipment to improve the economic potential within the Port district. Funding sources, such as grants or debt, will be identified as appropriate.

## II. POLICY (Per Resolution 26-1354)

1. Capital Improvement Plan – This is a five-year projection of the proposed major capital expenditures, including major maintenance. This plan attempts to identify current and future needs for major construction (building and infrastructure), land acquisition and equipment to improve the economic potential within the Port district. Funding sources, such as reserves, grants or debt, will be identified as appropriate. The Port may decide to limit its investment in infrastructure projects due to funding sources.

2. Capitalization Threshold – Capital expenditures includes both capital assets and major repairs. Capital assets include expenditures for buildings, land, improvements and equipment with a value of $10,000 or more and a useful life of at least five years. Major repairs include expenditures with a value in excess of $10,000 and have a useful life of at least five years.

3. Annual Capital Projects Budget – The Annual Capital Improvement Plan is an important outcome of the long-term Capital Improvement Plan. It aligns capital needs with net surplus generated by operating divisions, property taxes in excess of debt service and capital reserves. It considers the cash flows generated by capital projects with their costs and related ongoing financing requirements along with ongoing maintenance costs.

    a. Annual Budget – The annual Capital Improvement Plan implements the current year spending plan for capital projects.

    b. Authorization – While individual capital projects expenditures will require Commission authorization before they proceed, projects in this Plan are budgeted to be undertaken.

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    b. Environmental Stewardship – Port projects will promote sustainable environmental practices. These projects endeavor to do no harm and curtail environmental impact. The Port will build projects that support clean technology, conserve energy and use renewable resources items whenever feasible.

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6. Use of Debt – The Port may use debt to pay for capital projects subject to the Port's Debt Management Policy (future policy). Any use of debt to fund capital projects must be approved by the Port Commissioners. In all situations, term of debt will be less than estimated project life.

7. Administration – The Chief Executive Officer, Chief Operating Officer or his/her designee shall adopt such procedures as may be necessary or desirable to implement the provisions of this resolution. This includes procedures for budgeting and planning of capital assets, determining the return on investment criteria, evaluating the return on investment, maintaining capital asset records and other monitoring and reporting procedures.

## III. PROCEDURE

1. Annual Budgeting – The capital improvement budget is constructed annually based on first year of the capital improvement plan. The capital improvement plan is updated annually at a minimum, and reflects changes in the timing of projects, financing constraints, availability of grants, and priorities.

   a. Strategic Planning – Based on the "Triple Bottom Line" and the Port's current strategic plan, the highest ranking projects are added to the Capital Improvement Budget for consideration by the Port Commissioners.

   b. Tracking Multi-Year Projects – Many Port projects require more than one calendar year to complete. When the Commission has approved a multi-year project in a prior year and the project still is in process, the budget and spending to date roll forward into the current year Capital Budget.

   c. Budgeting Financing Costs – The financing costs of all projects (current year as well as projects approved in prior years) will be presented to the Commission on a Port-wide basis for the current budget year.

2. Capital Improvement Plan Budgeted and Future Projects – The Capital Improvement Plan includes both budgeted projects and projects that are contemplated even if the cost of the project cannot be determined at the time of developing the plan.

    a. Planned (Budgeted) projects are ready to proceed. These projects have customer commitment, permits and are likely to progress this budget year. The Port has reviewed these projects and they meet or exceed its "triple bottom line" requirements. These projects will form the bulk of the Port's annual Capital Improvement Plan.

    b. Projected projects identify a business need or opportunity; however, these projects have not been fully developed in scope, cost or permits. These projects are part of the long-term Capital Improvement Plan.

    c. Potential projects are in the conceptual stage with very rough cost estimates. These projects lack customer commitment, permits and design. These projects are part of the long-term Capital Improvement Plan.

3. Types of Capital Improvements – Not all capital improvements will generate revenue. The return on investment measurement will vary depending on the project.

    a. New Revenue Generating Improvements – These projects are developed for a specific purpose or customer(s) that will result in a new revenue stream.

    b. Replacements of Revenue Generating Improvements – These projects are developed to renovate or replace obsolete or aging revenue-producing assets. These projects serve to extend existing revenue streams and may offer additional revenue if replacements enhance the efficiencies of operations or offer additional capabilities or value.

    c. Infrastructure Improvements and Plans – These projects generally do not directly generate revenue, although they may indirectly benefit a revenue-generating project. These projects are developed to support multiple or future customers or to enhance public infrastructure. Examples are public access areas, roads, bridges, public parking, and multi-year capital improvement plans such as the Airport Master Plan.

4. Funding Sources – All projects will be examined to determine the appropriate type of funding. There are several sources of financing capital improvements. In general, the Port will attempt to match the outflows of cash on projects with the cash inflows from funding sources. The most common sources include:

- Cash from Operations
- Reductions in Reserves
- Cash from Tax Levy
- Issuance of Revenue Bonds
- Issuance of General Obligation Bonds
- Grants

5. Return on Investment Criteria – Project performance measures will be established for each project in order to determine an acceptable return on investment or to compare projects. Performance measures will consider the following:

   a. Acceptable Return or "Hurdle Rate" – Determining an acceptable return will depend on the amount of new money invested, the highest and best use of an asset, the time value of money, inflation, opportunity cost of money, cost of capital, level of risk, desired profit and appropriate adjustments for creation of family wage jobs, environmental stewardship and overall economic activity supported by the project. A negative rate of return may be acceptable depending on the total economic benefit to the community.

   b. Net Present Value (NPV) – This method discounts future cash flows by the Port's "hurdle rate" and compares that amount to the cost of the investment.

   c. Internal Rate of Return (IRR) – This method calculates the percentage rate earned on each dollar that remains invested each year. It is the discount rate at which the sum of the present value of future cash flows equals the initial capital investment. Typically a project's internal rate of return is higher than the Port's "hurdle rate" to be accepted.

   d. Return on Investment (Assets) or Rate of Return (ROI, ROA, ROR) – This method takes the cash flow (net profit or loss) from an investment over a specified period of time and calculates the percentage return based on capital invested. The average return (arithmetic mean) uses the sum of net profits or losses divided by the number of years before dividing it by the cost of the investment. This is used when the amount invested is fixed. Another calculation includes the effect of compounding (geometric mean) which is used when the net profit or losses in one period will affect the net profit or loss in the next period (e.g., money invested in an interest bearing account; earning interest on interest).

   e. Payback Period – This is the number of years it will take to recover the cash invested in a project. The payback calculation uses cash flows, not net income. It does not address a project's total profitability.

f. Economic Profit – This method uses the dollar amount of net operating profit minus a charge for the opportunity cost of the capital investment. It measures the difference, in monetary terms, between the return on the Port's capital and the cost of that capital.

g. Revenue Bond Debt Service Coverage – This is the number of times net revenues available for debt service (revenue minus operating, maintenance and administration expense excluding depreciation) can pay the bond debt service (principal plus interest). A revenue bond issue typically has a mandatory coverage covenant ranging from 1.00 to 1.35.

## IV. CONTROL

1. Accounting for Capital Assets – All expenses related to approved capital projects shall be made out of the Capital Improvement Fund.

2. Capital Asset Inventory – The Port shall develop and maintain an inventory of all capital assets and record the appropriate depreciation. A physical inventory will be conducted periodically to monitor the condition of the assets, review appropriate levels of insurance and support planning for maintenance, repair and replacement.

   a. Federally Funded Assets – A physical inventory shall be conducted on all capital assets of $10,000 or more every two years (or as amended per Federal requirements). All federally funded assets below $10,000 shall be tracked via the Small and Attractive Asset policy. The disposal of any federally funded asset shall follow the federal disposal requirements including any required communication with the original funding agency.

3. Capital Project Evaluation – The evaluation and reporting process provides a basis for approving a project for inclusion in the Capital Improvement Plan as well as reviewing status of projects over a longer term.

   a. Cash Flow – Capital Improvements should be evaluated in terms of cash flow before being approved in the annual capital budget.

   b. Lease Negotiations – Potential Projects should be reassessed during customer lease negotiations.

   c. Lease Approval – Potential Projects should be again reassessed before Commission approval of lease

   d. After Project Completion – Projects should be evaluated periodically after being put into service for accountability and understanding of return on investment.

4. Reporting – Periodic reports shall be provided for ongoing capital projects. The reports may include the following information:

    - Actual to budgeted expenditures, including inception-to-date costs
    - Level of project completion, key milestones, change orders, and project timeline
    - Continued availability of funding sources
    - Results compared to project or port-wide rate of return based on appropriate performance measures

## V. REFERENCES

1. Port Resolution No. 26-1354 – Capital Improvement Policy

2. RCW 53.36.020 – Tax levy – Limitation

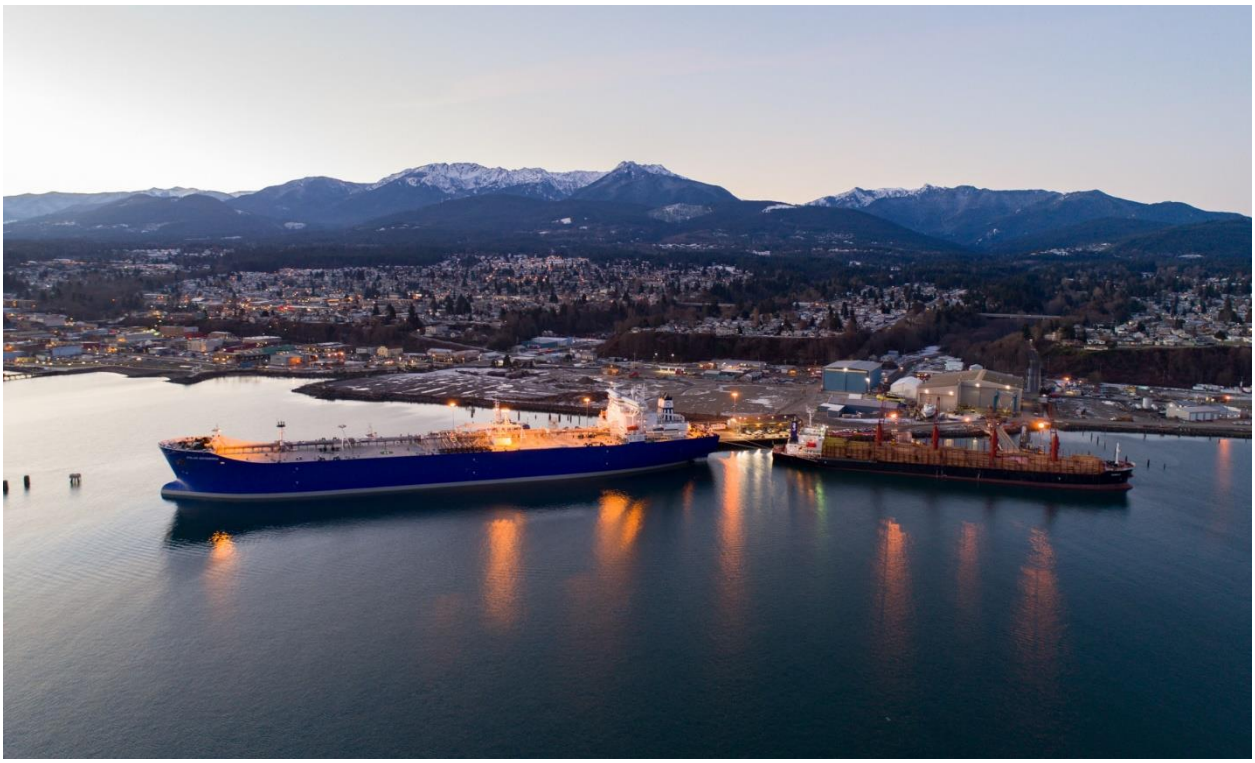
3. State Auditor's Office BARS – Capital Assets and Physical Inventories (includes information on inventory threshold for Federally funded assets)

4. Government Finance Officers Association

    - Best Practice: Establishing Appropriate Capitalization Thresholds (2006)
    - Best Practice: Establishing the Estimated Useful Lives (2019)
    - Best Practice: Incorporating a Capital Project Budget in the Budget Process (2018)
    - Best Practice: Capital Project Monitoring and Reporting (2017)

PORT of Port Angeles

# 2027 BUDGET



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## 2027 BUDGET OVERVIEW

On behalf of the Port Commissioners and the entire Port of Port Angeles Team, I am pleased to present the 2027 Budget. The Annual Budget remains the Port's principal financial and operating plan, bringing together our day-to-day operations, capital investments, and long-range priorities into one coherent view of where we are going and how we intend to get there.

The 2027 Budget reflects an important evolution in how we plan and manage the Port. Our adopted budget should be understandable, supportable, and grounded in realistic assumptions. At the same time, our Team must continue working aggressively to outperform those assumptions through business development, increased utilization of Port assets, new customers and partnerships, and disciplined execution.

Put simply, our approach for 2027 is to budget honestly, manage aggressively, and invest selectively.

## ECONOMIC AND OPERATING OUTLOOK

The past several years have reinforced both the opportunity and uncertainty inherent in the businesses in which the Port operates. Cargo activity can change quickly. Interest rates and construction costs influence when major capital projects make sense. Industrial opportunities develop at different speeds, and grant funding does not always align with the timing or priorities of the Port.

That reality calls for discipline, not lowered ambition.

Our 2027 baseline distinguishes between revenues and expenses we can reasonably support and the additional opportunities our Team is working to create. We will continue actively pursuing new cargo, economic and industrial development, marine trades activity, aviation opportunities, partnerships, and better utilization of existing Port assets. But opportunity alone should not become a budget assumption.

This distinction is important. A credible budget establishes the baseline against which management performance can be measured. Stretch opportunities belong in our business-development pipeline, where we can pursue them aggressively and incorporate them into our financial outlook as they become sufficiently tangible.

## STRATEGIC DIRECTION

The Port's fundamental mission remains unchanged: to use our assets and authorities to strengthen the economy of Clallam County, support family-wage employment, maintain critical transportation and industrial infrastructure, and create opportunities for private investment.

Our work in 2027 continues to focus on the strategic priorities established by the Port Commission:

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

These priorities provide the framework for both our operating decisions and capital investments.

But strategy also requires choices. We cannot pursue every potential project simply because it has merit. People, capital, borrowing capacity, grant match, and management attention are finite resources. Our responsibility is to direct those resources toward the opportunities that can create the greatest durable value for the Port District.

## CAPITAL INVESTMENT: FOLLOW THE BUSINESS CASE

The 2027 capital program represents a significant investment in Port infrastructure and economic opportunity. It includes projects across our maritime, marine trades, aviation, industrial, and technology assets, supported through a combination of Port resources, grants, partnerships, and project-specific financing.

The size of that program makes disciplined capital allocation particularly important.

**Capital investment must follow a business case.**

Placement of a project in the Port's long-range Capital Improvement Plan does not, by itself, constitute a commitment to build it. Projects must continue to demonstrate strategic value, realistic funding, appropriate timing, and a credible economic rationale before advancing into the current capital program.

Circumstances can also change. Markets change. Customers change. Grant opportunities change. Construction costs change. Projects that once appeared ready may need to be deferred, reshaped, or removed, while new opportunities may warrant greater priority.

That is not a retreat from long-range planning. It is responsible capital management.

For 2027, our objective is therefore not simply to build infrastructure. It is to invest in infrastructure that supports real economic activity, strengthens Port businesses and assets, attracts or retains private investment, and produces durable value for the people of the Port District.

## FINANCIAL DISCIPLINE AND RESERVES

The opportunities before the Port are substantial, but our financial capacity is not unlimited.

The Port has deliberately built reserves over time to prepare for major capital needs and economic development opportunities. Those resources give us the ability to act when appropriate, provide local match that can leverage outside funding, and protect essential Port operations during periods of uncertainty.

Their existence, however, does not make them disposable.

The same discipline that went into building our reserves must govern their use. We will continue matching the right financing tool to the right investment: grants where projects compete successfully for outside funding, Port resources where the economic return, strategic value, or operational necessity

justifies the investment, partnerships where costs and benefits can appropriately be shared, and debt where the useful life and economic value of an asset warrant financing it over time.

We will also continue looking beyond individual projects to understand their cumulative effect on Port liquidity, debt capacity, operating performance, and future flexibility.

Our goal is not simply to fund the 2027 Budget. It is to maintain the financial capacity to pursue opportunities well beyond it.

## OPERATING EXCELLENCE AND ACCOUNTABILITY

Capital investment alone does not create a successful Port. The performance of our existing businesses and assets matters just as much.

Throughout 2027, we will continue strengthening the connection between operational activity and financial performance. That means understanding utilization, pricing, cost drivers, customer pipelines, and leading indicators rather than relying solely on financial results after the fact.

It also means continuing to ask straightforward questions.

Are our assets producing the economic value they should? Are our rates aligned with the services we provide? Are we controlling costs where we reasonably can? Are we pursuing customers and opportunities that fit our capabilities? And when performance differs from the budget, do we understand why and have a plan to respond?

Those are management questions as much as financial ones.

The purpose of the budget is therefore not merely to predict the next twelve months. It establishes the framework through which we manage them.

## ECONOMIC DEVELOPMENT AND PARTNERSHIPS

The Port does not create economic prosperity alone.

Our success depends upon the businesses that operate at Port facilities, the employees who work there, the customers who use our infrastructure, and the many public and private partners who help turn opportunities into investment and employment.

In 2027, we will continue working closely with tenants, Tribes, municipalities, state and federal agencies, educational institutions, utilities, businesses, and other regional partners to advance opportunities that strengthen the economic foundation of the North Olympic Peninsula.

The Port occupies a unique position in that work. Our maritime terminals, airports, marine trades facilities, industrial properties, and other public assets provide platforms upon which private economic activity can take root, grow, and prosper.

Our responsibility is to ensure those platforms remain competitive, useful, and positioned for the industries and opportunities ahead.

## PEOPLE

None of this work happens without the Port Team.

The complexity of the Port's operations continues to grow, as do the expectations placed upon our organization. Our success depends upon people who understand both the public responsibility entrusted to us and the commercial realities of the businesses in which we operate.

We will continue investing in the skills, systems, accountability, and organizational capacity necessary to manage that responsibility well.

We will also continue looking for opportunities to improve how we work, challenge assumptions, solve problems internally where doing so makes sense, and empower our Team to make thoughtful decisions in service to the Port and the community.

## CLOSING

The 2027 Budget is ambitious, but ambition alone is not a strategy.

Our responsibility is to couple ambition with discipline: to distinguish between expectations and aspirations, to pursue opportunities without assuming their success, and to invest public resources where we can demonstrate a compelling reason for doing so.

That means **budgeting honestly, managing aggressively, and investing selectively.**

It also means being willing to change course when the facts change. Good stewardship is not measured by how many projects we build or how much money we spend. It is measured by whether the decisions we make strengthen the Port, support economic opportunity, create and sustain family-wage employment, protect the public's investment, and leave the organization better positioned for the future.

We enter 2027 with significant opportunities ahead of us and with a clear understanding of the work required to realize them. Thank you for the privilege of serving this Port District. We will continue to steward its assets carefully, communicate candidly, pursue economic opportunity aggressively, and invest with purpose.

**Onwards and Upwards,**

**Paul Jarkiewicz**
Chief Executive Officer
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 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 KELLY G. KIDWELL (District 2)

Commissioner Kidwell represents District 2 (central) and was appointed to the Port Commission in June 2026. Kelly is the Founder and CEO of Citizen Air, a Port Angeles-based aviation company working to restore commercial air service and create living-wage jobs at William R. Fairchild International Airport.

An entrepreneur since 1987, Kidwell also founded and led Pacific Advisors, a national financial-services firm that grew into a top-ranked agency with offices across seven Western states. His business career spans aviation and wealth management, bringing financial discipline, executive leadership, and a track record of investing in the kind of economic opportunity that changes lives in communities like Port Angeles.

He is a Certified Financial Planner with additional credentials in estate and charitable planning, and has held national leadership roles in the financial services industry, including as the founding chairman of a national association representing financial security professionals



## 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.



## CHIEF EXECUTIVE OFFICER, 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

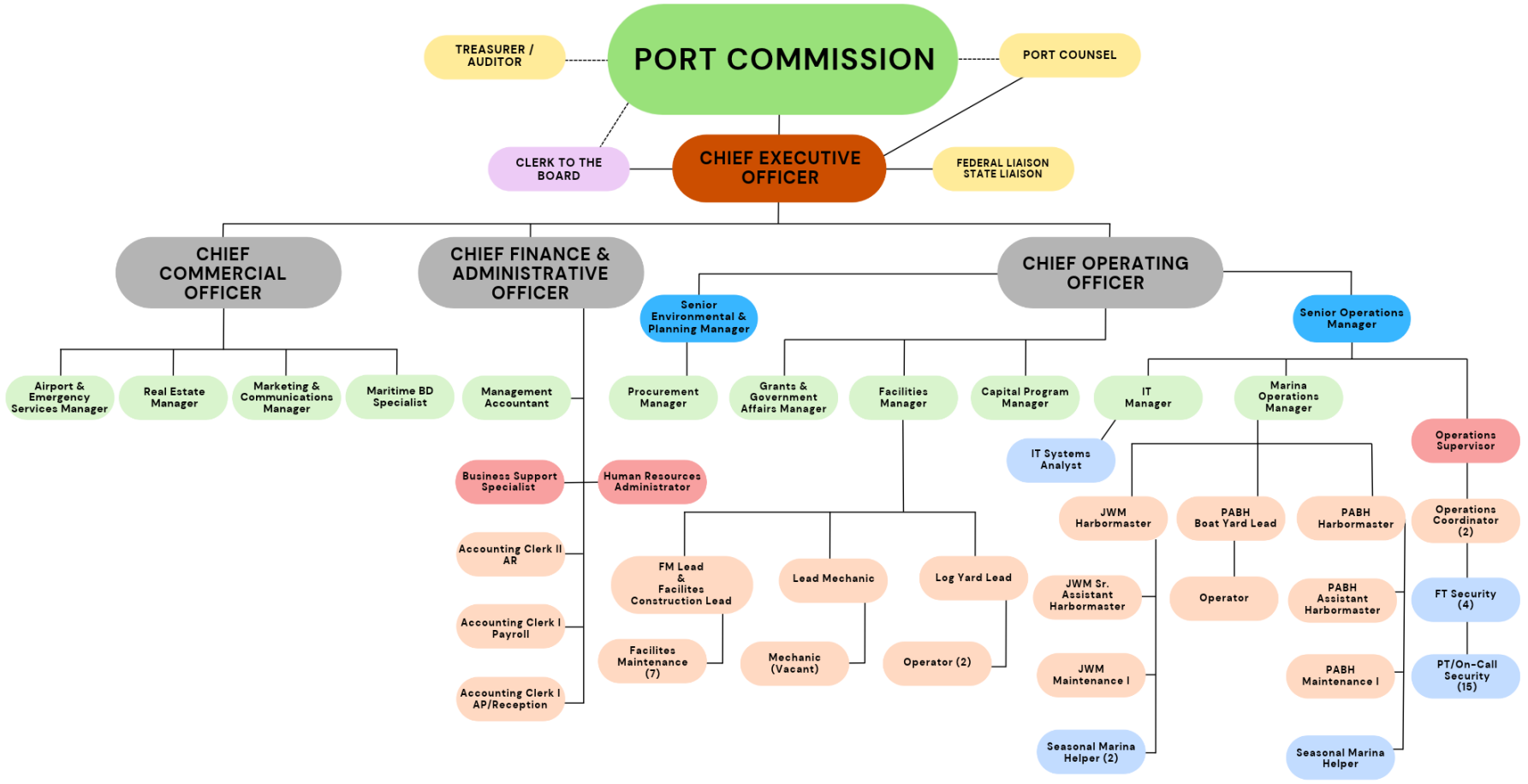
**CONNIE L. BEAUVAIS, PRESIDENT**
*Term Expires 2027*

**COLLEEN M. MCALEER, VICE PRESIDENT**
*Term Expires 2029*

**KELLY G. KIDWELL, SECRETARY**
*Term Expires 2027*

## PORT MANAGEMENT TEAM

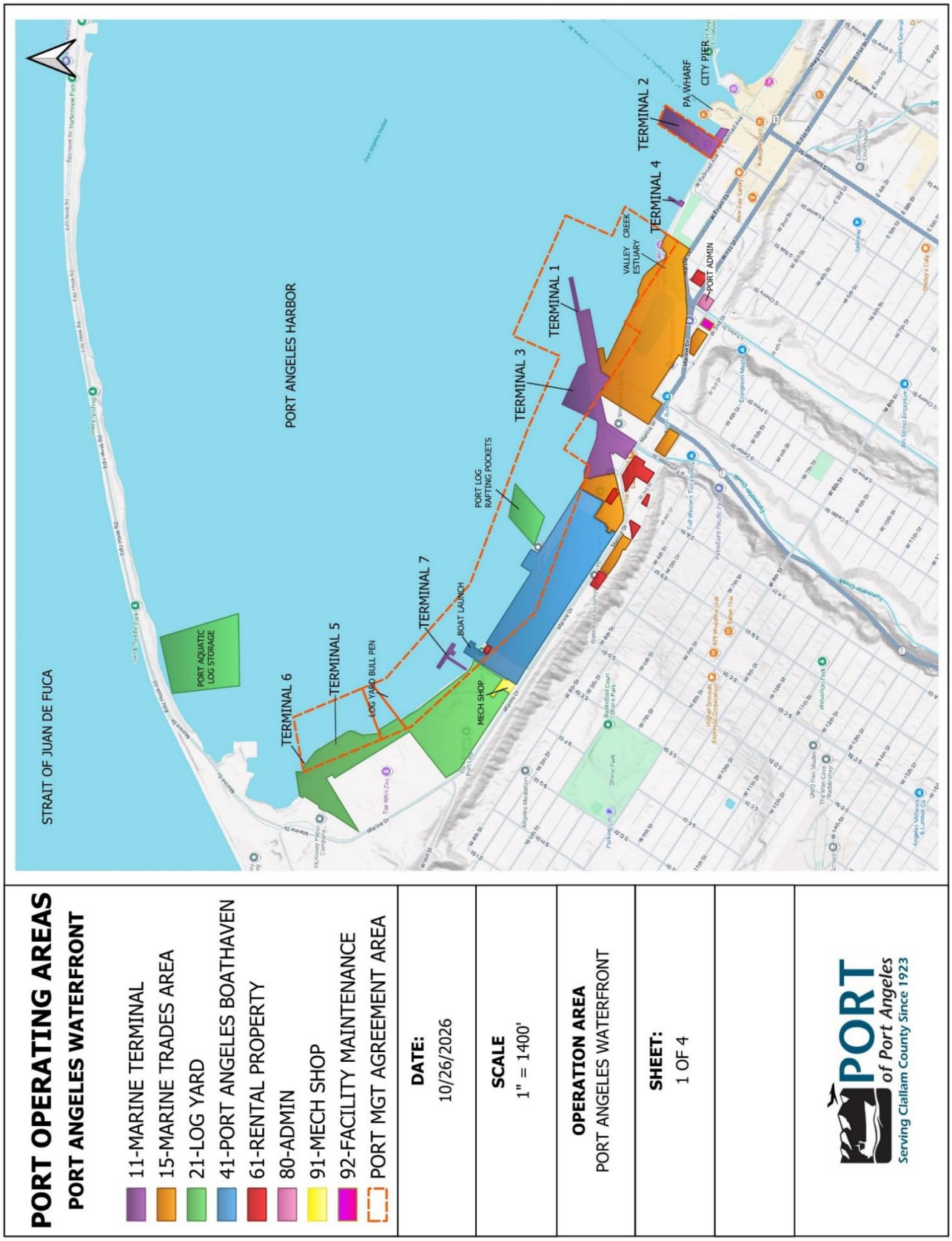
Chief Executive Officer …….…….. PAUL JARKIEWICZ
Chief Finance & Administrative Officer…..……. BRADLEY FLUETSCH, CFA
Chief Operating Officer……..…….. CHRIS R. HARTMAN
Chief Commercial Officer ..…… CALEB MCMAHON
Airport & Emergency Services Manager…….……..…… JAMES ALTON
Capital Program Manager……..….. ZACHREY HOLSTED
Senior Environmental & Planning Manager…….. JESSE W. WAKNITZ
Facilities Manager……... WILSON EASTON
Grants & Government Affairs Manager …..... KATHARINE FRAZIER
IT Manager……..... STEVEN ROSE
Marina Operations Manager…….…… RON AMUNDSON
Management Accountant……. SARAH KUH
Marketing & Communications Manager…… MICHAELA FUJITA-CONRADS
Senior Operations Manager…….. SCOTT HOUGH
Procurement Manager/Clerk to the Board……. JENNA RILEY
Real Estate Manager……..……. CHERIE GOTTSCHALK



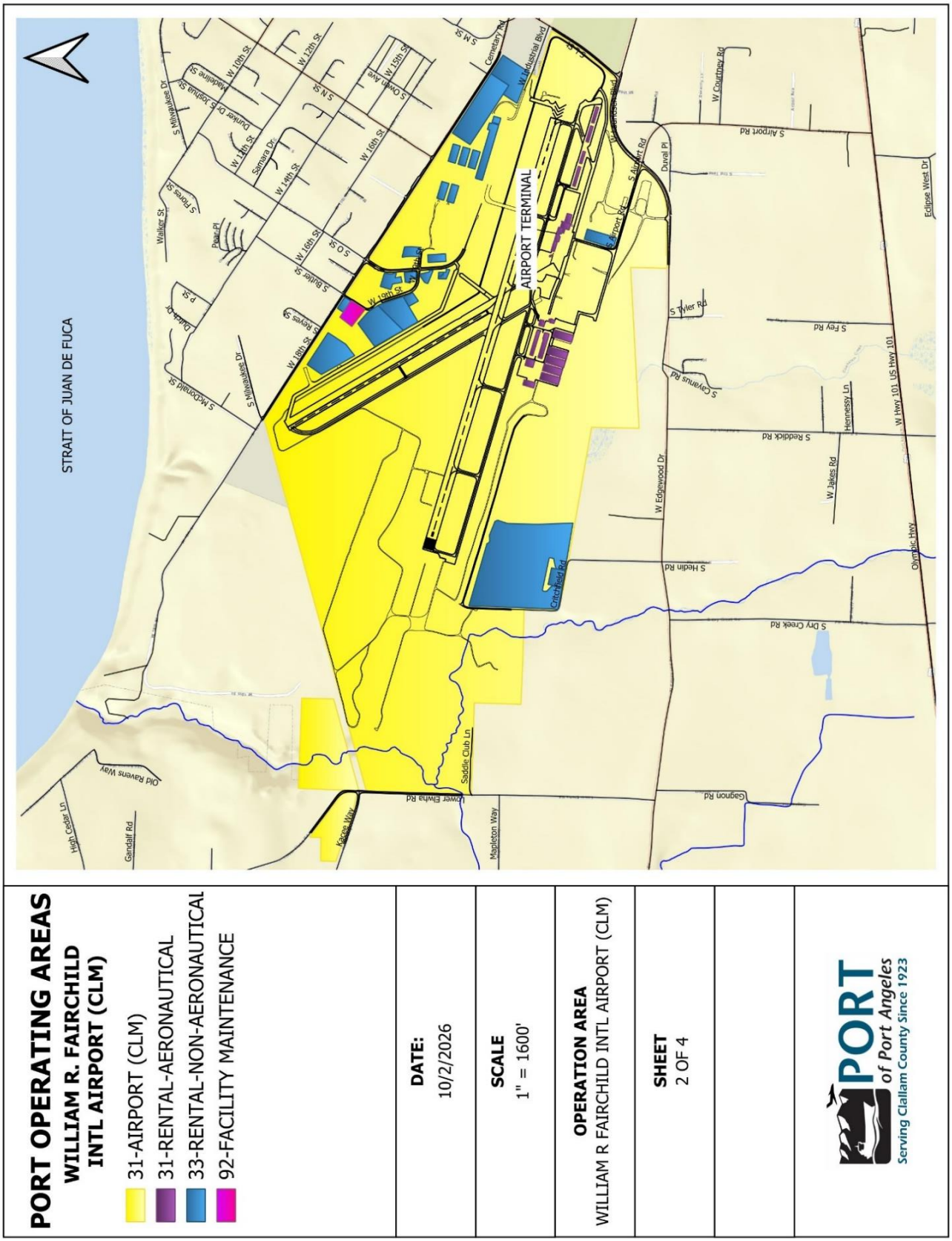

PORT of Port Angeles
Serving Clallam County Since 1923

## 2027 ORGANIZATIONAL CHART

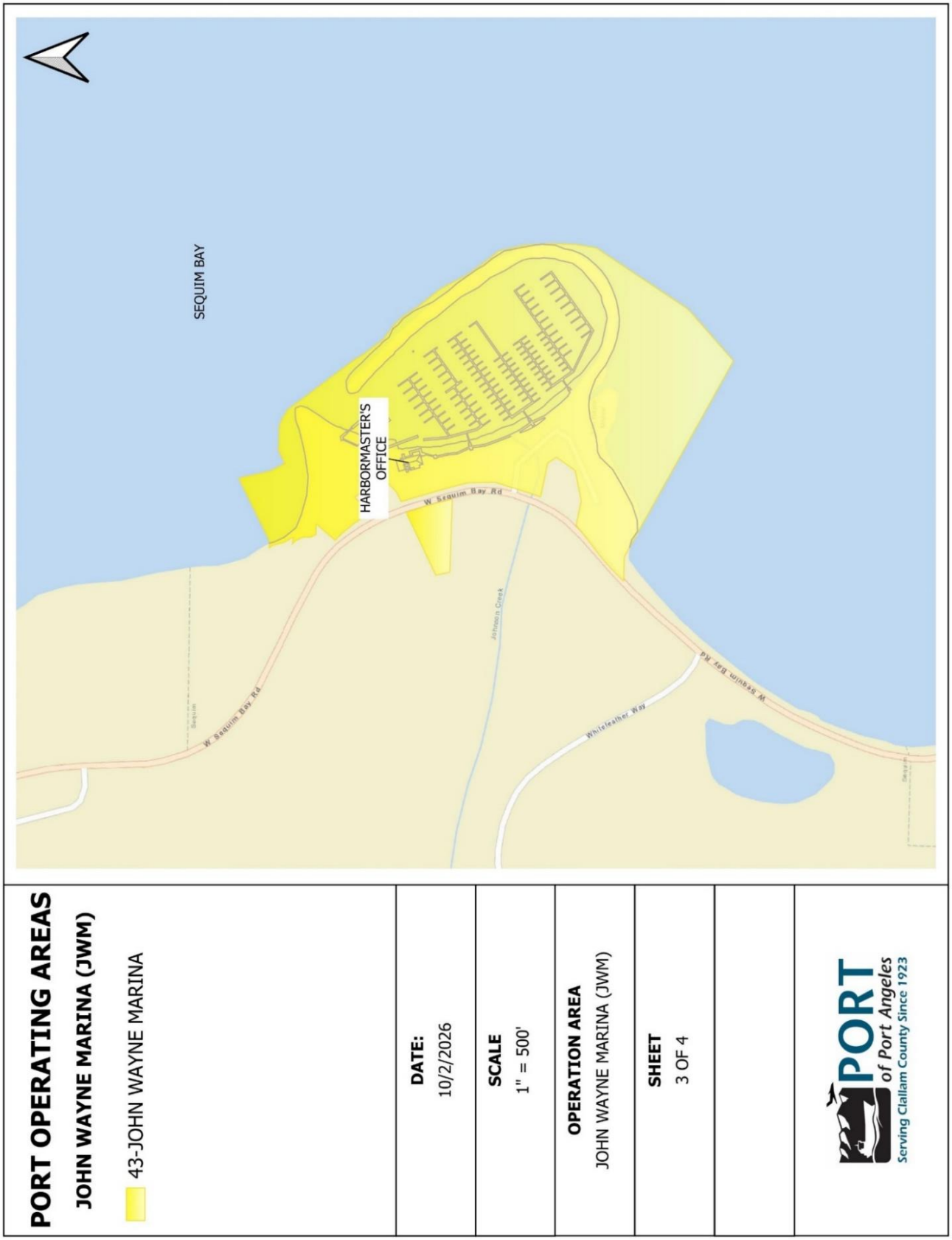
# PORT OPERATING AREAS



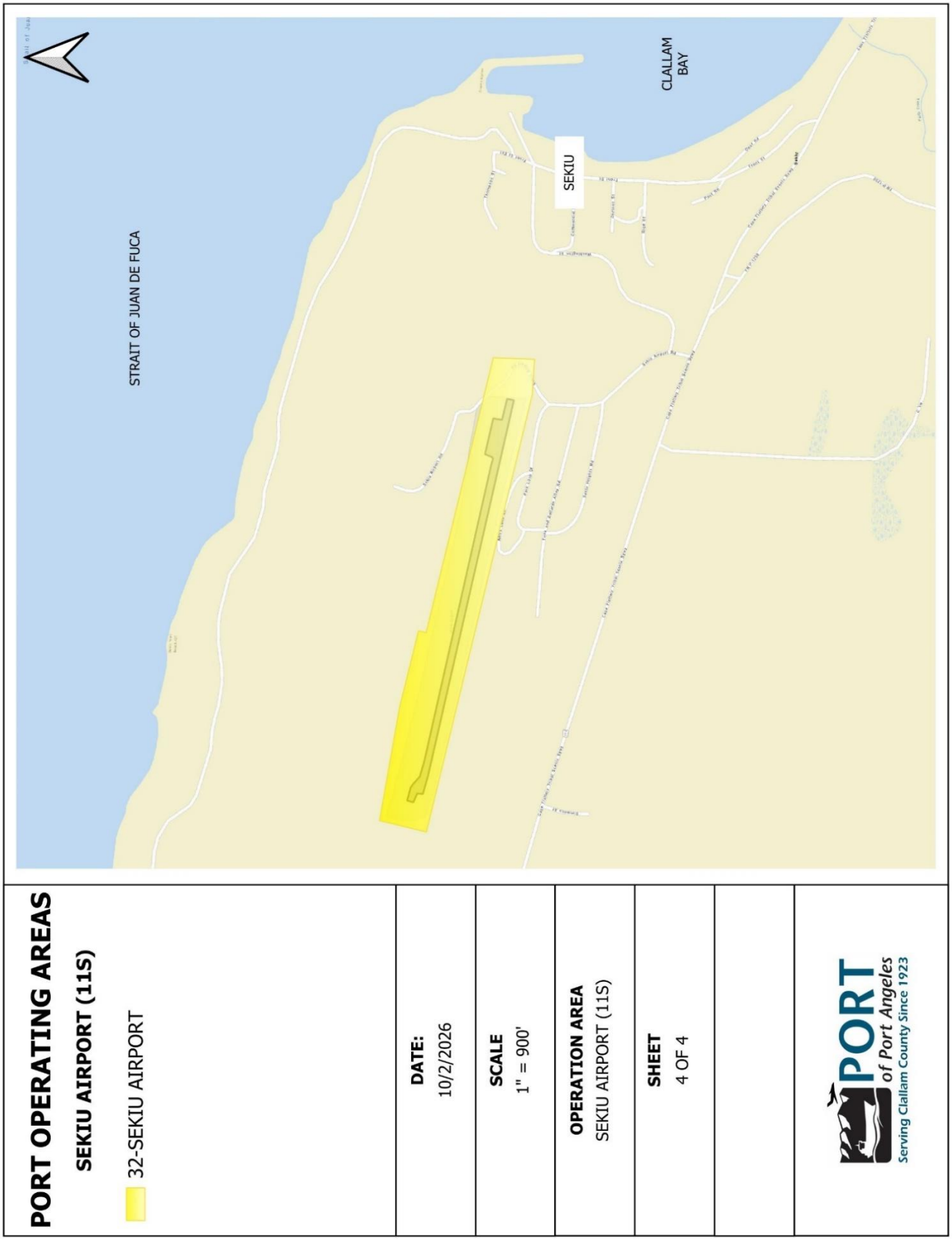
# PORT OPERATING AREAS – continued



# PORT OPERATING AREAS – continued



# PORT OPERATING AREAS – continued



## 2027 BUDGET - ASSUMPTIONS
## All Departments

**General**

1. CPI: August 2026
   - Bremerton-Silverdale-Port Hadlock, WA-All Urban Consumer (CPI-U) is 4.4%, with a 4.4% average over the first 6 months.
2. Inflation:
   - Operating: The general inflation outlook for 2026 is 4.6% in Seattle, per the Washington State Economic and Revenue Forecast Council in the quarterly June 2026 publication.
   - Capital: Rate of 3.16% from the Washington State Office of Financial Management.
3. The Commission will adopt one of these or another as the benchmark rate for annual rate increases.

**Revenues – 2027 Budget**

11- Marine Terminal 2027 budget is projected to be higher than the 2026 projected year-end. The reduction from the 2026 budget is primarily due to the RRF vessel contracts not materializing this fiscal year, Cable vessel lay berth at 20%, and wood chip exports at 25% of the 2026 budget. Chip exports look to ramp back up to an estimated 90,000 mt in 2027. Long-term lay berth of 150+ days, and tanker/barge/research dockage also increasing. Several initiatives are underway to continue to diversify our marine terminal mix and bring in alternate lines of business.

15- Marine Trades Area revenues will increase with new management in place. The financial/operational controls will continue to increase utilization rates at the lift, boat yard, and storage. The travel lift schedule is consistently booked out for 90+ days. New seasonal customers in the MTC area are also increasing, highlighting the available potential there. The rate sheet for all Marine Trades services is under review for a Jan. 1 implementation.

21 – Intermodal Yard revenues are predicted to be higher than in 2026. Land services and cans are projected to be higher. Water services are going to be slower than in 2026 but will be offset by an influx of barges for Alta and PA hardwoods.

31- Fairchild International Airport hangar and structure lease fees are projected to increase in accordance with the Consumer Price Index (CPI). Hangar E is expected to become available for lease during the first quarter and is anticipated to achieve full occupancy shortly thereafter. FIA's enclosed hangars currently maintain nearly 100% occupancy, and this strong demand trend is expected to continue through 2027. Landing fee revenues are projected to remain consistent with 2026 levels. Additionally, the arrival of Citizen Air may contribute to increased fuel surcharge revenues at FIA as they increase their marketing campaigns.

32- Sekiu revenues are projected to be slightly higher than 2026 revenues, primarily due to increased hangar rental rates. While available space is limited, we will continue marketing vacancies throughout the year to maximize occupancy and generate additional revenue.

33- Airport Rental Properties are budgeted to be lower than previous years due to renovations being performed on typically occupied rental spaces.

41- Port Angeles Boat Haven marine/moorage revenues should climb as our crews continue reviewing agreements and work to maintain fair, accurate invoicing for everyone using the facilities. Fuel sales are robust and look to continue along seasonal lines.

43- John Wayne Marina moorage revenues will remain consistent, with a waitlist that remains backlogged. We are looking to increase fuel sales this coming year as our link with PABH brings new opportunities to serve our customers. *Coming soon….our new JWM swag shop!!!*

61- Rental Properties are expected to decrease as we replace structure leases with reduced-rate land leases.

**Expenses – 2027 Budget**

11- Marine Terminal expenses for 2027 across many categories are forecast at or below budget. Notable exceptions include business development, which will continue to take center stage.

15- Marine Trades Area expenses will be higher due to in-house personnel, training, and an upfitting of tools and required equipment. Pending potential project cargo opportunities, additional expenses may be incurred but will also result in increased revenue.

21. Intermodal Yard expenses are projected to be slightly lower than 2026; Labor costs will be down due to one less FTE, balanced out with higher yard maintenance costs with the new surface. Fuel costs will also be down with new equipment; non-maintenance charge-out and security expenses are projected to be up.

31- Fairchild International Airport expenses are projected to increase compared to 2026. This increase is primarily attributable to higher maintenance charge-out and reimbursement costs associated with necessary maintenance projects on airport facilities, hangars, and aprons. Additional factors include rising material costs and planned asphalt repair work throughout the year.

32- Sekiu Airport expenses are projected to remain relatively consistent with 2026 levels, with total expenditures anticipated to come in slightly below the prior year's budget.

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

41- Port Angeles Boat Haven expenses are expected to increase as our new crews identify operational shortfalls and deferred maintenance. The regular maintenance routine for the docks and working gates will continue to migrate in-house with the marina staff. COGS for fuel remains a difficult target to hit; this could drastically affect expenses but will also increase revenue. We are also looking at some increased IT expenses related to security updates.

43- John Wayne Marina expenses should be consistent, except for COGS, which will be slightly elevated due to increased fuel sales. Maintenance will be required early in the year, including potential landscape repairs due to water supply issues in 2026.

61- Rental Properties expenses are expected to decrease due to fewer structure leases to maintain.

80- Administrative expenses will increase due to CPI increases and training costs.

81- Economic Development budgeted expenses are expected to increase due to a higher employee headcount.

82 - Information Technology (IT) expenses are expected to increase in 2027 as the Port's technology, cybersecurity, software licensing, and cloud service needs continue to grow. The adoption of artificial intelligence (AI) and other emerging technologies presents opportunities, as well as future costs. Funding includes training, regulatory compliance, cybersecurity readiness, and specialized professional services.

91. Mechanical Maintenance (MM) expenses are projected to decrease due to increased mechanical maintenance charge-out and the department restructuring to only two FTEs.

92- Facilities Maintenance (FM) Expenses are projected to be higher than in 2026 due to less charge-out and reimbursement and inflationary material costs.

# Port of Port Angeles
## Summary by Department
### 2027 Budget

| | 2023 ACTUAL | 2024 ACTUAL | 2025 ACTUAL | 2026 PROJECTED | 2027 BUDGET | 2027 Budget Over/(Under) 2026 Proj |
|---|---|---|---|---|---|---|
| **OPERATING REVENUES** | | | | | | |
| 11 MARINE TERMINAL | 2,846,433 | 2,634,703 | 2,297,297 | 1,759,711 | 2,014,791 | 255,080 |
| 15 MARINE TRADES AREA | 821,015 | 772,418 | 833,070 | 769,045 | 1,326,069 | 557,024 |
| 21 INTERMODAL HANDLING & TRANSFER FACI | 1,135,513 | 1,184,428 | 997,986 | 676,281 | 715,199 | 38,918 |
| 31 FAIRCHILD INTL AIRPORT | 479,705 | 471,260 | 480,887 | 525,583 | 606,461 | 80,878 |
| 32 SEKIU | 17,609 | 17,584 | 17,488 | 19,403 | 19,682 | 279 |
| 33 AIRPORT RENTAL PROPERTIES | 1,606,642 | 1,643,242 | 1,695,274 | 1,497,038 | 1,383,243 | (113,795) |
| 41 PORT ANGELES BOAT HAVEN | 1,899,803 | 2,005,237 | 2,055,787 | 2,870,057 | 3,880,780 | 1,010,723 |
| 43 JOHN WAYNE MARINA | 1,958,326 | 2,083,868 | 2,089,599 | 2,149,028 | 2,246,292 | 97,264 |
| 61 RENTAL PROPERTIES | 200,305 | 220,599 | 226,822 | 217,526 | 224,330 | 6,804 |
| 80 ADMINISTRATIVE | - | - | - | | | - |
| 90 NON-OPERATING | - | - | - | | | - |
| 92 FACILITIES MAINTENANCE | - | - | - | | | - |
| **TOTAL OPERATING REVENUES** | **10,965,351** | **11,033,339** | **10,694,210** | **10,483,672** | **12,416,847** | **1,933,175** |
| **OPERATING EXPENSES** | | | | | | |
| 11 MARINE TERMINAL | 1,083,930 | 1,534,132 | 1,502,157 | 1,374,339 | 1,378,780 | 4,441 |
| 15 MARINE TRADES AREA | 406,469 | 333,139 | 400,755 | 554,617 | 741,920 | 187,304 |
| 21 INTERMODAL HANDLING & TRANSFER FACI | 1,285,171 | 1,321,518 | 1,285,024 | 1,162,822 | 1,042,786 | (120,036) |
| 31 FAIRCHILD INTL AIRPORT | 513,566 | 628,723 | 641,155 | 622,861 | 695,469 | 72,608 |
| 32 SEKIU | 27,222 | 36,879 | 27,673 | 37,126 | 35,902 | (1,224) |
| 33 AIRPORT RENTAL PROPERTIES | 641,728 | 518,119 | 547,345 | 665,811 | 695,086 | 29,275 |
| 41 PORT ANGELES BOAT HAVEN | 999,922 | 863,478 | 943,681 | 1,757,366 | 2,455,489 | 698,123 |
| 43 JOHN WAYNE MARINA | 971,564 | 1,111,273 | 1,187,191 | 1,225,402 | 1,206,573 | (18,829) |
| 61 RENTAL PROPERTIES | 134,084 | 161,781 | 137,458 | 182,118 | 175,534 | (6,584) |
| 80 ADMINISTRATIVE | 1,373,609 | 2,349,244 | 2,106,124 | 2,476,319 | 2,625,231 | 148,912 |
| 81 ECONOMIC DEVELOPMENT | 335,219 | 348,341 | 432,302 | 599,878 | 673,454 | 73,576 |
| 82 IT | | | 81,044 | 167,820 | 218,640 | 50,820 |
| 90 NON-OPERATING | - | - | - | - | - | - |
| 91 MECH SHOP | 173,928 | 169,695 | 228,465 | 207,674 | 36,791 | (170,883) |
| 92 FACILITIES MAINTENANCE | 246,008 | 302,370 | 384,220 | 477,674 | 554,825 | 77,151 |
| **TOTAL DIRECT EXPENSES** | **8,192,421** | **9,678,692** | **9,904,594** | **11,511,827** | **12,536,480** | **1,024,653** |
| **ALLOCATED EXPENSES** | (0) | (0) | - | - | - | - |
| ***NET SURPLUS (DEFICIT) - Before Depreciation*** | ***2,772,930*** | ***1,354,647*** | ***789,617*** | ***(1,028,154)*** | ***(119,633)*** | ***908,522*** |
| **ALLOCATED DEPRECIATION** | 0 | 0 | - | - | - | - |
| **DEPRECIATION** | 2,692,500 | 3,140,216 | 3,296,247 | 4,085,795 | 4,441,982 | 356,187 |
| ***NET SURPLUS (DEFICIT) - After Depreciation*** | **80,430** | **(1,785,569)** | **(2,506,630)** | **(5,113,949)** | **(4,561,614)** | **552,335** |
| **NON-OP (GENERAL)** | | | | | | |
| NON-OP REV (General) | 1,308,753 | 1,330,849 | 1,218,764 | 1,001,801 | 702,932 | (298,869) |
| NON-OP EXP (General) | (529,498) | (2,275,334) | 22,223 | (114,948) | 45,600 | 160,548 |
| ***NON-OP (General) SURPLUS (DEFICIT)*** | ***1,838,251*** | ***3,606,184*** | ***1,196,541*** | ***1,116,749*** | ***657,332*** | ***(459,417)*** |
| **NON-OP (CAPITAL)** | | | | | | |
| NON-OP REV (Capital) | 8,822,521 | 7,671,334 | 6,293,516 | 25,140,659 | 23,305,762 | (1,834,897) |
| NON-OP EXP (Capital) | (45,228) | (35,776) | (48,077) | (46,224) | (41,474) | 4,750 |
| ***NON-OP (Capital) SURPLUS (DEFICIT)*** | ***8,777,293*** | ***7,635,558*** | ***6,245,439*** | ***25,186,883*** | ***23,347,236*** | ***(1,839,647)*** |
| ***NET NON-OP SURPLUS (DEFICIT)*** | ***10,615,544*** | ***11,241,742*** | ***7,441,979*** | ***26,303,632*** | ***24,004,568*** | ***(2,299,064)*** |
| ***TOTAL NET SURPLUS (DEFICIT)*** | ***10,695,974*** | ***9,456,173*** | ***4,935,349*** | ***21,189,682*** | ***19,442,954*** | ***(1,746,729)*** |

# 2027 Cash Flow Assumptions

Starting Reserve - The Port begins 2027 with a cash balance of $13,933,144

Property Tax Receipts – Based on the 2027 Tax Levy

Interest Income - Reserve funds are split equally between LGIP and First Federal accounts.
Interest rates used:
2026–2027: LGIP at 3.99%, First Federal at 3.99%
**Interest is calculated annually on the starting reserve for each year.

Grants - Capital - Based on Capital Budget 2027

Bond Proceeds - The Port estimates receiving $25,000,271 in bond proceeds in 2027. This is for the Composite Manufacturing Campus and other capital projects, net Bond Cost of $409,425 and capitalized interest of $1,885,304.36. Repayment begins in 2028.

Loan Proceeds -
2027 Loans from CERB/CARB for Composite Manufacturing Campus
CERB $5,000,000
CERB $5,000,000
CARB $1,200,000
2027 Loans - Other
$250,000 for West BH Design
$333,870 for the Marine Trades Multi-User Building
2027 Total $11,738,870

Debt Service -
CERB - $47,112 year
CARB - $45,868 year
Treasury - $83,405
Repayment for $5,000,000 CERB loan beginning in 2028
Repayment for $5,000,000 CERB loan beginning in 2028
Repayment for $1,200,000 CARB loan beginning in 2028
Repayment for $250,000 loans beginning in 2028
Repayment for $333,870 loans beginning in 2028

Capital Projects - Based on Capital Budget 2027, total capital expenditures (including grant-funded portions) for 2027: $63,844,821

# Port of Port Angeles

**2027 Budget**

| | | |
|---|---|---|
| **BEGINNING CASH BALANCE** | | **13,933,144** |
| **OPERATING REVENUES** | | |
| 11 MARINE TERMINAL | 2,014,791 | |
| 15 MARINE TRADES AREA | 1,326,069 | |
| 21 INTERMODAL HANDLING & TRANSFER FACILITY | 715,199 | |
| 31 FAIRCHILD INTL AIRPORT | 606,461 | |
| 32 SEKIU | 19,682 | |
| 33 AIRPORT RENTAL PROPERTIES | 1,383,243 | |
| 41 PORT ANGELES BOAT HAVEN | 3,880,780 | |
| 43 JOHN WAYNE MARINA | 2,246,292 | |
| 61 RENTAL PROPERTIES | 224,330 | |
| **TOTAL OPERATING REVENUES** | **12,416,847** | |
| **NON-OPERATING REVENUE** | | |
| PROPERTY TAX RECEIPTS | 1,915,436 | |
| OTHER TAX RECEIPTS | 132,000 | |
| INTEREST EARNINGS | 555,932 | |
| GRANTS - CAPITAL | 21,390,326 | |
| BOND PROCEEDS | 25,000,271 | |
| LOAN FUNDING | 11,783,870 | |
| MISCELLANEOUS | 15,000 | |
| GAIN (LOSS) & SPECIAL ITEMS | | |
| **TOTAL NON-OPERATING REVENUES** | **60,792,835** | |
| **TOTAL REVENUES** | | **73,209,682** |
| **OPERATING EXPENSES** | | |
| 11 MARINE TERMINAL | 1,378,780 | |
| 15 MARINE TRADES AREA | 741,920 | |
| 21 INTERMODAL HANDLING & TRANSFER FACILITY | 1,042,786 | |
| 31 FAIRCHILD INTL AIRPORT | 695,469 | |
| 32 SEKIU | 35,902 | |
| 33 AIRPORT RENTAL PROPERTIES | 695,086 | |
| 41 PORT ANGELES BOAT HAVEN | 2,455,489 | |
| 43 JOHN WAYNE MARINA | 1,206,573 | |
| 61 RENTAL PROPERTIES | 175,534 | |
| 80 ADMINISTRATIVE | 2,625,231 | |
| 81 ECONOMIC DEVELOPMENT | 673,454 | |
| 82 IT | 218,640 | |
| 91 MECH SHOP | 36,791 | |
| 92 FACILITIES MAINTENANCE | 554,825 | |
| **TOTAL OPERATING EXPENSES** | **12,536,480** | |
| **NON-OPERATING EXPENSES** | | |
| DEBT SERVICE (PRINCIPAL & INTEREST) | 176,386 | |
| CAPITAL PROJECTS | 63,844,821 | |
| ENVIRONMENTAL | 30,000 | |
| MISCELLANEOUS | 15,600 | |
| **TOTAL NON-OPERATING EXPENSES** | ***64,066,807*** | |
| **TOTAL EXPENSES** | | **76,603,287** |
| **ENDING CASH BALANCE** | | **10,539,539** |
| **CHANGE IN CASH POSITION** | | **(3,393,605)** |

# CAPITAL BUDGET

The 2027 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 | $ 1,915,436 |
| Debt Service | $ (176,386) |
| Misc. & Non-Op | $ 657,332 (interest earnings less environmental cleanup) |
| Net Operating Deficit | $ (119,633) |
| Capital Expenditures | $(63,844,821) |
| Debt | $ 36,784,141 |
| Grant Reimbursement | $ 21,390,326 |
| Impact to Cash Reserves | $ (3,393,605) |

## 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 2031. The Port has established a target cash reserve balance of $10 million. The current list of projects expected fiscal impacts are projected to remain above the reserve threshold for the coming 5-year plan. Debt service for the bonds and loans taken out must be offset by revenue from the improvements they fund to avoid further impacting the cash reserve. Projects shown in future years do not commit the Port to 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 (2032-2046). 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 seven (7) separate state and federal grants and should likely receive determinations on one more grant by the end of the first quarter of 2027. Each grant carries its own unique conditions and matching funds requirements. See the table below for details regarding the awarded and pending grants.

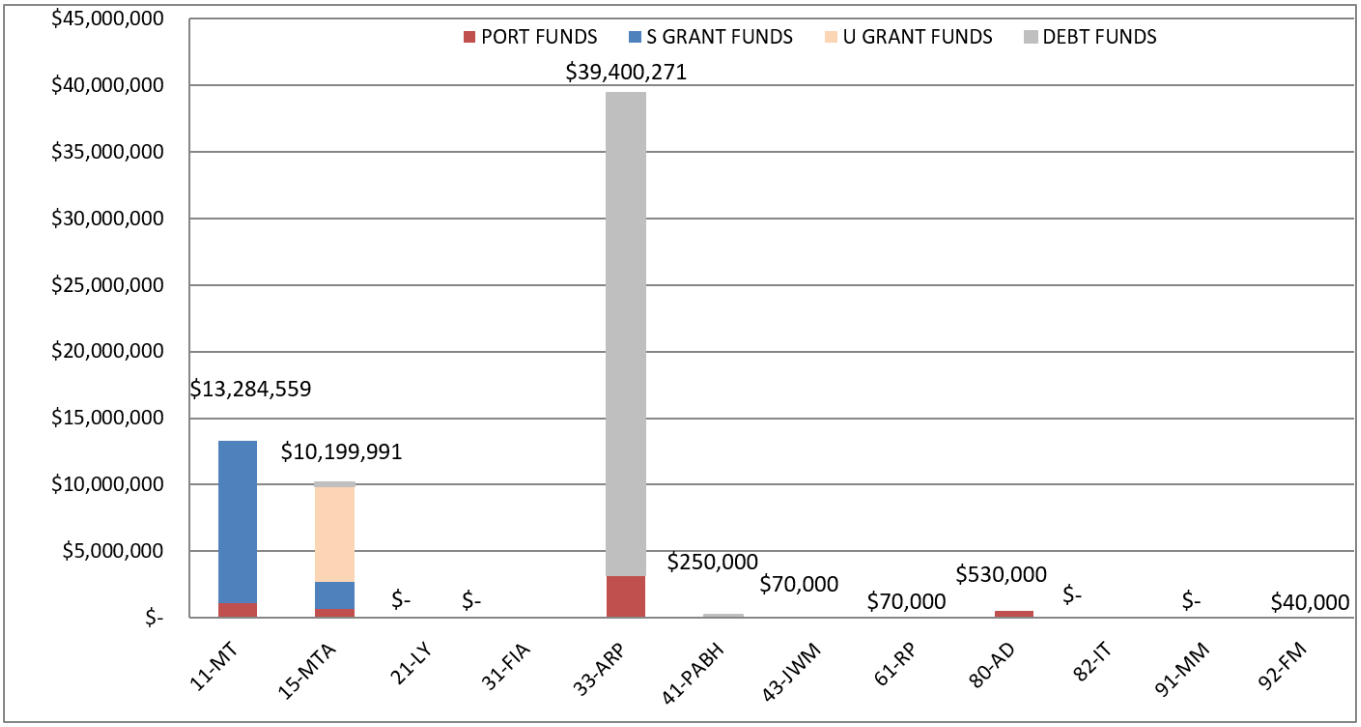
## FEDERAL AND STATE GRANTS – SECURED AND PENDING

| Grant Agency | Program | Project | Grant Funds | Match Funds | Funded Year |
|---|---|---|---|---|---|
| U.S. Environmental Protection Agency | Clean Ports Program | Shore Power Service Upgrades & Zero Emission Equipment | $9,457,350 | $525,408 | 2027<br>2028 |
| Washington State Department of Transportation | Port Electrification | Shore Power Service Upgrades & Zero Emission Equipment | $525,408 | | 2027<br>2028 |
| U.S. Dept of Transportation – Maritime Admin. | FY2024 Port Infrastructure Development Program | Cargo Handling Equipment | $9,000,000 | $2,250,000 | 2027 |
| U.S. Dept. of Commerce – Economic Development Admin. | Recompete | Three (3) barges for Marine Transportation | $6,000,000 | $0 | 2027<br>2028<br>2029 |
| U.S. Dept. of Homeland Security | Port Security Grant Program | Security Operations Center<br>TWIC Readers | $230,000<br>$10,948 | $80,000<br>$2,737 | 2028 |
| Dept of Housing and Urban Development | Congressional Appropriation – Emily R. | Tse-Whit-Zen Restoration | $850,000 | $0 | 2028 |
| Washington State Dept. of Commerce | WA Commerce (Proviso) | Multi-user Building | $2,000,000 | $0 | 2027 |
| *U.S. Dept. of Commerce – Economic Development Admin. | 2025 Disaster Supplement | Multi-user Building<br>MTC Building | $17,670,664 | $417,666 | 2027<br>2028 |

Total = $45,744,370 $3,275,811

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

# 2027 CAPITAL EXPENDITURES BY DEPARTMENT




S = Secured Grant , U = Unsecured Grant

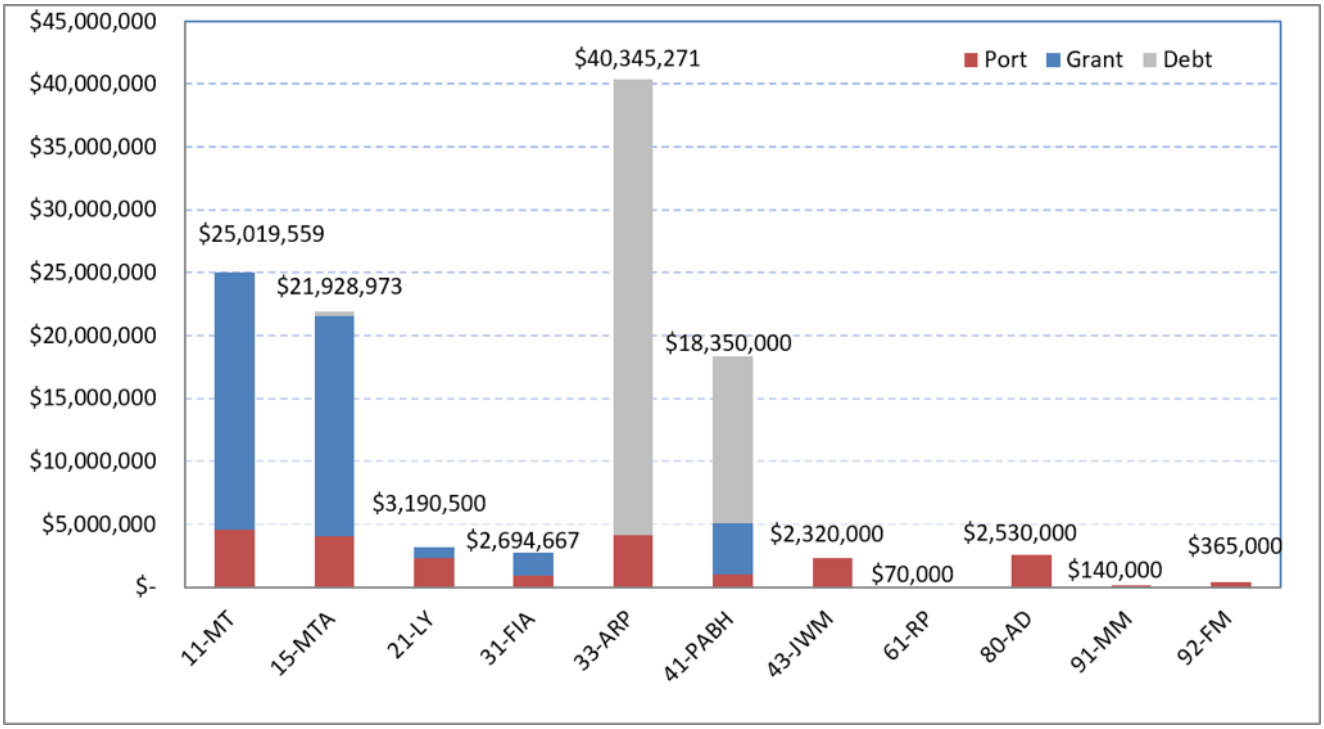
| Dept. | 2026 Port Projected | 2026 Grant Projected | 2026 Total Projected | 2027 Port Budget | 2027 Secured Grant | 2027 Unsecured Grant | 2027 Debt Budget | 2027 Total Budget |
|---|---|---|---|---|---|---|---|---|
| 11-MT | $ 1,148,554 | $ 4,487,286 | $ 5,635,840 | $ 1,090,354 | $ 12,194,205 | $ - | $ - | $ 13,284,559 |
| 15-MTA | $ 344,855 | $ - | $ 344,855 | $ 670,000 | $ 2,000,000 | $ 7,196,121 | $ 333,870 | $ 10,199,991 |
| 21-LY | $ 2,535,100 | $ 12,508,390 | $ 15,043,490 | $ - | $ - | $ - | $ - | $ - |
| 31-FIA | $ 3,505,226 | $ 7,194,188 | $ 10,699,414 | $ - | $ - | $ - | $ - | $ - |
| 33-ARP | $ 707,003 | $ - | $ 707,003 | $ 3,200,000 | $ - | $ - | $ 36,200,271 | $ 39,400,271 |
| 41-PABH | $ 656,466 | $ - | $ 656,466 | $ - | $ - | $ - | $ 250,000 | $ 250,000 |
| 43-JWM | $ 40,270 | $ - | $ 40,270 | $ 70,000 | $ - | $ - | $ - | $ 70,000 |
| 61-RP | $ 26,483 | $ - | $ 26,483 | $ 70,000 | $ - | $ - | $ - | $ 70,000 |
| 80-AD | $ 91,291 | | $ 91,291 | $ 530,000 | $ - | $ - | $ - | $ 530,000 |
| 82-IT | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 91-MM | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 92-FM | $ 35,200 | $ - | $ 35,200 | $ 40,000 | $ - | $ - | $ - | $ 40,000 |
| **Total** | $ 9,090,448 | $ 24,189,864 | $ 33,280,312 | $ 5,670,354 | $ 14,194,205 | $ 7,196,121 | $ 36,784,141 | $ 63,844,821 |

# 2027 CAPITAL PROJECTS

| # | Dept. | Project Description | Port Funds | Secured Grant Funds | Unsecured Grant Funds | Debt Funds | Total |
|---|---|---|---|---|---|---|---|
| 2.01 | 11-MT | T1 Shorepower Improvement (G) | $240,000 | $4,592,063 | | | $4,832,063 |
| 2.02 | 11-MT | Reach Stacker Cargo Equip (G) | $124,000 | $1,702,781 | | | $1,826,781 |
| 2.03 | 11-MT | 15-Ton Electric Forklift (G) | $19,950 | $399,000 | | | $418,950 |
| 2.04 | 11-MT | 5-Ton Electric Forklift (G) | $3,930 | $78,600 | | | $82,530 |
| 2.05 | 11-MT | Cable Management Equip (G) | $60,000 | $1,600,616 | | | $1,660,616 |
| 2.06 | 11-MT | Barges (G) | | $1,000,000 | | | $1,000,000 |
| 2.07 | 11-MT | Telestackers | $48,750 | $926,250 | | | $975,000 |
| 2.08 | 11-MT | Conveyor System | $473,724 | $1,894,895 | | | $2,368,619 |
| 2.09 | 15-MTA | Marine Trades Multi-User Building (G) | | $2,000,000 | $7,196,121 | $333,870 | $9,529,991 |
| 2.10 | 15-MTA | S.W. Conveyance Impts. (SP) | $70,000 | | | | $70,000 |
| 2.11 | 43-JWM | Beach Access Improvement (SP) | $45,000 | | | | $45,000 |
| 2.12 | 80-AD | Capital Budget Contingency | $450,000 | | | | $450,000 |
| 3.01 | 11-MT | T1 Zone 2 Fire Sprinkler Maintenance | $20,000 | | | | $20,000 |
| 3.02 | 33-ARP | MTIB Roof Replacement (SP) | $400,000 | | | | $400,000 |
| 3.03 | 11-MT | T1 Warehouse South (SP) | $100,000 | | | | $100,000 |
| 4.01 | 92-FM | Asphalt Seal Coat Equipment | $40,000 | | | | $40,000 |
| 4.02 | 33-ARP | PAC - Improvements Phase I | $1,400,000 | | | $16,350,271 | $17,750,271 |
| 4.03 | 33-ARP | PAC - Improvements Phase II | $1,400,000 | | | $19,850,000 | $21,250,000 |
| 4.04 | 41-PABH | W. PABH Design (P) | | | | $250,000 | $250,000 |
| 4.05 | 43-JWM | Fiber to Gates (SP) | $25,000 | | | | $25,000 |
| 4.06 | 61-RP | 313 W 1st St Improvements (SP) | $70,000 | | | | $70,000 |
| 4.07 | 80-AD | Admin Bldg Façade Impts (SP) | $80,000 | | | | $80,000 |
| 4.08 | 15-MTA | MTC Site Development | $600,000 | | | | $600,000 |
| | | **TOTALS** | **$ 5,670,354** | **$ 14,194,205** | **$ 7,196,121** | **$ 36,784,141** | **$ 63,844,821** |

| | |
|---|---|
| #: | 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 such as engineering, design, permitting, bid document preparation, ect… |
| IHTF: | Intermodal Handling and Transfer Facility. |
| SP: | Self Perform. These projects will be completed with Port labor. |

## 2027 – 2031 CAPITAL IMPROVEMENT PLAN BY DEPARTMENT




| Dept. | Port | Grant | Debt | Total |
|---|---|---|---|---|
| 11-MT | $ 4,520,354 | $ 20,499,205 | $ - | $ 25,019,559 |
| 15-MTA | $ 4,063,817 | $ 17,531,286 | $ 333,870 | $ 21,928,973 |
| 21-LY | $ 2,340,500 | $ 850,000 | $ - | $ 3,190,500 |
| 31-FIA | $ 933,667 | $ 1,761,000 | $ - | $ 2,694,667 |
| 33-ARP | $ 4,145,000 | $ - | $ 36,200,271 | $ 40,345,271 |
| 41-PABH | $ 1,025,000 | $ 4,075,000 | $ 13,250,000 | $ 18,350,000 |
| 43-JWM | $ 2,320,000 | $ - | $ - | $ 2,320,000 |
| 61-RP | $ 70,000 | $ - | $ - | $ 70,000 |
| 80-AD | $ 2,530,000 | $ - | $ - | $ 2,530,000 |
| 91-MM | $ 140,000 | $ - | $ - | $ 140,000 |
| 92-FM | $ 365,000 | $ - | $ - | $ 365,000 |
| **TOTAL =** | **$ 22,453,338** | **$ 44,716,491** | **$ 49,784,141** | **$ 116,953,970** |

# 2027 – 2031 CAPITAL IMPROVEMENT PLAN BY DEPARTMENT

| Year | Dept. | Project Description | Port Funds | Secured Grant Funds | Unsecured Grant Funds | Debt Funds |
|---|---|---|---|---|---|---|
| 2027 | 11-MT | T1 Shorepower Improvement (G) | $ 240,000 | $ 4,592,063 | | |
| | 11-MT | Reach Stacker Cargo Equip (G) | $ 124,000 | $ 1,702,781 | | |
| | 11-MT | 15-Ton Electric Forklift (G) | $ 19,950 | $ 399,000 | | |
| | 11-MT | 5-Ton Electric Forklift (G) | $ 3,930 | $ 78,600 | | |
| | 11-MT | Cable Management Equip (G) | $ 60,000 | $ 1,600,616 | | |
| | 11-MT | Telestacker | $ 48,750 | $ 926,250 | | |
| | 11-MT | Conveyor System | $ 473,724 | $ 1,894,895 | | |
| | 11-MT | T1 Zone 2 Fire Sprinkler Maintenance | $ 20,000 | | | |
| | 11-MT | T1 Warehouse South (SP) | $ 100,000 | | | |
| | 11-MT | Barges (G) | | $ 1,000,000 | | |
| | 15-MTA | MTC Site Development | $ 600,000 | | | |
| | 15-MTA | Marine Trades Multi-User Building (G) | | $ 2,000,000 | $ 7,196,121 | $ 333,870 |
| | 15-MTA | S.W. Conveyance Impts. (SP) | $ 70,000 | | | |
| | 33-ARP | MTIB Roof Replacement (SP) | $ 400,000 | | | |
| | 33-ARP | PAC Improvements - Phase I | $ 1,400,000 | | | $ 16,350,271 |
| | 33-ARP | PAC Improvements - Phase II | $ 1,400,000 | | | $ 19,850,000 |
| | 41-PABH | W. PABH Design (P) | | | | $ 250,000 |
| | 43-JWM | Fiber to Gates | $ 25,000 | | | |
| | 43-JWM | Beach Access Improvement (SP) | $ 45,000 | | | |
| | 61-RP | 313 W 1st St Improvements (SP) | $ 70,000 | | | |
| | 80-AD | Capital Budget Contingency | $ 450,000 | | | |
| | 80-AD | Admin Bldg Façade Impts | $ 80,000 | | | |
| | 92-FM | Asphalt Seal Coat Equipment | $ 40,000 | | | |
| | | **TOTALS** | **$ 5,670,354** | **$ 14,194,205** | **$ 7,196,121** | **$ 36,784,141** |
| 2028 | 11-MT | Material Handlers x 2 (G) | $ 550,000 | $ 2,200,000 | | |
| | 11-MT | Barges (G) | | $ 3,000,000 | | |
| | 11-MT | Security Operations Center (G) | $ 80,000 | $ 230,000 | | |
| | 11-MT | Access Control Upgrades (G) | $ 25,000 | $ 75,000 | | |
| | 11-MT | T1 Zone 3 Fire Sprinkler Replace | $ 575,000 | | | |
| | 11-MT | Tumwater Bank Stabilization (G*) | $ 37,500 | | $ 262,500 | |
| | 11-MT | T1 Zone 2 Fire Sprinkler Replace | $ 705,000 | | | |
| | 15-MTA | Industrial Prop. Acquisition | $ 250,000 | | | |
| | 15-MTA | B.Y. Wash Pad Replace | $ 30,000 | | | |
| | 15-MTA | B.Y. Building Siding Repairs (SP) | $ 55,000 | | | |
| | 21-LY | Boom Boat Repairs | $ 30,000 | | | |
| | 21-LY | Tse-Whit-Zen Restoration (G) | | $ 850,000 | | |
| | 31-FIA | Airport Master Plan (G) | $ 50,000 | $ 450,000 | | |
| | 31-FIA | Electric Charging Stations (G*) | $ 150,000 | | $ 850,000 | |
| | 31-FIA | Transient Area Asphalt Repair | $ 50,000 | | | |
| | 31-FIA | Life Flight Roof Replacement (SP) | $ 100,000 | | | |
| | 33-ARP | 1020 Bldg. Roof Coating | $ 300,000 | | | |
| | 41-PABH | Boat Launch Restroom (G) | $ 25,000 | $ 75,000 | | |
| | 41-PABH | W. PABH Design (P) | $ 500,000 | | | |
| | 43-JWM | Hendricks Room - Kitchen (SP) | $ 50,000 | | | |
| | 80-AD | Capital Budget Contingency | $ 500,000 | | | |
| | 82-IT | Cybersecurity Master Plan (G) | $ 22,000 | $ 63,750 | | |
| | 82-IT | Storage Area Network (G) | $ 25,000 | $ 100,000 | | |
| | 92-FM | Bulldozer | $ 100,000 | | | |
| | | **TOTALS** | **$ 4,209,500** | **$ 7,043,750** | **$ 1,112,500** | **$ -** |

# 2027 – 2031 CAPITAL IMPROVEMENT PLAN

| Year | Dept. | Project Description | Port Funds | Secured Grant Funds | Unsecured Grant Funds | Debt Funds |
|---|---|---|---|---|---|---|
| 2029 | 11-MT | T1 Zone 4 Fire Sprinkler Replace | $ 605,000 | | | |
| | 15-MTA | Industrial Prop. Acquisition | $ 250,000 | | | |
| | 15-MTA | Multi-User Bldg. #2 (G) | $ 2,083,817 | | $ 8,335,165 | |
| | 15-MTA | B.Y. Building Roof Replace | $ 225,000 | | | |
| | 31-FIA | Asphalt Surface Repairs | $ 100,000 | | | |
| | 31-FIA | Runway Obst. Removal (G) | $ 17,000 | $ 311,000 | | |
| | 31-FIA | Airport Master Plan (G) | $ 16,667 | $ 150,000 | | |
| | 31-FIA | Transient Area Asphalt Repair | $ 450,000 | | | |
| | 33-ARP | 1030 Bldg. Roof Coating | $ 315,000 | | | |
| | 41-PABH | W. PABH Design (P) | $ 500,000 | | | |
| | 41-PABH | W. PABH Float & Breakwater Replace (G*) | | | $ 2,000,000 | $ 6,000,000 |
| | 80-AD | Capital Budget Contingency | $ 500,000 | | | |
| | 92-FM | Front End Loader | $ 150,000 | | | |
| | 92-FM | Dump Truck Replacement | $ 75,000 | | | |
| | | **TOTALS** | **$ 5,287,484** | **$ 461,000** | **$ 10,335,165** | **$ 6,000,000** |
| 2030 | 11-MT | T1 Asphalt Patching | $ 150,000 | | | |
| | 11-MT | T1 Zone 5 Fire Sprinkler Replace | $ 340,000 | | | |
| | 11-MT | Tumwater Bank Stabilization (G*) | $ 362,500 | | $ 2,537,500 | |
| | 15-MTA | Industrial Prop. Acquisition | $ 250,000 | | | |
| | 21-LY | Hydraulic Loader Replace | $ 550,000 | | | |
| | 21-LY | Equip. Replace 1 | $ 1,760,500 | | | |
| | 33-ARP | 1040 Bldg. Roof Coating | $ 330,000 | | | |
| | 41-PABH | W. PABH Float & Breakwater Replace (G*) | | | $ 2,000,000 | $ 7,000,000 |
| | 43-JWM | Parking lot Rehabilitation | $ 600,000 | | | |
| | 80-AD | Capital Budget Contingency | $ 500,000 | | | |
| | | **TOTALS** | **$ 4,843,000** | **$ -** | **$ 4,537,500** | **$ 7,000,000** |
| 2031 | 15-MTA | Industrial Prop. Acquisition | $ 250,000 | | | |
| | 43-JWM | Float / Pile Replacement (P) | $ 500,000 | | | |
| | 43-JWM | Connect to Sequim Sewer | $ 1,100,000 | | | |
| | 80-AD | Capital Budget Contingency | $ 500,000 | | | |
| | 91-MM | Mech. Shop Maint. / Impts | $ 140,000 | | | |
| | | **TOTALS** | **$ 2,490,000** | **$ -** | **$ -** | **$ -** |

| | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|
| **Total not including grant/bond funds** | **$ 5,670,354** | **$ 4,209,500** | **$ 5,287,484** | **$ 4,843,000** | **$ 2,490,000** |
| **Grant and Debt Funds** | **$ 58,174,467** | **$ 8,156,250** | **$ 16,796,165** | **$ 11,537,500** | **$ -** |
| **TOTAL (including grant and debt funds)** | **$ 63,844,821** | **$ 12,365,750** | **$ 22,083,649** | **$ 16,380,500** | **$ 2,490,000** |
| **** PORT ESTIMATED CASH RESERVE BALANCE** | **$ 10,539,539** | **$ 11,210,626** | **$ 10,707,879** | **$ 10,926,473** | **$ 10,214,025** |

# 2027 – 2031 CAPITAL IMPROVEMENT PLAN

| | Cleanup Expenditures for Active Cleanup Sites 2027 - 2031 | | | | | |
|---|---|---|---|---|---|---|
| 90-NO | KPLY Monitoring (Total) | $ 75,000 | $ 75,000 | $ 75,000 | $ 75,000 | $ 75,000 |
| | KPLY Monitoring (Port) | $ - | $ - | $ - | $ - | $ - |
| 90-NO | MTA (Total) | $ 300,000 | $ 2,000,000 | $ 150,000 | $ 150,000 | $ 150,000 |
| | MTA (Port) | $ - | $ - | $ - | $ - | $ - |
| 90-NO | Fmr Shell Oil Bulk Plant - 220 Tumwater Truck Rt (Total) | $ 140,000 | $ 3,200,000 | $ 75,000 | $ 75,000 | $ 75,000 |
| | Fmr Shell Oil Bulk Plant - 220 Tumwater Truck Rt (Port) | $ - | $ - | $ - | $ - | $ - |
| 90-NO | Fmr Pettit Oil - 220 Tumwater Truck Rt (Total) | $ 100,000 | $ 1,500,000 | $ 50,000 | $ 50,000 | $ 50,000 |
| | Fmr Pettit Oil - 220 Tumwater Truck Rt (Port) | $ - | $ - | $ - | $ - | $ - |
| 90-NO | T5, T6, T7 Upland (Total) | $ 150,000 | $ 500,000 | $ 1,500,000 | $ 3,500,000 | $ 500,000 |
| | T5, T6, T7 Upland (Port) | $ - | $ - | $ - | $ - | $ - |
| 90-NO | Harbor (Total) | $ 1,500,000 | $ 1,500,000 | $ 2,500,000 | $ 2,500,000 | $ 10,000,000 |
| | Harbor (Port) | $ - | $ - | $ - | $ - | $ - |
| | **5 Year Total =** | **$ 32,590,000** | | | | |
| | **** 5 Year Port Total =** | **$ -** | | | | |

# 2032 – 2046 CAPITAL IMPROVEMENT PLAN

| DEPT. | Project Description | 2026 $ | Project Year | Project Year $ | Purpose |
|---|---|---|---|---|---|
| 15-MTA | MTC Industrial Building | $ 20,632,000 | 2032 | $ 24,866,195 | Jobs / ROI |
| 15-MTA | MTC Boat Lift Pier | $ 8,794,390 | 2032 | $ 10,599,215 | Jobs |
| 21-LY | Equip. Replace 2 | $ 567,380 | 2032 | $ 683,820 | Maint. |
| 15-MTA | Marine Dr. Intersection | $ 1,600,000 | 2033 | $ 1,989,296 | Jobs |
| 92-FM | Equip. / Vehicle Replace 2 | $ 139,266 | 2033 | $ 173,151 | Maint. |
| 43-JWM | Admin. Building Maint. | $ 386,850 | 2033 | $ 480,974 | Maint. |
| 33-ARP | Site Preparation for Building | $ 1,910,000 | 2033 | $ 2,374,722 | Jobs / ROI |
| 33-ARP | Industrial Bldg. (25,000 s.f.) | $ 9,390,000 | 2034 | $ 12,043,598 | Jobs / ROI |
| 11-MT | Terminal 1 /3 Repairs | $ 5,673,800 | 2034 | $ 7,277,206 | Maint. |
| 43-JWM | Float / Pile Replacement | $ 17,050,000 | 2035 | $ 22,559,340 | Maint. |
| 11-MT | Terminal 4 Rehabilitation | $ 1,237,920 | 2037 | $ 1,743,080 | Maint |
| 15-MTA | MTC Industrial Building | $ 20,632,000 | 2038 | $ 29,969,350 | Jobs / ROI |
| 43-JWM | Electrical & Lighting Replace | $ 1,547,400 | 2040 | $ 2,392,000 | Maint. |
| 43-JWM | Shoreline & Breakwater | $ 1,392,660 | 2041 | $ 2,220,829 | Maint. |
| 21-LY | General Equip. Replace 3 | $ 1,650,560 | 2042 | $ 2,715,268 | Maint. |
| 92-FM | Equip. / Vehicle Replace 3 | $ 257,900 | 2043 | $ 437,667 | Maint. |
| 41-PABH | E. PABH Jetty Stabilization | $ 2,682,160 | 2045 | $ 4,843,954 | Maint. |
| 31-FIA | New Terminal Building | $ 3,352,700 | 2046 | $ 6,246,279 | Jobs / ROI |
| | **TOTAL =** | **$ 98,896,986** | | **$ 133,615,945** | |

# 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 2027, 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 2027 Port tax levy rate is $ 0.1086 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 $44.30 per year in Port taxes, based on a rate of $0.10676 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 |
|---|---|---|---|---|---|
| 2026 | $ 415,000 | $ 3,693.50 | $ 44.30 | 1.20% | $ 0.10676 |
| 2027 | $ 415,000 | TBD | $ 45.10 | 1.22% | $ 0.10866 |

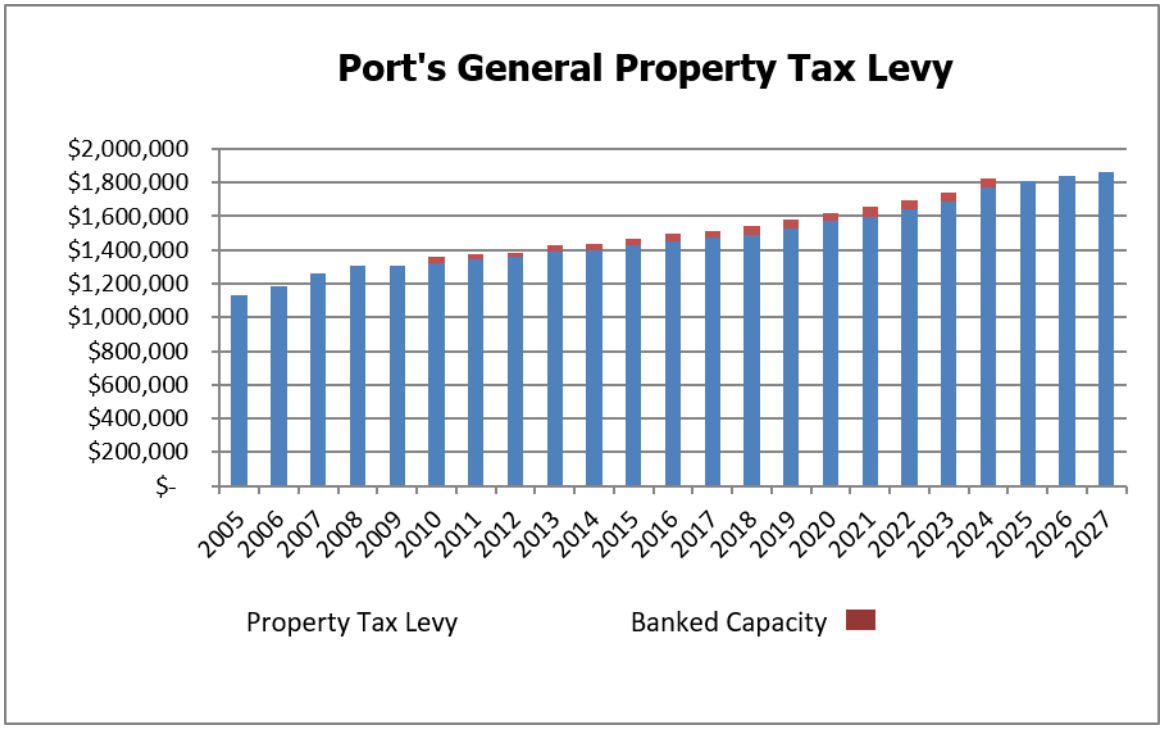
| | | |
|---|---|---|
| 2026 | Total Property Tax | $ 1,842,331 |
| 2027 | 1% increase | $ 18,423 |
| 2027 | Banked Capacity | $ - |
| 2027 | New Construction | $ 14,442 |
| 2027 | Refunds | $ 40,000 |
| 2027 | State Adjustments | $ 240 |
| 2027 | Total Property Tax | $ 1,915,436 |
| 2027 | Net Increase | $ 73,105 |

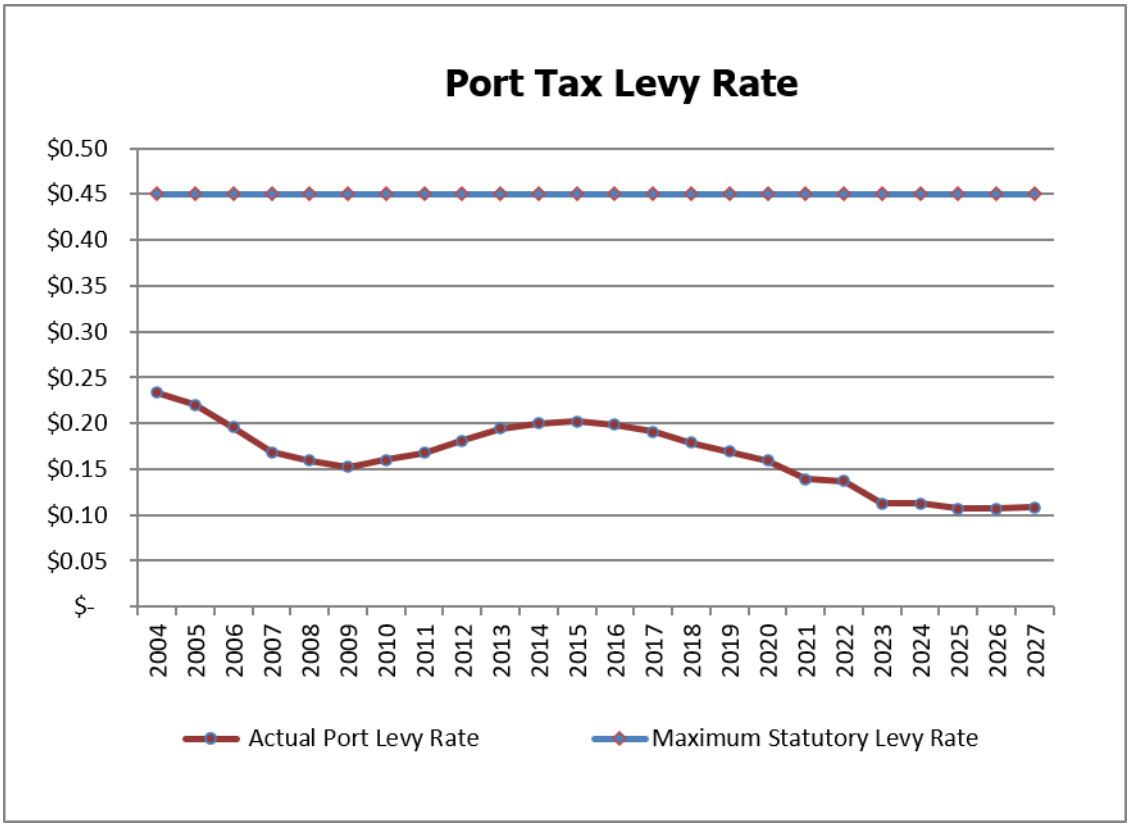
### TAX LEVY USES

| | | | |
|---|---|---|---|
| Debt Service Payments (principal & interest) | $ | 176,386 | 9% |
| Community Partner Program | $ | 25,000 | 1% |
| Capital Improvement Fund - Construction | $ | 1,714,050 | 89% |
| Total Port Property Tax Levy | **$** | **1,915,436** | 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 2027, 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 |
| 2026 | $17,256,940,521 | 2027 | $ 1,915,436 | 0.10866 |

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 2027, 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 2027, the IPD is greater than 1%. The Port Property Tax Levy will be increased by 1%.

Special Tax Levies

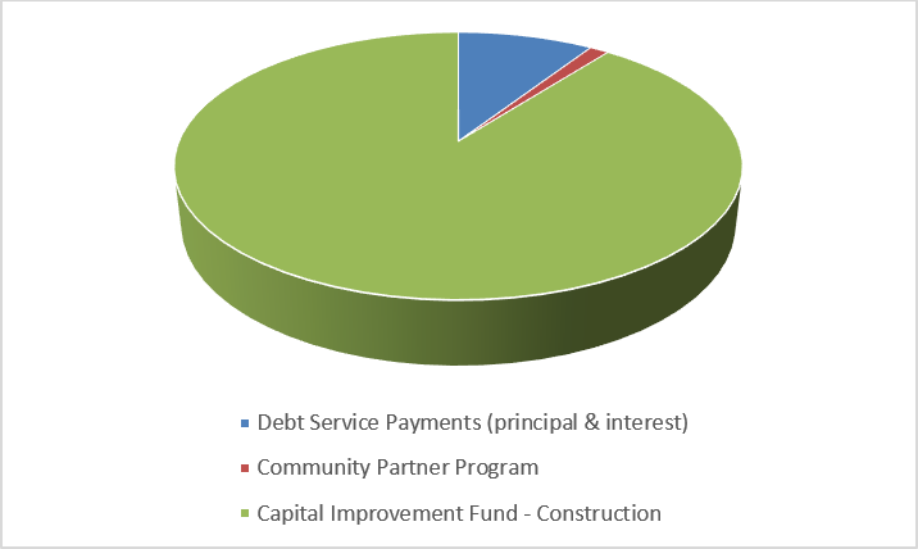
Special levies approved by the voters are not subject to the above limitations. The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters within the Port District, not to exceed $0.45 per $1,000 of assessed value of taxable property 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.

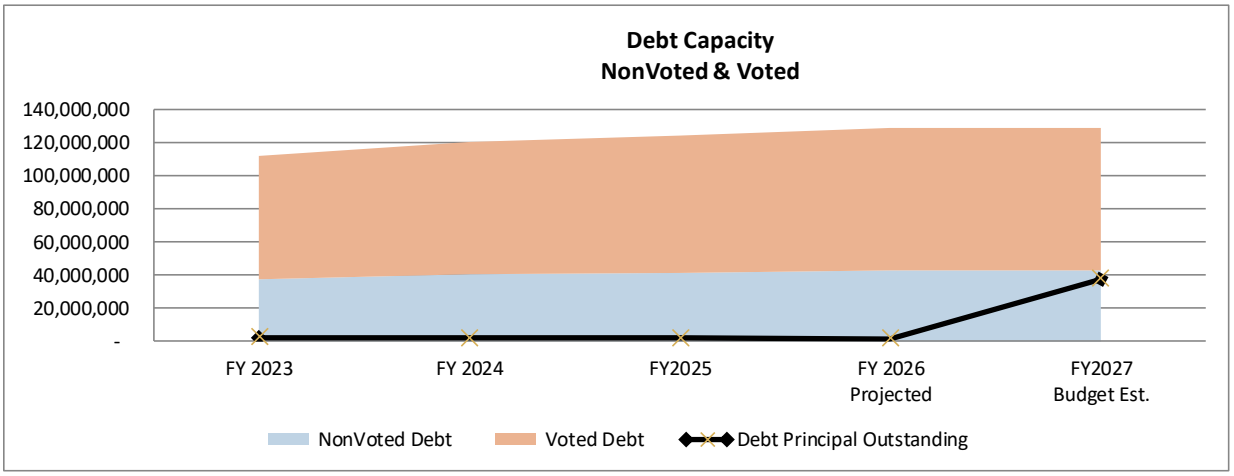
## Tax Levy Uses

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

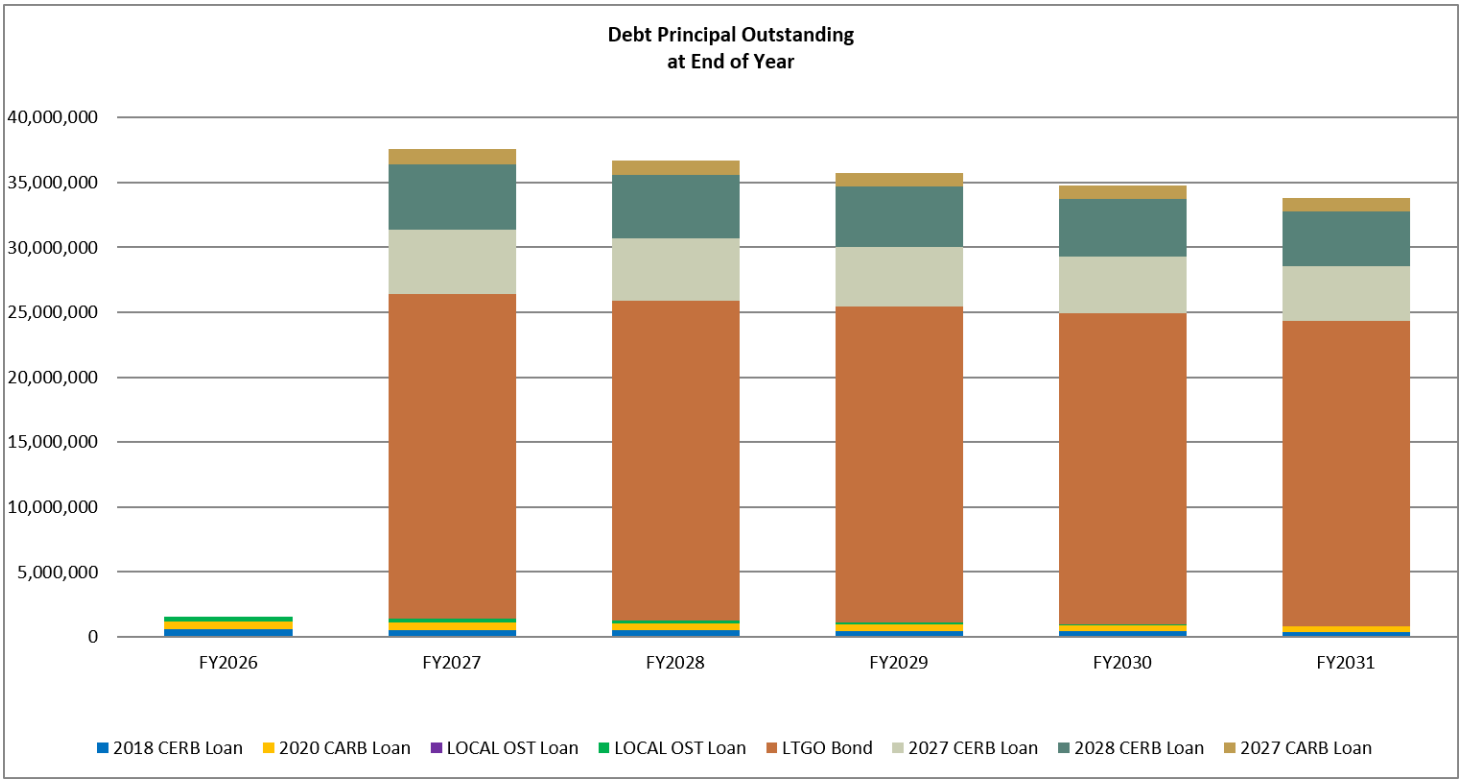
## Debt Capacity




| | FY 2023 | FY 2024 | FY2025 | FY 2026 Projected | FY2027 Budget Est. |
|---|---|---|---|---|---|
| Prior Year Assessed Value (AV) | $ 14,975,332,854 | $ 16,054,804,180 | 16,625,611,367 | 17,251,794,715 | 17,256,940,521 |
| **Debt Capacity** | | | | | |
| NonVoted Debt | 37,438,332 | 40,137,010 | 41,564,028 | 43,129,487 | 43,142,351 |
| Voted Debt | 74,876,664 | 80,274,021 | 83,128,057 | 86,258,974 | 86,284,703 |
| **Total Debt Capacity** | 112,314,996 | 120,411,031 | 124,692,085 | 129,388,460 | 129,427,054 |
| *Statutory Debt Limit: NonVoted debt cannot exceed .25% of AV; combined Non-Voted & Voted debt cannot exceed .75% of AV* | | | | | |
| Debt Principal Outstanding | 2,068,686 | 1,652,716 | 1,658,816 | 1,528,580 | 37,593,939 |
| NonVoted Debt Availability | 35,369,646 | 38,484,295 | 39,905,212 | 41,600,907 | 5,548,412 |
| **Debt as of % of AV** | 0.01% | 0.01% | 0.01% | 0.01% | 0.22% |
| Property Taxes | 1,688,363 | 1,774,241 | 1,810,790 | 1,828,898 | 1,915,436 |
| Debt Payments (Prin + Int) | 459,484 | 459,396 | 531,562 | 176,180 | 176,386 |
| Small Communities Program | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| **Property Taxes Available** | 1,203,879 | 1,289,845 | 1,254,228 | 1,627,718 | 1,714,050 |

| | | |
|---|---|---|
| Property Taxes Available for New Debt | | $ 1,714,050 |
| **Potential New Debt** | ***# Yrs*** | **Potential New Debt** |
| *based on "A" Rated Municipal Bond Interest Rates* | 10 | $ 13,550,000 |
| | 20 | $ 21,770,000 |
| | 30 | $ 26,560,000 |

# Long-Term Debt




**Debt Outstanding (at end of year)**

| Bond/Loan Name | Project Name | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 |
|---|---|---|---|---|---|---|---|
| 2018 CERB Loan | MTA Washdown Facility | 570,354 | 534,649 | 498,230 | 461,082 | 423,191 | 384,543 |
| 2020 CARB Loan | FIA Utility Extension | 589,357 | 555,273 | 520,508 | 485,047 | 448,877 | 411,984 |
| LOCAL OST Loan | Log Loader | 325,197 | 266,495 | 204,783 | 139,906 | 71,702 | - |
| LOCAL OST Loan | Lightning | 43,672 | 37,251 | 30,510 | 23,431 | 15,998 | 8,194 |
| LTGO Bond | Composite Manufacturing | | 25,000,271 | 24,665,271 | 24,310,271 | 23,935,271 | 23,540,271 |
| 2027 CERB Loan | Composite Manufacturing | | 5,000,000 | 4,813,921 | 4,622,261 | 4,424,850 | 4,221,517 |
| 2028 CERB Loan | Composite Manufacturing | | 5,000,000 | 4,813,921 | 4,622,261 | 4,424,850 | 4,221,517 |
| 2027 CARB Loan | Composite Manufacturing | | 1,200,000 | 1,150,612 | 1,100,236 | 1,048,853 | 996,442 |
| | **Total Principal Outstanding** | **1,528,580** | **37,593,939** | **36,697,756** | **35,764,494** | **34,793,592** | **33,784,467** |
| | **Decrease/(Increase) in Principal** | 130,236 | (36,065,359) | 896,183 | 933,262 | 970,902 | 1,009,124 |

| 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, 2032 |
| LTGO Bond | Composite Manufacturing | Dec 1, 2056 |
| 2027 CERB Loan | Composite Manufacturing | Jan 1, 2046 |
| 2028 CERB Loan | Composite Manufacturing | Jan 1, 2047 |
| 2027 CARB Loan | Composite Manufacturing | Jan 1, 2047 |

**DEBT PRINCIPAL PAYMENTS**

| Bond/Loan Name | Project Name | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032+ | Fiscal Years (FY) 2026 thru 2058 Remaining Principal | Maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| 2018 CERB Loan | MTA Washdown Facility | 35,005 | 35,705 | 36,419 | 37,148 | 37,891 | 38,649 | 384,542 | 605,359 | Jan 31, 2040 |
| 2020 CARB Loan | FIA Utility Extension | 33,416 | 34,084 | 34,765 | 35,461 | 36,170 | 36,893 | 411,813 | 622,602 | Jan 1, 2041 |
| LOCAL OST Loan | Log Loader | 55,838 | 58,702 | 61,712 | 64,877 | 68,204 | 71,702 | - | 381,035 | Dec 1, 2031 |
| LOCAL OST Loan | Lightning | 5,977 | 6,420 | 6,742 | 7,079 | 7,433 | 7,804 | 8,194 | 49,648 | Jun 1, 2032 |
| LTGO Bond | Composite Manufacturing | | - | 335,000 | 355,000 | 375,000 | 395,000 | 25,835,000 | 27,295,000 | Dec 1, 2056 |
| 2027 CERB Loan | Composite Manufacturing | | - | 186,079 | 191,661 | 197,411 | 203,333 | 4,221,517 | 5,000,000 | Jan 1, 2046 |
| 2028 CERB Loan | Composite Manufacturing | | - | 186,079 | 191,661 | 197,411 | 203,333 | 4,221,517 | 5,000,000 | Jan 1, 2047 |
| 2027 CARB Loan | Composite Manufacturing | | - | 49,388 | 50,376 | 51,383 | 52,411 | 996,442 | 1,200,000 | Jan 1, 2047 |
| **TOTAL** | **Debt Principal Outstanding** | **130,236** | **134,912** | **896,183** | **933,262** | **970,902** | **1,009,124** | **36,079,025** | **40,153,645** | |

**DEBT INTEREST PAYMENTS**

| Bond/Loan Name | Project Name | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032+ | Fiscal Years (FY) 2026 thru 2058 Remaining Interest | Coupon Rate |
|---|---|---|---|---|---|---|---|---|---|---|
| 2018 CERB Loan | MTA Washdown Facility | 12,107 | 11,407 | 10,693 | 9,965 | 9,222 | 8,464 | 39,469 | 101,326 | 2.00% |
| 2020 CARB Loan | FIA Utility Extension | 12,452 | 11,784 | 11,102 | 10,407 | 9,698 | 8,974 | 46,624 | 111,041 | 2.00% |
| LOCAL OST Loan | Log Loader | 19,052 | 16,260 | 13,325 | 10,239 | 6,995 | 3,585 | - | 69,456 | 2.96% |
| LOCAL OST Loan | Lightning | 2,333 | 2,023 | 1,694 | 1,349 | 986 | 605 | 205 | 9,194 | 3.21% |
| LTGO Bond | Composite Manufacturing | | - | 1,885,304 | 1,865,750 | 1,844,411 | 1,821,458 | 29,624,640 | 37,041,564 | 6.97% |
| 2027 CERB Loan | Composite Manufacturing | | - | 150,000 | 144,418 | 138,668 | 132,746 | 1,155,740 | 1,721,571 | 3.00% |
| 2028 CERB Loan | Composite Manufacturing | | - | 150,000 | 144,418 | 138,668 | 132,746 | 1,155,740 | 1,721,571 | 3.00% |
| 2027 CARB Loan | Composite Manufacturing | | - | 24,000 | 23,012 | 22,005 | 20,977 | 177,767 | 267,761 | 2.00% |
| **TOTAL** | **Interest** | **45,944** | **41,474** | **2,246,118** | **2,209,557** | **2,170,652** | **2,129,553** | **32,200,185** | **41,043,484** | |

[1] Interest only until 2029; Federal subsidy reduces interest

[2] Interest only until 2017

* Interest rate is net of Federal subsidy (7.5% stated rate with 45% subsidy = 4.125% effective rate). Interest payment is amount before subsidy.

**DEBT SERVICE PAYMENTS (PRIN + INT)**

| Bond/Loan Name | Project Name | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032+ | Fiscal Years (FY) 2026 thru 2058 Remaining Payments |
|---|---|---|---|---|---|---|---|---|---|
| 2018 CERB Loan | MTA Washdown Facility | 47,112 | 47,112 | 47,112 | 47,112 | 47,112 | 47,112 | 424,012 | 706,686 |
| 2020 CARB Loan | FIA Utility Extension | 45,868 | 45,868 | 45,867 | 45,868 | 45,868 | 45,867 | 458,437 | 733,643 |
| LOCAL OST Loan | Log Loader | 74,890 | 74,962 | 75,037 | 75,116 | 75,199 | 75,287 | - | 450,491 |
| LOCAL OST Loan | Lightning | 8,310 | 8,444 | 8,436 | 8,427 | 8,418 | 8,409 | 8,399 | 58,842 |
| LTGO Bond | Composite Manufacturing | - | - | 2,220,304 | 2,220,750 | 2,219,411 | 2,216,458 | 55,459,640 | 64,336,564 |
| 2027 CERB Loan | Composite Manufacturing | - | - | 336,079 | 336,079 | 336,079 | 336,079 | 5,377,257 | 6,721,571 |
| 2028 CERB Loan | Composite Manufacturing | - | - | 336,079 | 336,079 | 336,079 | 336,079 | 5,377,257 | 6,721,571 |
| 2027 CARB Loan | Composite Manufacturing | - | - | 73,388 | 73,388 | 73,388 | 73,388 | 1,174,209 | 1,467,761 |
| **TOTAL** | **Debt Payments (Prin + Int)** | **176,180** | **176,386** | **3,142,302** | **3,142,819** | **3,141,554** | **3,138,678** | **68,279,210** | **81,197,129** |

**COMMUNITY SUPPORT**
**2027 Budget**

| RECIPIENT | 2027 CONTRIBUTION | REMARKS | In Kind | Cash |
|---|---|---|---|---|
| Clallam County EDC | $ 75,000 | Cash: Operating Costs | | $ 75,000 |
| 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 | $ 2,895 | 50% Ground Lease rate (written directly in lease) | $ 2,895 | |
| | $ 1,724 | 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 | $ 7,080 | Waived moorage on a single 50' slip | $ 7,080 | |
| Jamestown Klallam Tribe | $ 4,651 | Waived: 30' slip for patrol activities ('83 Agreement) | $ 4,651 | |
| 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:** | **$ 205,031** | | **$ 94,231** | **$ 110,800** |

# 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 |
| IHTF | Intermodel Handling Transfer Facility |
| 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 |

**26-1356**

**A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT ANGELES ADOPTING THE FINAL BUDGET FOR 2027**

WHEREAS, the preliminary budget of the Port of Port Angeles was prepared and filed on the 27th day of October 2026; and

WHEREAS, in accordance with R.C.W. 53.35.045 a public hearing was held on November 10th, 2026; and

WHEREAS, the preliminary budget was adopted as the final budget on the 17th day of November 2026.

NOW, THEREFORE, BE IT RESOLVED that the budget herein is the Final Budget of the Port of Port Angeles for the calendar year 2027.

| | | 2027 BUDGET |
|---|---|---|
| **Beginning Cash Balance** | **$** | **13,933,144** |
| **Sources of Cash** | | |
| Revenues - Operating | | 12,416,847 |
| Revenues - Non-Operating | | 702,932 |
| Property Tax Levy | | 1,915,436 |
| Grants for Capital Projects | | 21,390,326 |
| Debt Proceeds | | 36,784,141 |
| Total Sources | | 73,209,682 |
| **Uses of Cash** | | |
| Expenses - Operating | | 12,536,480 |
| Expenses - Non-Operating | | 45,600 |
| Debt Service (Principal & Interest) | | 176,386 |
| Capital Projects | | 63,844,821 |
| Total Uses | | 76,603,287 |
| **Ending Cash Balance** | **$** | **10,539,539** |
| Change in Cash Balance | $ | (3,393,605) |
| **RCW 53.36.120 & 53.36.130 Specific Budget Items** | | |
| Promotion Hosting | $ | 6,700 |

ADOPTED by the Port Commission of the Port of Port Angeles at a Commission meeting thereof held this 17th day of November 2026.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

_____
Connie L. Beauvais, President

_____
Colleen M. McAleer, Vice-President

_____
Kelly G. Kidwell, Secretary

**26-1355**

**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 2027; and,

WHEREAS, the Port district's actual levy amount from the previous year was $1,842,330.81; 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 2027 tax year.

The dollar amount of the increase over the actual levy amount from the previous year shall be $18,423.31, 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 2026.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

_____
Connie L. Beauvais, President

_____
Colleen M. McAleer, Vice-President

_____
Kelly Kidwell, Secretary

**26-1357**

**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. 25-1334, dated November 17, 2025; and

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

WHEREAS, the Port Commission opened a public hearing on November 10, 2026, and closed the hearing on November 17, 2026, 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:

1. Incorporate into the Comprehensive Scheme of Harbor Improvements the following Port budget and planning documents:
    a. 2027 Capital Budget
    b. 2026 - 2030 Port Strategic Plan
    c. 2026 West Boat Haven Master Plan Feasibility Report

ADOPTED by the Port Commission in a regular meeting thereof held this 17th day of November, 2026.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

_____
Connie L. Beauvais, President

_____
Colleen M. McAleer, Vice President

_____
Kelly G. Kidwell, Secretary

# Port of Port Angeles
# Comprehensive Scheme of Harbor Improvements

January 27, 2015

Proposed Amendment November 17, 2026, per Resolution 26-1357

## Introduction

Under Washington State law, Washington port districts have 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 policy-level direction for programs and activities the Port undertakes.

The Port's Comprehensive Scheme reflects intended near-term capital spending plans; 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. The Port Commission adopts formal resolutions to make revisions.

## Comp Scheme and GMA

Comprehensive plans are required of cities and counties that fall under the State of Washington's Growth Management Act (GMA), codified as RCW 36.70A. Ports, by contrast, do not exercise land use authority as cities and counties do 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 must comply with RCW 53.20.010, which requires a Comprehensive Scheme of Harbor Improvements. Courts ruled that the Port's bundle of budget and planning documents, including the Comprehensive Plan, satisfies the requirement for a Comprehensive Scheme of Harbor Improvements.

## Background

The Port of Port Angeles first enacted a Comprehensive Scheme of Harbor Improvements in 1924 as Commission Resolution No. 5. After Resolution No. 5, the Port's Comprehensive Scheme of Harbor Improvements took the form of a series of resolutions amending or supplementing the 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 that incorporated, 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 Port modified the Comprehensive Scheme of Harbor Improvements format from the lengthy 1987 scheme. The 2015 and current CSHI serve as a preface to the planning and budget documents the Port uses.

### Port Property

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

### 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: 2026-2030
- Current Capital Budget: 2027
- West Boat Haven Master Plan Feasibility Report: 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: 2013
- Central Waterfront Master Plan: 2010

### Federal, State and Local Regulations

In addition to the guidance in the Port's current planning documents, development in or above marine environments generally requires permits from federal and 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. In-water development is regulated by the U.S. Army Corps of Engineers (USACE or Corps), Washington State Department of Ecology (WSDOE), and the Washington State 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. State law authorizes the Port 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 must meet SEPA's environmental documentation requirements.

The Port complies with SEPA’s environmental review processes by conducting SEPA review for physical projects when sufficient information is available to meaningfully evaluate potential environmental impacts. Nonproject actions are reviewed under SEPA when applicable based on the nature and scope of the proposed action.

## Table 1: Comprehensive Scheme Resolutions from 1923-2026

| Resolution | 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 the Port Engineer, after public hearing. |
| 6 | 1/23/1924 | Call for special election of question of:<br>1) Ratification of comprehensive scheme of harbor improvements, and<br>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:<br>1) Recommends granting a permit for work at Quillayute by the Washington Pulp and Paper Corp.<br>2) Recommends approving part and denying part of the work at Quillayute requested by Quillayute Boom and Driving Col., and<br>3) Takes no action on a boom proposed above the Town of Mora since it is outside the area covered by the 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:<br>1) Acquire additional property in Port Angeles, and authorize construction of port facilities<br>2) Acquire additional property in Port Angeles, and authorize construction of a sea wall or bulkhead<br>3) Change location and design of Dungeness wharf. |
| 18 | 5/13/1925 | Amend the original comprehensive scheme of the Port as follows:<br>1) Acquire additional property in Port Angeles, and authorize construction of port facilities<br>2) Acquire additional property in Port Angeles and authorize construction of sea wall or bulkhead<br>3) Acquire additional property at Dungeness and authorize construction of a wharf<br>Also refer amendments to vote of people. |
| 20 | 7/6/1925 | Gives results of special election item described in Resolution 18. Those were:<br>Passed<br>Passed<br>Passed. |
| 29 | 10/27/1926 | Established price to be paid to 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 a 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 a rock jetty and dike at the mouth of the 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 1923-2026 (Continued)**

| Resolution | Date | Subject |
|---|---|---|
| 135 | 8/13/1941 | Instituting condemnation proceedings to carry out plans for improvements to Unit No. 1 (Pen Ply site). |
| 148 | 4/10/1944 | Proposing the adoption of Supplemental Comprehensive Scheme of Harbor Improvements as follows:<br>1. 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.<br>2. Etc. for Industrial Development District No. 2. |
| 149 | 4/10/1944 | 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 an 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 | 9/6/1944 | Employing Preston Thorgrimson as bond attorneys to assist in preparing bond resolutions and other papers. |
| 157 | 12/13/1944 | Providing for the acquisition of certain lands to be used as a fish terminal. |
| 160 | 1/10/1945 | Request that the county convey to the Port lands within the Industrial Development Districts that were acquired through foreclosure of tax liens. |
| 163 | 4/11/1945 | 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 Quillayute 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 to adopt Industrial Development District No. 3. |
| 198 | 11/10/1948 | Adopted a comprehensive scheme amendment and created 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 a supplementary Comprehensive Scheme of Development to acquire, maintain, and develop the Clallam Co. Airport and attached facilities. |
| 212 | 9/12/1951 | Establishment of an airport fund to operate Clallam County Airport. |
| 229 | 3/11/1953 | Agreement to cooperate with the City of Port Angeles in filling property between the 1st and the railroad, from Oak to Valley. |
| 236 | 11/10/1954 | Agreement to convey right-of-way for Front Street and Marine Drive to City in exchange for David Masters' property. |
| 251 | 3/14/1956 | A proposal to amend the comprehensive scheme of harbor improvements by acquiring certain property in Dungeness. |
| 252 | 4/11/1956 | Reestablishment of reaffirmation to proceed with acquiring lands at Dungeness to establish an area for mooring and landing boats. Creation of Industrial Development District No. 3 with new boundaries. |
| 253 | 4/11/1956 | Decision to acquire by purchase or condemnation the land at Dungeness. |
| 256 | 10/10/1956 | Agreement to cooperate with U.S. Government in a project to improve Quillayute River for commercial fishing boats. |

**Table 1: Comprehensive Scheme Resolutions from 1923-2026 (Continued)**

| Resolution | Date | Subject |
|---|---|---|
| 258 | 2/13/1957 | A proposal to amend the supplemental comprehensive scheme of harbor improvements by leasing from the Quillayute Tribe for 25 years lands on the Quillayute River. |
| 259 | 2/27/1957 | Agreement to amend comprehensive scheme as proposed in Resolution 258. |
| 260 | 2/27/1957 | 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 Dis-trict 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 ma-rina at Dungeness. |
| 343 | 8/30/1966 | Adoption of certain amendments to Unit No. 1 of comprehensive scheme, al-lowing reconstruction of Pier No. 1, authorizing construction T-3, and in-stalling a truck scale. |
| 398 | 1/14/1971 | Establishing terms and conditions for using a portion of William R. Fairchild International Airport as a log yard. |
| 399 | 2/11/1971 | Amend Comprehensive Scheme to authorize an addition to Terminal 1, to de-velop non-aeronautical lands at WRF International Airport for industry, to ac-quire 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. |
| 525 | 10/1/1981 | Amend Comprehensive Scheme to include the location of a small boat haven at Pitship Point, and proceed 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, Carls-borg 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. |

**Table 1: Comprehensive Scheme Resolutions from 1923-2026 (Continued)**

| Resolution | Date | Subject |
|---|---|---|
| 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 development options, page 3.5.33. New tourism 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 Foreword, 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 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 the Comprehensive Scheme of Harbor Improvements. |
| 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 (Saleable land in Sector B). Motion to introduce Resolution 08-970, which surrenders 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. |

**Table 1: Comprehensive Scheme Resolutions from 1923-2026 (Continued)**

| Resolution | Date | Subject |
|---|---|---|
| 15-1113 | 12/15/2015 | Amendments to Comprehensive Scheme of Harbor Improvements:<br>1) Added reference to and incorporated the new Port Strategic Plan: 2015 – 2020<br>2) Added reference to and incorporated the 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 Carls-borg 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.<br>1) Added reference to:<br>a. Port Capital Budget:2020<br>b. Clallam County Hazard Mitigation Plan Update: 2019<br>c. Marine Trades Industrial Park Master Plan: 2018<br>d. William R. Fairchild International Airport Master Plan Update: 2019<br>e. Port Comprehensive Park and Recreation Plan: 2018<br>2) Removed reference to :<br>a. Central Waterfront Master Plan: 2010<br>b. Marine Facilities Master Plan: 2006<br>c. John Wayne Marina<br>i. Market Study Final Report: 2004<br>ii. Harbor Master Building Use Study: 2004<br>iii. John Wayne Marina Expansion Financial Assessment: 2009<br>3) Reformatted and referenced Appendix A: Port Property Overview. |
| 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 approved 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 amended its Comprehensive Scheme of Harbor Improvements to reflect these property exchanges, including declaring the Subject Property surplus to Port needs and no longer needed for Port District purposes. CSHI Appendix A will be updated after property transfer has occurred. |
| 25-1334 | 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. |
| Proposed 26-1357 | Proposed 11/17/2026 | Added references to the 2027 Port Capital Budget, 2026-2030 Port Strategic Plan, and 2026 West Boat Haven Master Plan Feasibility Report |

**Table 2: Property Surplus to Port Needs**

| Resolution | 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
Figure 2: Sekiu Airport
Figure 3: William R. Fairchild International Airport
Figure 4: Port Angeles Waterfront
Figure 5: Terminals 5 & 7 (Log Yard)
Figure 6: Port Angeles Boat Haven
Figure 7: Marine Terminals, MTC & Downtown
Figure 8: Tozier Marine Parkway
Figure 9: Dungeness Tidelands
Figure 10: John Wayne Marina

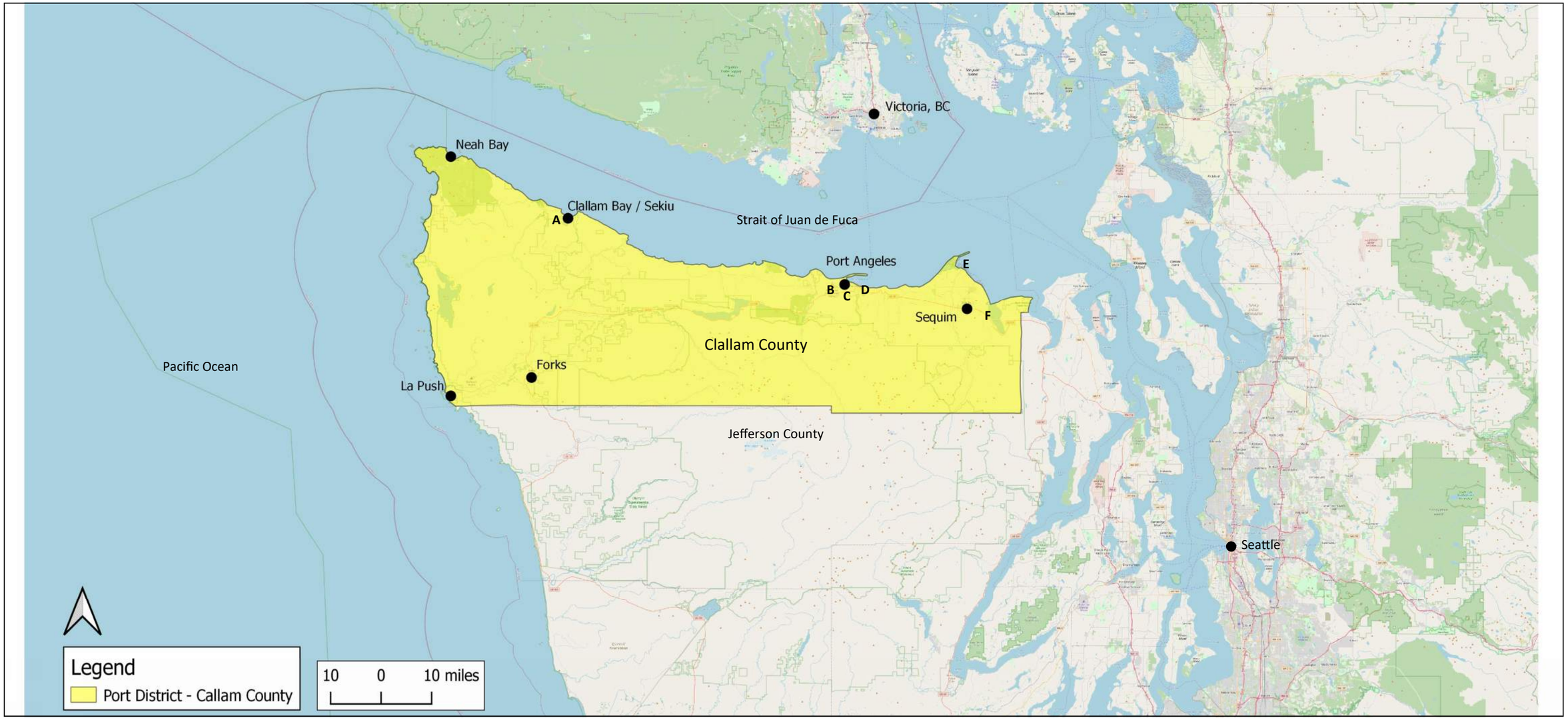



**FIGURE 1**— Port District, Clallam County, WA

| 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 |

PORT of Port Angeles

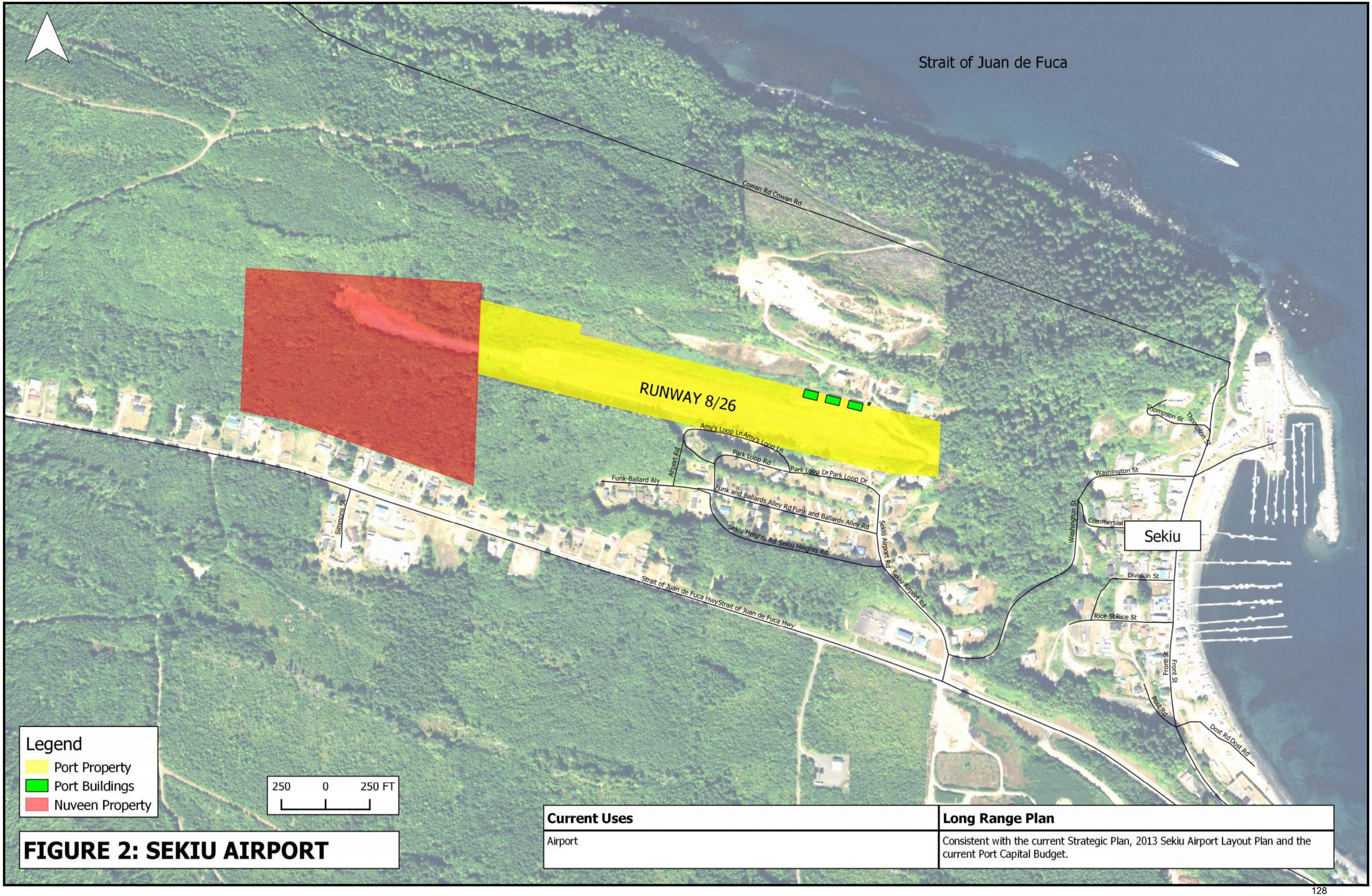



**FIGURE 2: SEKIU AIRPORT**

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

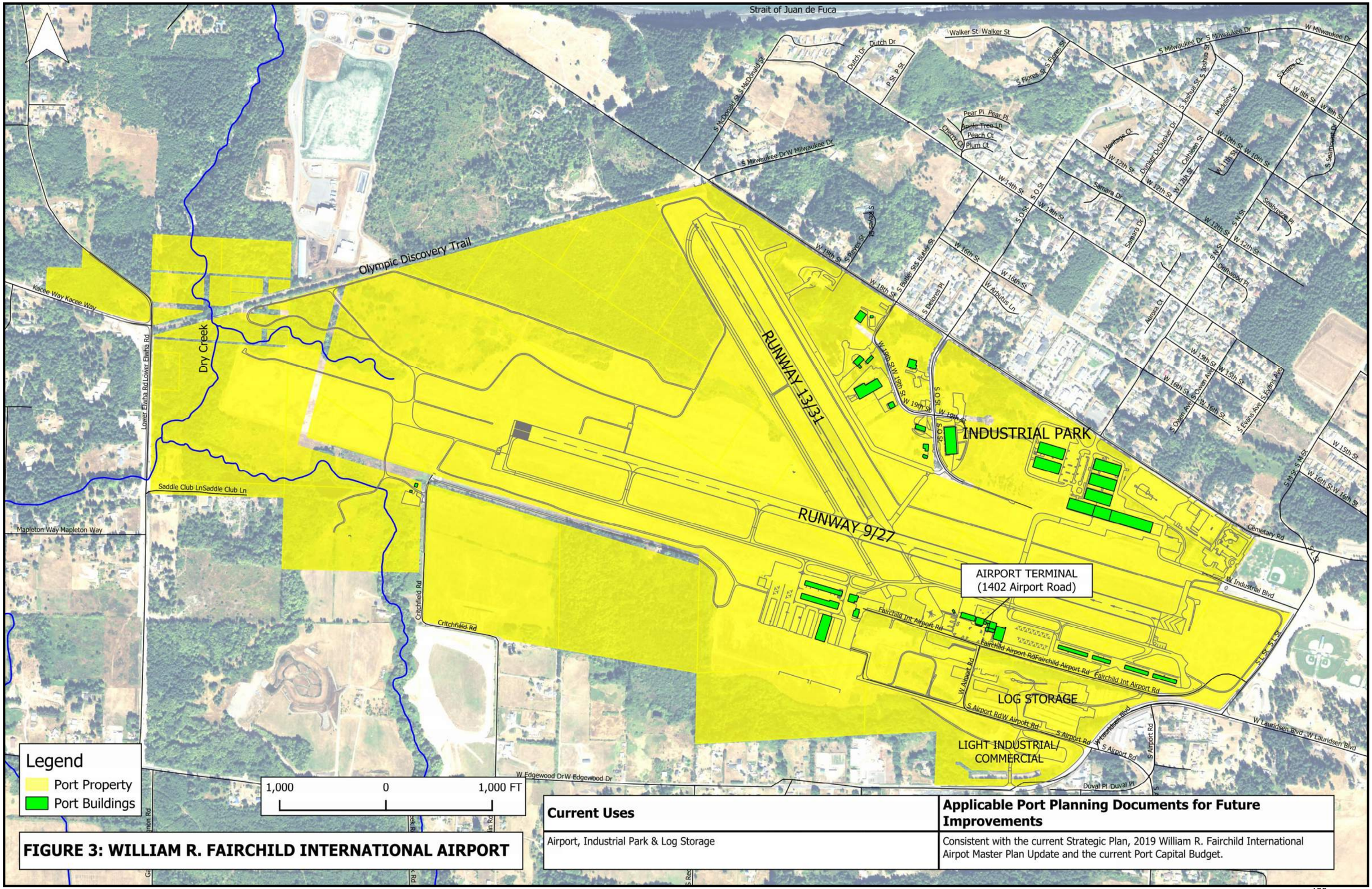



**FIGURE 3: WILLIAM R. FAIRCHILD INTERNATIONAL AIRPORT**

| 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. |

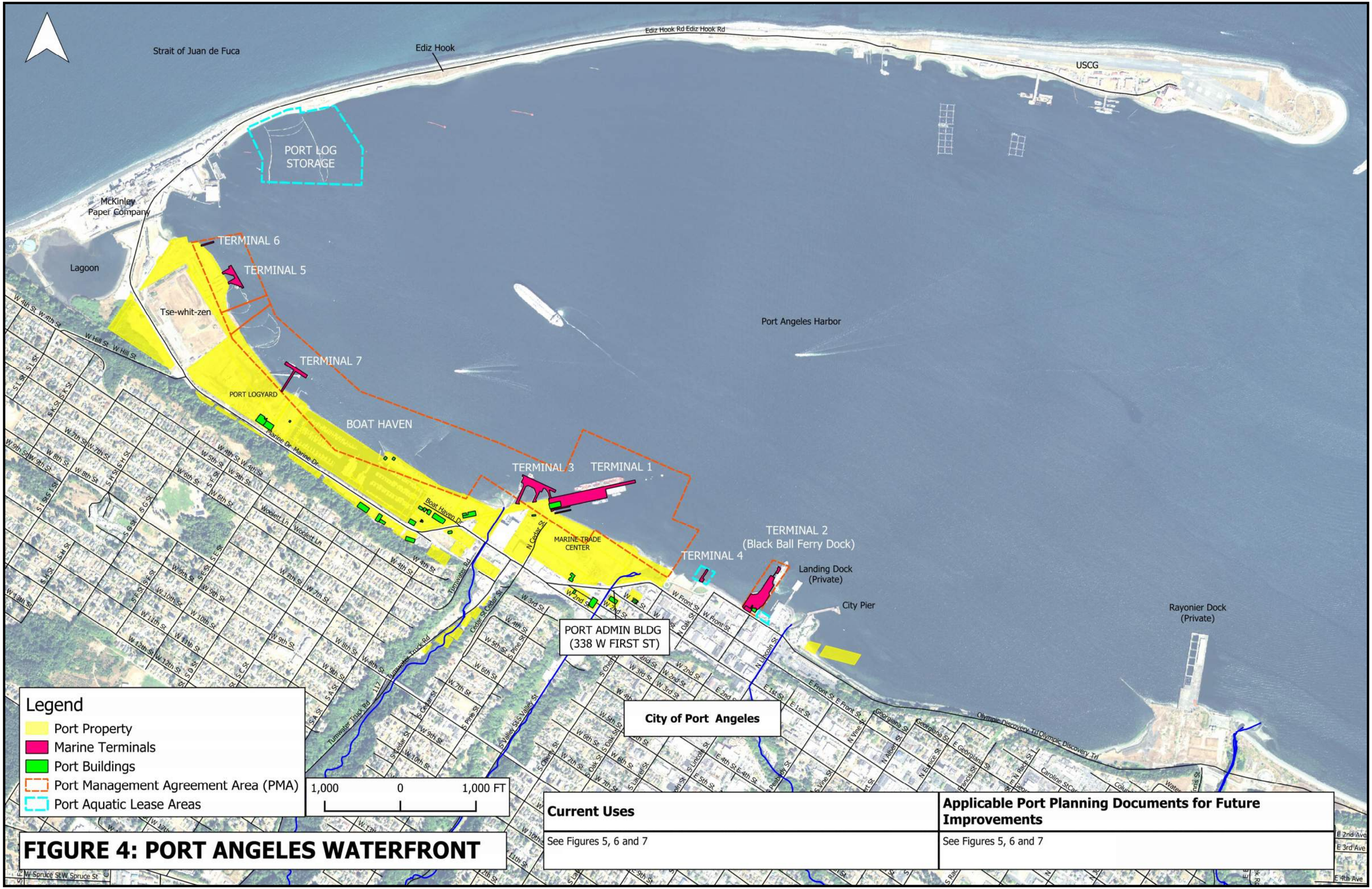
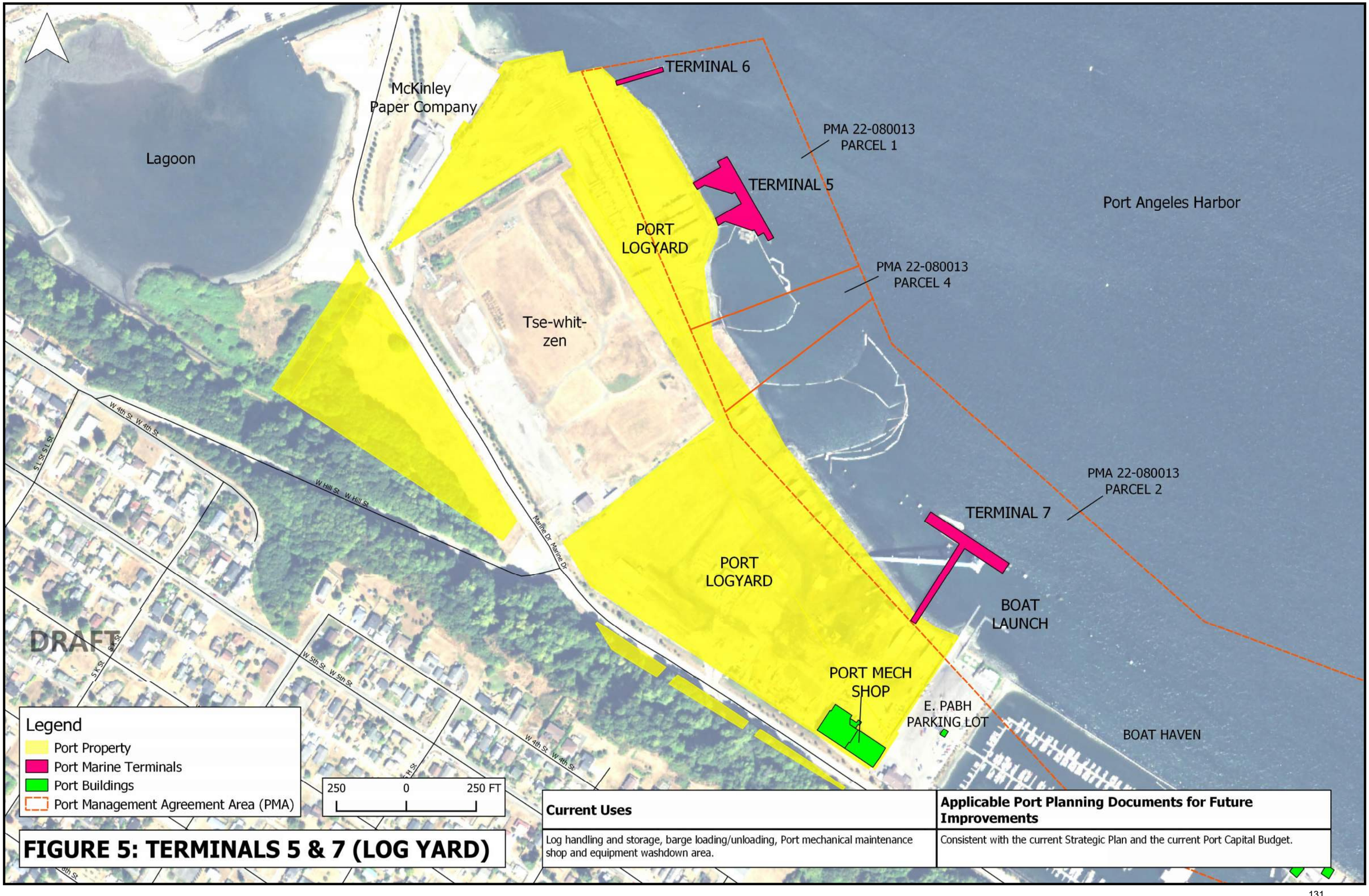



**FIGURE 4: PORT ANGELES WATERFRONT**




| Current Uses | Applicable Port Planning Documents for Future Improvements |
|---|---|
| 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 5: TERMINALS 5 & 7 (LOG YARD)**

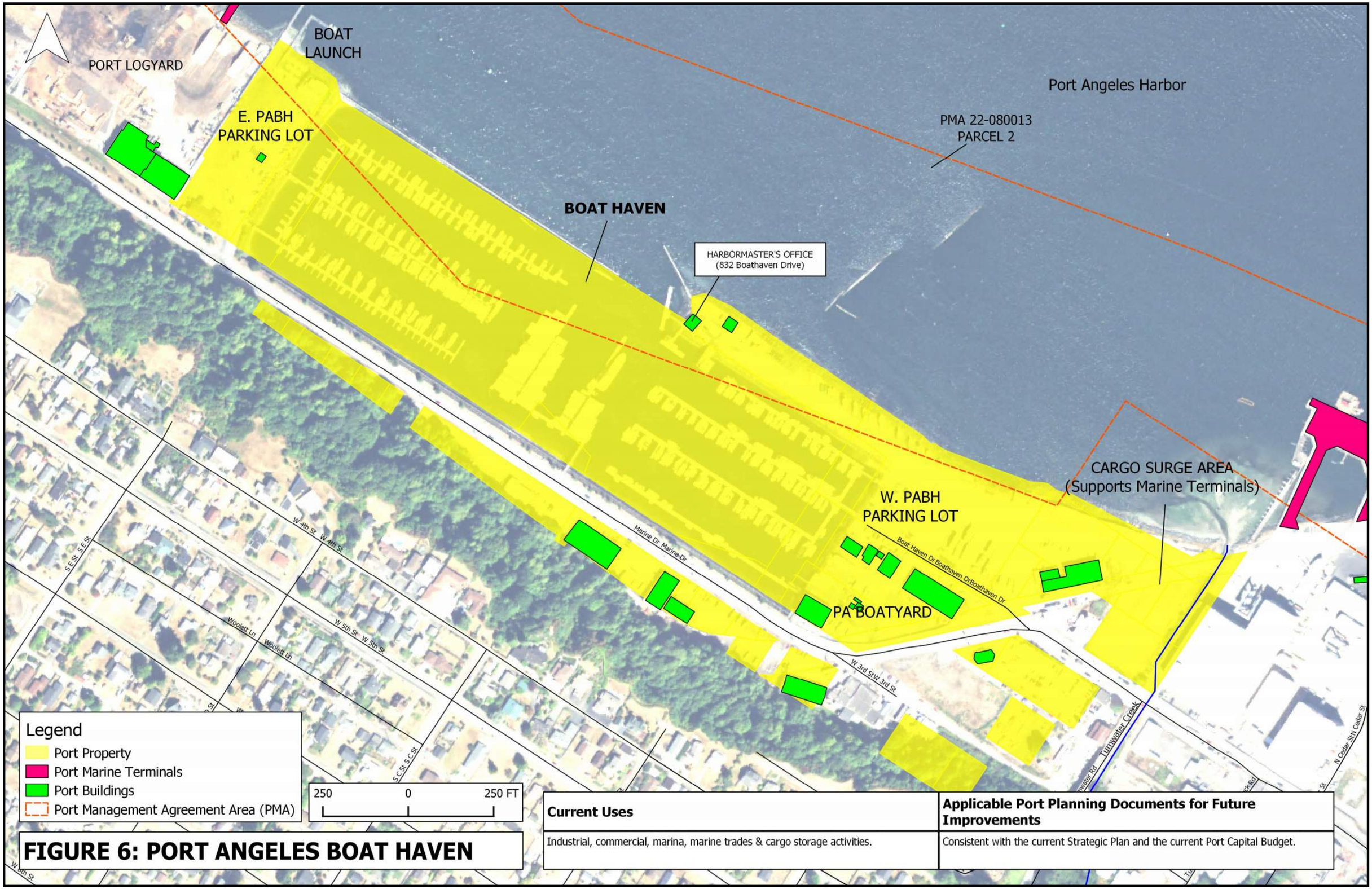



**FIGURE 6: PORT ANGELES BOAT HAVEN**

| 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. |

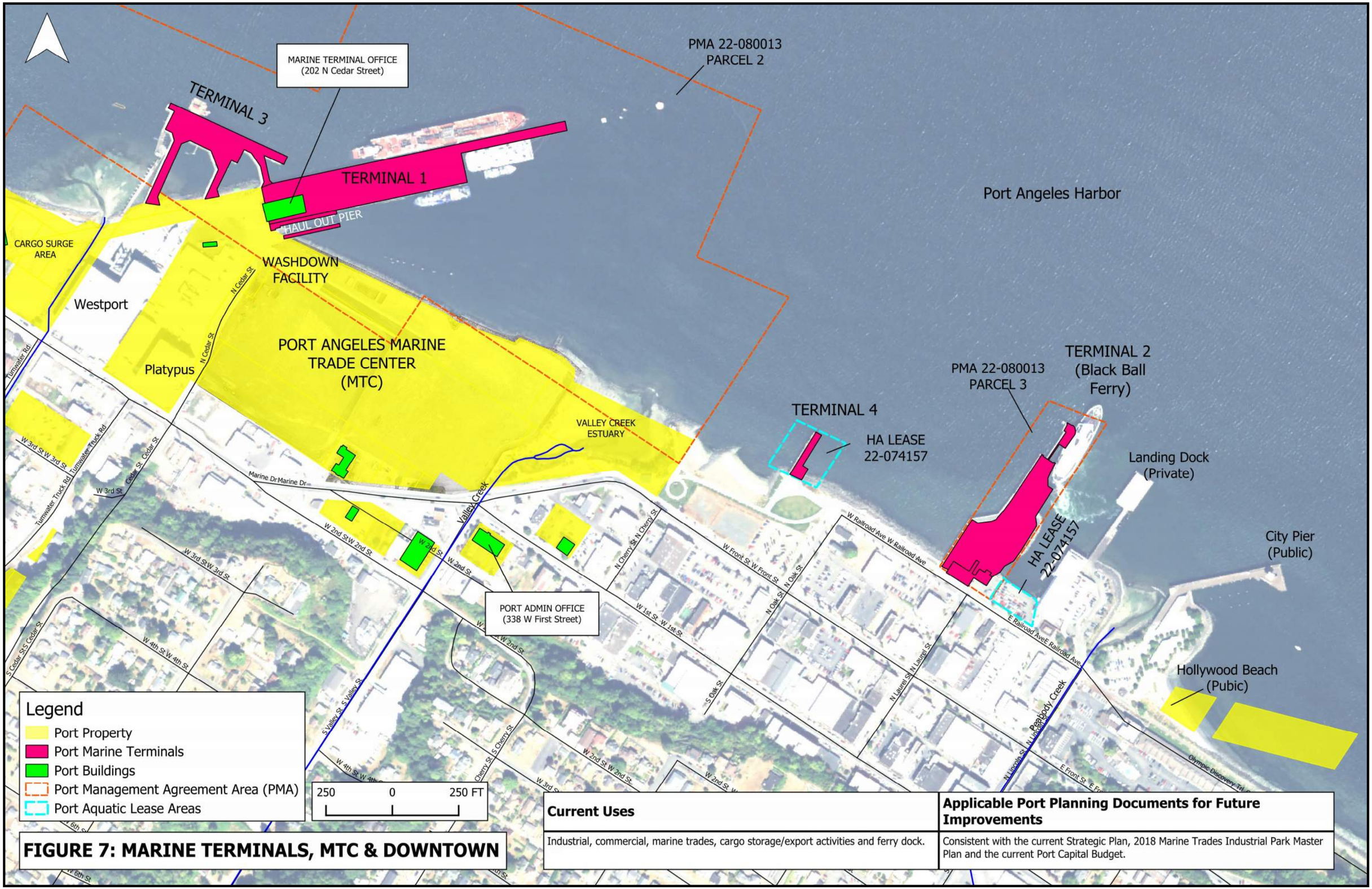



**FIGURE 7: MARINE TERMINALS, MTC & DOWNTOWN**

| 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. |

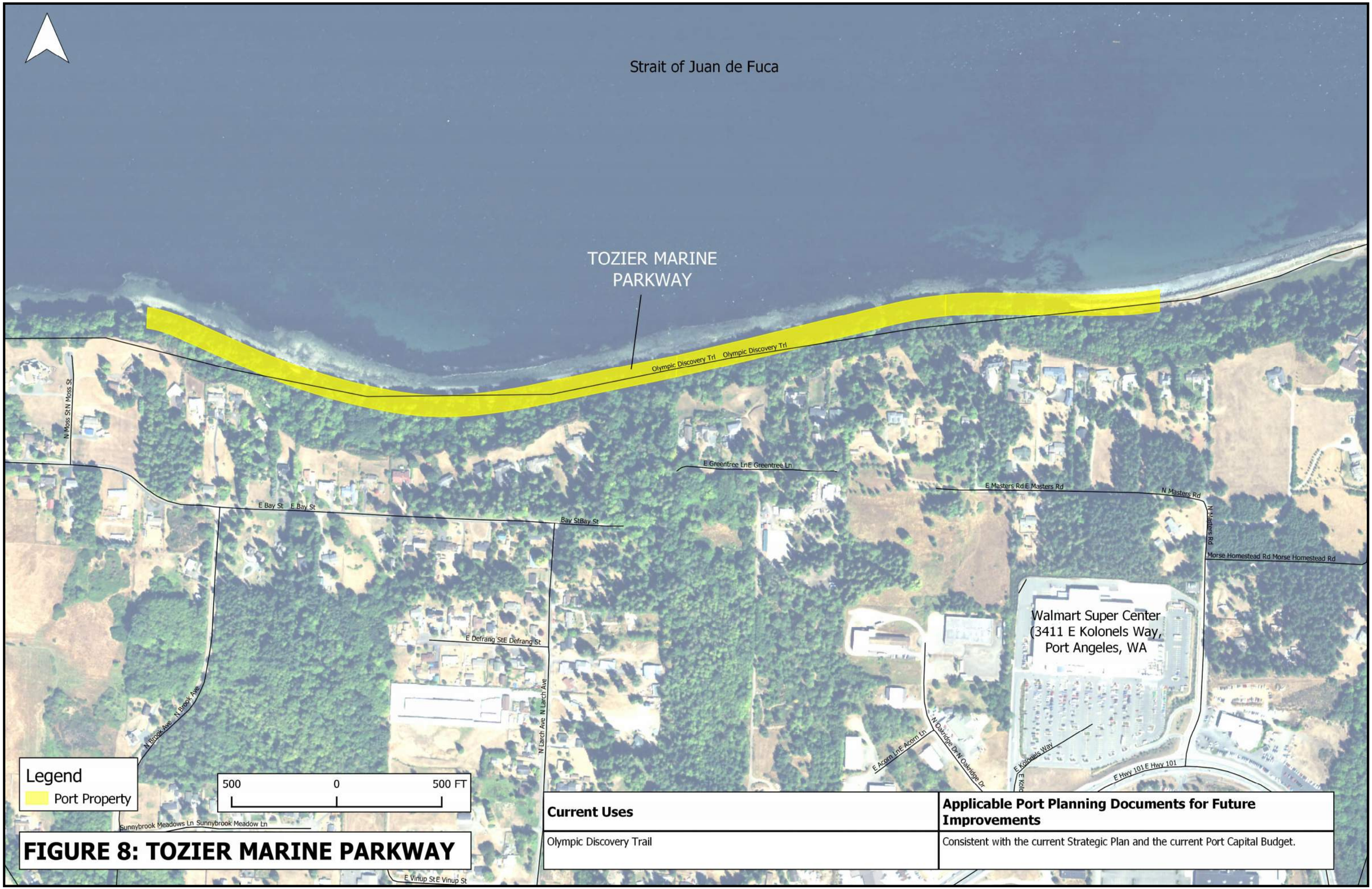
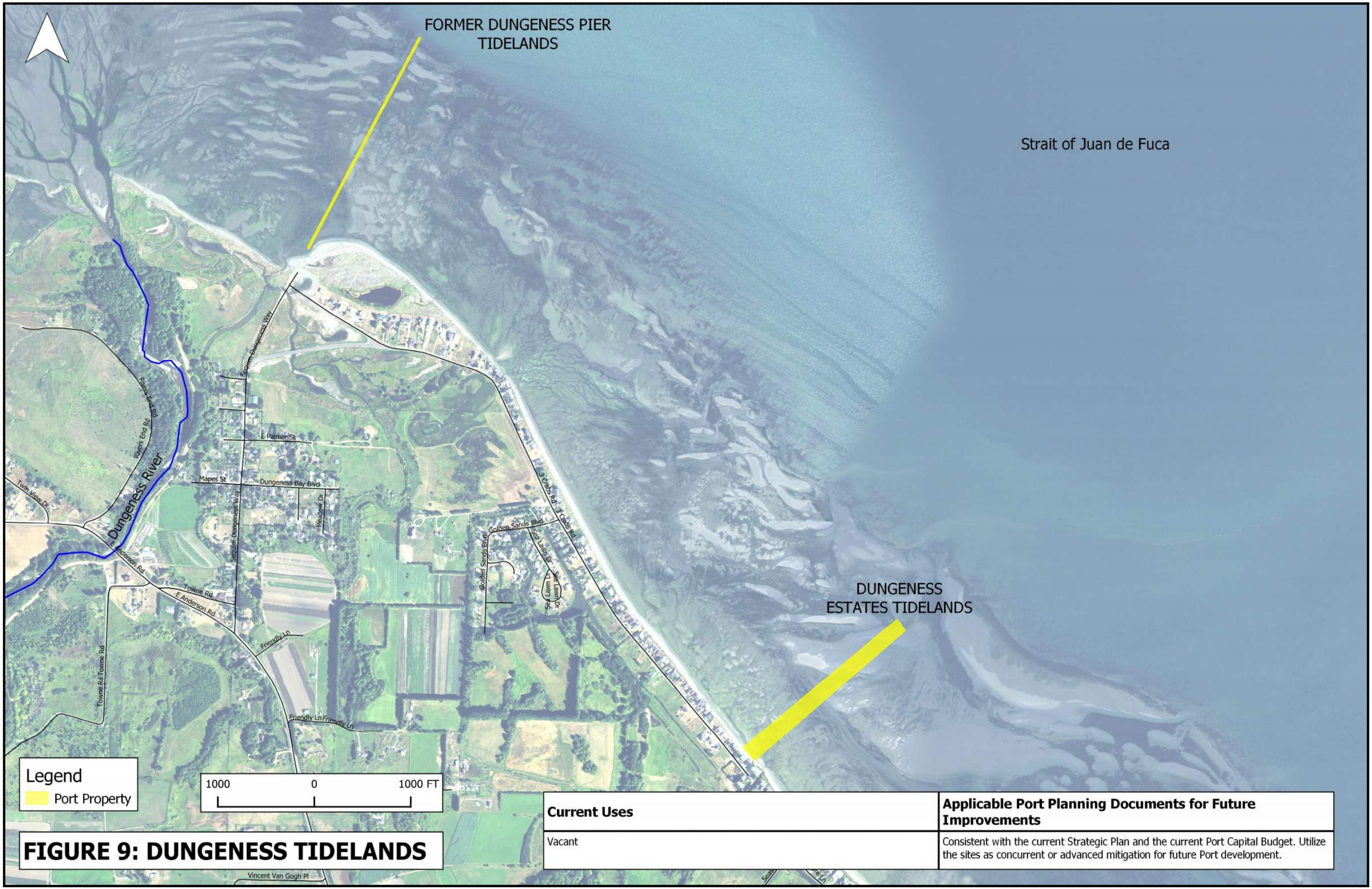



**FIGURE 8: TOZIER MARINE PARKWAY**

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




| 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 9: DUNGENESS TIDELANDS**

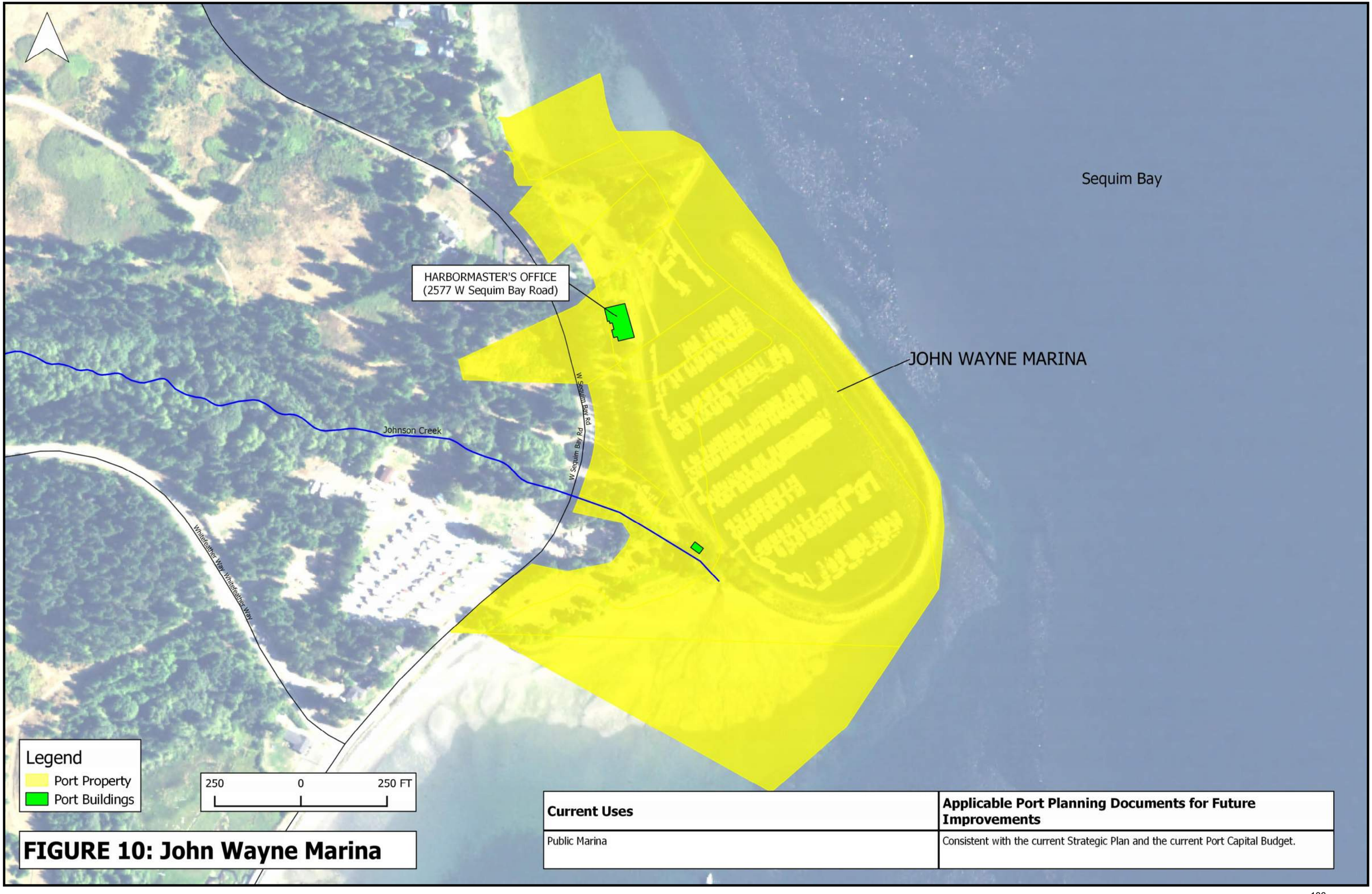



**FIGURE 10: John Wayne Marina**

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

**Future Agenda Items – Commission Meeting**

*11/10/2026*

November 17, 2026 (Special Commission Meeting)

- Close Public Hearing & Adopt 2027 Budget and Tax Levy

November 24, 2026 (Regular Commission Meeting) – ***Meeting Canceled***

December 8, 2026 (Regular Commission Meeting)

- October Financial Report
- Monthly Delegation of Authority Report
- Monthly Cash and Investment Report
- Log Yard Site & Stormwater Project – November Update
- Q4 Grant Update

December 22, 2026 (Regular Commission Meeting)

- November Financial Report

**Upcoming Events**

November 19-21: Pacific Marine Expo (Seattle, WA – Seattle Convention Center Arch Building)

December 2-4: International Workboat Show (New Orleans, LA)

December 9-11: Washington Public Ports Association (WPPA) Annual Meeting (Vancouver, WA – Hilton Vancouver)

**Future**

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