



TOWN OF FRIDAY HARBOR
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Mayor's 2021 Preliminary Budget Message

It is my great pleasure to present the citizens and Council of the Town of Friday Harbor with my proposed budget for the year 2021. I am now completing my third year as Mayor, and I must say this most unusual and challenging of years has certainly made the preparation of a budget for 2021 more complex.

The appearance of the COVID-19 pandemic has created many complications for Town operations. We anticipate a loss of revenues for 2020 of approximately \$500,000 in the General Fund, the majority of which comes from the loss of sales tax. With state orders barring non-essential travel, our hotels, inns and transient rentals were shut down for several months which devastated the Hotel/Motel Fund. Although we saw some recovery in June and July, the fund may lose 50% of its revenue for the year. The loss of monies in the General and Hotel/Motel Funds will impact expenditures in 2021.

Friday Harbor has been very fortunate as over the last several years we accumulated reserves in most of our funds. This limited the financial impact of 2020. Most notably, the Town has not yet had to lay-off or furlough any employees. The greatest setback has been the postponement of anticipated infrastructure improvements. The new pocket park on First Street and the completion of Nash Street were placed on hold as a result of revenue loss. The reconstruction of Mullis Street and the new roundabout at Mullis and Spring Streets have been postponed to this coming spring.

Even with the budget-related delays we did accomplish a number of projects in 2020. The repair and chip seal of Second Street was a great success and will preserve a highly traveled roadway for another decade. We completed a series of asphalt patching jobs throughout town that will make travel much safer in areas such as upper Spring Street, Foxhall, and Granny's Way. Thanks to grant funding from the Department of Commerce, we installed a 100-kW solar array behind the wastewater treatment plant which we anticipate will lower our power usage by as much as 12% on an annual basis. And speaking of the wastewater plant, we

continue our work on upgrading the operations there with the completion of both the tertiary filter and headworks construction. This was the first phase of what will be an additional \$14 million of improvements over the next three years.

The town looks better each year, and we continue to receive notice in local and national press about the cleanliness and beauty of the downtown core. The Arts Commission brought us the new Poetry Gardens in 2020, which add a new element in our efforts to celebrate the arts. We are anxious to have the new Ed Warbass statue installed in the next several weeks which will complete a three-year quest to honor this historic figure.

A Budget Message should also look to the future, and there are many projects and opportunities ahead of us. The aforementioned new pocket park adjacent to the Grange and the roadway improvements on Mullis Street and Spring will be completed next year. The Arts Commission is seeking a mural project for Blair Avenue. The County's decision to move forward with construction of a new facility on Beaverton Valley Road coincided with the Town's need for a larger public works facility. The Town has signed a purchase and sale agreement for acquisition of the County Public Works Shop on Guard Street. We hope to close this transaction by mid-2021 and will move our operations and equipment at that time.

As a result of fiscally conservative management over the last several decades, we continue to be solvent and secure because of the reserves we maintain in most funds. Kelle Wilson, Finance Director and elected Treasurer, continues our long history of appropriately managing reserves and upholding watchful stewardship. We are ever aware of the relationship between the quality of life and safety from the spread of COVID for those living on San Juan Island and the benefits of the revenue and jobs that tourism generates. Maintaining a healthy balance between these interests has made 2020 particularly challenging.

One of the more positive developments over the last several years has been the increase in housing stock—both owner-occupied and rental. We have seen over 130 units either completed or under construction in the last three years. There are another 50 units in the planning stages. While this is encouraging, we still face issues surrounding affordable worker housing in Friday Harbor. Increasing the housing pool will allow us to keep employees living in town where they work. With the passage of the County's Low-Income Housing Real Estate Excise Tax, there are additional tools available to relieve the housing pressures in the future. The County has already collected over \$2 million to put towards new projects.

I am proud of the efforts we have made as a community to find solutions we can all rally around, especially during this time of national discord, unrest, and fears arising from the pandemic. We have risen to the challenge. We are keeping ourselves free of the transmittal of COVID and have one of the lowest infection counts in the state. People here are wearing their masks and keeping socially distant, and we can see the results of this diligence. We must not let down our guard, but we must also welcome some level of safe reopening and a return to normalcy to preserve the businesses and jobs that we all depend on. I believe we can find the safe balance that allows us to move beyond the disruptive restrictions we have been living with.

We have distributed \$50,000 in state assistance to local businesses for rent relief and supplied additional resources to the Family Resource Center and the Friday Harbor Food Bank to help those that are struggling. We have also provided utility assistance to local businesses that were having difficulty during the early stages of the pandemic.

We plan to continue our programs for our spectacular flower baskets and banners this next year. I have asked that we continue to contribute towards our Fourth of July fireworks display in cooperation with the San Juan Island Chamber of Commerce and local sponsors. We must continue our longstanding support of the San Juan Islands Visitors Bureau as tourism dollars truly fuel our economy on so many levels.

I would like to sincerely thank our partners in the community that make Friday Harbor such a wonderful place. The Chamber of Commerce under Director Becki Day is an organization that we value, and we are proud to continue our financial support of their Visitor Information Center and Fourth of July programs. We also want to thank the Economic Development Council and Victoria Compton for their ongoing efforts to bring jobs and trades training to the community. This year the EDC has gone even further and organized a grass roots campaign to raise and distribute money to local businesses to keep them solvent and open. We need to thank the Visitors Bureau for their great work in promoting the town and all of the San Juan Islands. Thanks go to Island Rec and the San Juan Island School District for the programs and classes that provide our children with outstanding life experiences and for their collaborative efforts that have brought us the spectacular Linde Park. Lastly, I would like to thank San Juan County and the Port of Friday Harbor for their ongoing willingness to partner with the Town on many important issues and projects.

Thank you to all Town employees who have dedicated themselves to providing the highest quality services to the citizens, businesses, and ratepayers in our community in the midst of the disruption and uncertainty. We are blessed to be the best place to live in Washington State.

A handwritten signature in blue ink that reads "Farhad Ghatan". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Farhad Ghatan, Mayor
Town of Friday Harbor