

**PORT OF BENTON  
COMMISSION MEETING MINUTES  
JUNE 12, 2019**

**A. CALL TO ORDER:** The regular monthly meeting was called to order at 8:30 a.m. at the Port of Benton Commission Meeting Room, 3250 Port of Benton Boulevard, Richland, Washington. Present were Commissioners Jane F Hagarty, Roy D. Keck and Robert D. Larson. Staff members present included Interim Executive Director, Diahann Howard, PPM®; Director of Special Projects, John Haakenson; Director of Airports, Kevin Howard, CM; Director of Operations and Maintenance, Adam Morasch; Director of Real Estate, Teresa Hancock, Administrative Assistant, Kelly Thompson; Director of Communications and Marketing, Wally Williams and Port Counsel, David Billetdeaux. Also, in attendance were Roger Wright, Terry Christensen, Bill O’Neil, Lee Unterwegner, Ben Hoppe and Michael Fredrickson.

**B. PLEDGE OF ALLEGIANCE:** Diahann Howard led those present in reciting the Pledge of Allegiance

The Interim Executive Director introduced the Port’s new Director of Operations and Maintenance, Adam Morasch.

**C. CURRENT BUSINESS:**

**1. CONSENT ITEMS: A motion was made by Commissioner Jane Hagarty, seconded by Commissioner Larson and unanimously passed by the Commission approving the May 8, 2019, Commission Meeting Minutes, the May 24, 2019, Special Commission Meeting Minutes and Resolution 19-11 Amending Quit Claim Deed from TRIDEC to the Port of Benton.**

The Interim Executive Director explained the Director of Finance will be providing a summary sheet along with monthly financials and showing the expenses approved during the previous month’s meeting on the consent agenda. She also stated today’s amounts reflected a typical monthly expense total. This will provide a better flow to Commission Meetings and is typical with local cities’ and counties’ procedures.

**A motion was made by Commissioner Jane Hagarty, seconded by Commissioner Robert Larson and unanimously passed by the Commission to approve general warrants for the month of May 2019, totaling \$954,319.03 and to approve payroll expenditures for the month of May, 2019, totaling \$157,589.73.**

**2. UNSCHEDULED BUSINESS/VISITORS:** Bill O’Neil publicly thanked the retired Executive Director Scott D. Keller, PPM® for his 29 years of service at the Port of Benton. He also asked the Commissioners why Mr. Keller retired. The Commission replied it was Mr. Keller’s decision to retire. Richland Mayor Pro-Tem, Terry Christianson also thanked Scott Keller for his service and complimented the Commission on their choice for the Interim Executive Director. He thanked the Port Commission and staff for attending the Open House for the City of Richland’s new offices on Monday.

**3. PUBLIC HEARING ON SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM:**

A Public Hearing was opened at 8:43 a.m. to accept public comment on the Six Year Transportation Improvement Program for the years 2020 through 2025, inclusive. Roger Wright explained the process for creating the list each year. He stated the projects must be on the list in order to qualify for federal and some state funding. Item #16, Rail Bridge Crossing and maintenance improvements, to replace timber decks and ties on the Yakima River Railroad Bridge, Berry's Railroad Bridge and Jadwin signalized crossing, has been added to the list. Mr. Wright explained that Item #4, Battelle Boulevard Traffic Signal Upgrade, the last signal to be updated for a non-clock timer control, should be deleted from the list. The City of Richland recently advised they will be removing the traffic signal at Battelle Boulevard and George Washington Way, as part of their George Washington Way Improvement Project planned for later this summer.

Commissioner Keck asked for public comment. Mayor Pro-Tem, Terry Christianson asked about the Snyder Street connection to SR240. Roger Wright stated that Snyder Street may be extended underneath the rail tracks in the future for safety and convenience.

The Public Hearing was closed at 8:59 a.m.

**4. RESOLUTION 19-10: SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM: A Motion was made by Commissioner Robert Larson, seconded by Commission Jane Hagarty and unanimously passed by the Commission approving Resolution 19-10, with the removal of Item #4, deleting the Battelle Boulevard traffic signal, as the City of Richland plans to remove it, Accepting the Port's Six Year Transportation Improvement Program for the Years 2020 through 2025, inclusive.**

**5. PUBLIC HEARING ON THE ADVISABILITY OF DECLARING PROPERTY EXCESS TO THE FUTURE NEEDS OF THE PORT OF BENTON AND THE ADVISABILITY OF SELLING OR CONVEYANCE OF REAL PROPERTY OWNED BY THE PORT:** A public Hearing was opened at 9:00 a.m. to accept public comment of the advisability of declaring property excess to the future needs of the Port of Benton and the advisability of selling or conveyance of real property owned by the Port. The real property is located within the Port's Technology and Business Campus (TBC), amending the Ports Comprehensive Plan of Improvements. The Director of Real Estate explained the need for the removal of the parcels from the Industrial Development District (IDD), so that the Port may market the property for purchase to further promote economic objectives.

Commissioner Keck asked for public comment. No public comment was received.

The Public Hearing was closed at 9:02 a.m.

**6. RESOLUTION 19-13, AMENDING THE PORT'S COMPREHENSIVE PLAN: A Motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission Approving Resolution 19-13, Amending the Port's Comprehensive Plan of Improvements for the Technology and Business Campus (TBC).**

**7. PUBLIC HEARING ON THE ADVISABILITY OF DECLARING PROPERTY EXCESS TO THE FUTURE NEEDS OF THE PORT OF BENTON AND THE ADVISABILITY OF SELLING OR CONVEYANCE OF REAL PROPERTY OWNED BY THE PORT:** A public hearing was opened at 9:03 a.m. to accept public comment on the advisability of declaring property excess to the future needs of the Port of Benton and the advisability of selling or conveyance of

real property owned by the Port. The property is located within the Port's Richland Innovation Center (RIC) amending the Port's Comprehensive Plan of Improvements. The Director of Real Estate explained the need for the removal of the parcels from the Industrial Development District (IDD), so that the Port may market the property for purchase and further promote economic objectives.

Commissioner Keck asked for public comment. No public comment was received.

The Public Hearing was closed at 9:05 a.m.

8. **RESOLUTION 19-12, AMENDING THE PORT'S COMPREHENSIVE PLAN: A Motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by Commission Approving Resolution 19-12, Amending the Port's Comprehensive Plan of Improvements for the Richland Industrial Center (RIC).**
9. **RESOLUTION 19-14, ENERGY NORTHWEST TRANSFER/EXCHANGE:** The Interim Executive Director explained Energy Northwest constructed a building on 3.38 acres in the late 1970s on Port land. They now wish to exchange the leased land with land owned by Energy Northwest one block north offering exchange for a 4.60-acre parcel of land that better suits the Port's needs to further economic development. It was noted this is a land transfer/exchange and does not involve a dollar amount.

**A Motion was made by Commissioner Jane Hagarty, seconded by Commissioner Robert Larson and unanimously passed by the Commission Approving Resolution 19-14, for the Energy Northwest Land Transfer/Exchange, not involving any dollar amount.**

10. **PROSSER AIRPORT GRANT APPLICATION:** The Director of Airports advised the Port wishes to apply for a Federal Aviation Administration (FAA) grant application for Prosser Airport East End Hangar TL (Design Only) project, and is seeking approval prior to application, so when Federal Aviation Funds are secured, the Port is ready to proceed with the project.

**A Motion was made by Commissioner Jane Hagarty, seconded by Commissioner Robert Larson and unanimously passed by the Commission Authorizing the Interim Executive Director to execute all necessary documents to apply for FAA funds for the design project for the Prosser Airport East End Hangar (Design Only).**

- D. **COMMISSIONER COMMENTS: A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission approving Resolution 19-16, Honoring retiring Executive Director, Scott D. Keller, PPM®, for his years of service.**

Commissioner Robert Larson commented on the many accomplishments of the retiring Executive Director.

Commissioner Hagarty commented on her attendance at the Prosser Economic Development Association (PEDA) board meeting. She also stated the former Shopko building, located in Prosser, may have another user.

Commissioner Keck commented on his attendance at the Washington Airport Management Association's Spring Conference held last week and thanked the Director of Airports for his efforts and dedication.

- E. COUNSEL COMMENTS:** Counsel advised he would likely provide a draft policy for conference room usage at the July Commission Meeting, for review and possible adoption at the August Commission Meeting. He is also reviewing gifting policies which have not been updated to reflect the new rules from the State Auditor since a 1987 Attorney General (AG) opinion regarding BBQ's, receptions, and celebrations. These events need to be reviewed in order to determine if they are truly serving the Port's purpose of economic development. The Director of Marketing has provided an updated list of Port Summer Events functions including Port staff levels of participation and cost commitments. The Port will evaluate on a case-by-case basis which of these functions are appropriate to continue or to transition out of in the future.

He also discussed the recent Union Pacific (UP) 83-car train that sat on the SR240 blocking traffic for approximately one hour. The TCRY and the UP have been contacted and there was a communication problem between the usage of either cell phones or two-way radios.

Counsel also stated that MJ Hughes Company has agreed to correct the shims issue on the Columbia Park Trail Railroad Bridge at no cost to the Port. Additionally, the Port will cover the cost of traffic control for the road closure under the Columbia Park Railroad Bridge and will submit to David Evans & Associates for reimbursements for any traffic control costs.

- F. INTERIM EXECUTIVE DIRECTOR COMMENTS:** The Interim Executive Director discussed Resolution 19-15 Land Sale, Richland Innovation Center (RIC) for 5.32 acres, to Summerlin Desert, LLC. The offer Letter of Intent to purchase Lot 29 was received in March with power line undergrounding or relocation contingency. Staff agrees the proposed development is consistent with the neighboring uses and a catalyst to initiate economic stimulus within the RIC. The offer to purchase is at Fair Market Value at \$3.50 per square foot. The Development proposed is similar to Garage Town in Kennewick, 55,000 square feet of RV/boat storage space along with 38,000 square feet of industrial/flex space. The initial development plan has been modified slightly to reflect: creation of 83 direct jobs and 203 indirect jobs; project costs are \$7,519,809 (including land purchase), purchaser contingency, is the relocation of overhead power lines running through the east side of the parcel (City/Port). The offer is in the amount of \$3.50 per square foot, \$803,464 cash at closing (earnest money deposit of \$25,000), seller to coordinate the relocation of power lines on east side of parcel with the City of Richland estimated to be \$80,000 and finder's fee of 3% paid to Preferred Properties of Walla Walla. The net amount to Port, excluding share of closing fees, \$700,000 (+/-).

**A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission approving Resolution 19-15, Land Sale, Richland Innovation Center (RIC) for 5.32 acres, to Summerlin Desert, LLC. The initial development plan has been modified slightly to reflect: 55,000 square feet of RV/boat storage and 38,000 square feet of industrial/flex space. Project costs are estimated at \$7,519,809 (including land purchase), purchaser contingency, is the relocation of the overhead power lines running through the east side of the parcel (City/Port). The offer is in the amount of \$3.50 per square foot, \$803,464 cash at closing (earnest money deposit of \$25,000), seller to coordinate the relocation of power lines on east side of parcel with the City**

**of Richland estimated to be \$80,000 and finder's fee of 3% paid to Preferred Properties of Walla Walla. The net amount to Port, excluding share of closing fees, \$700,000 (+/-).**

The Interim Executive Director discussed the Veolia Nuclear Solutions request for a lease extension which exceeds five years. They have been a tenant since 2015 and occupy 20,941 square feet of mixed-use space; office/commercial, R & D and industrial warehouse space. They have requested to consolidate varied technologies into the 2345 Stevens Drive Location, serving as their North America Global Headquarters, initial term expires 08/31/19 and includes (2) one-year options renewal terms, rent, excluding pro-rated utilities, leasehold excise tax, at \$19,423.12 per month or \$233,077 per year. The request is to modify by amendment the annual option terms to (3) three-year terms based upon tenant obtaining necessary local, state and environmental permitting for technology base, rent remains unchanged for initial three-year term, beginning September 1, 2019 (substantial tenant improvements), rent adjustments: Option Term 1 (Fair Market Value), Option Term 2-3 (CPI or FMV), tenant is required to provide plans for approval prior to any construction-improvements are tenant's sole cost/responsibility, if lease is terminated, tenant agrees to restore the property (interior/exterior) to original condition or as agreed.

**A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission authorizing the Interim Executive Director to execute the necessary documents for the Veolia Nuclear Solutions request a lease to modify by amendment the annual option terms to (3) three-year terms based upon tenant obtaining necessary local, state and environmental permitting for technology base, rent remains unchanged for initial three-year term, beginning September 1, 2019 (substantial tenant improvements), rent adjustments: Option Term 1 (Fair Market Value), Option Term 2-3 (CPI or FMV), tenant is required to provide plans for approval prior to any construction-improvements are tenant's sole cost/responsibility, if lease is terminated, tenant agrees to restore the property (interior/exterior) to original condition or as agreed.**

The Interim Executive Director requested approval of the new ground lease (exceeding five years) in order to meet proposed sale closing date at the end of June for Riversedge Investments, LLC, Aric and Dan Ellis, for purchasing the building improvements on leasehold property (Croskrey Brothers Properties, LLC), located at 2365-2395 Lindberg Loop, the ground lease consists of .80 Acres and will be for a 30-year term (initial ten years, plus (2) ten-year option renewal terms. Annual ground rent will be \$4,877.74, plus leasehold excise tax, security deposit (one year) in the amount of \$5,505.04. The lease with the Croskrey Brothers Properties, LLC, will be terminated in the amount of \$1,989.24, plus leasehold excise tax per year to coincide with sale closing.

**A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission authorizing the Interim Executive Director to execute the necessary documents for the new ground lease (exceeding five years) in order to meet proposed sale closing date at the end of June for Riversedge Investments, LLC, Aric and Dan Ellis, for purchasing the building improvements on leasehold property (Croskrey Brothers Properties, LLC), located at 2365-2395 Lindberg Loop, the ground lease consists of .80 Acres and will be for a 30-year term (initial ten years, plus (2) ten-year option renewal terms. Annual ground rent will be \$4,877.74, plus leasehold excise tax, security deposit (one year) in the amount of \$5,505.04. The lease with the Croskrey Brothers Properties, LLC will be terminated in the amount of \$1,989.24, plus leasehold excise tax per year to coincide with sale closing.**

The Interim Executive Director provided the Maritime Administration (MARAD) and General Services Administration (GSA) update for the Port's Richland Innovation Center (RIC) property. Resolution 19-08 was approved in March, authorizing the submittal of payment up to \$3.45M, for the Port's RIC property (\$60K provided in advance and a percentage will come back to the Port, no restriction on resale by the GSA). The Port received two appraisals (\$2.75M and \$3.45M, the average equaled \$3.10M. The final price negotiated is \$3M. She advised of pending sales estimated to bring the Port \$2M by year end. Additional pending sales estimated value at \$2.23M. This would leave 9.25 acres for purchase and sale or lease and four to five acres for future planning projects.

The Interim Executive Director further discussed the marketing analysis the Port is beginning. The Port's \$6,000 support to Water Follies will be transferred to another company and the Port will be refunded in full.

#### **G. STAFF INFORMATION REPORTS:**

**COMMUNICATIONS AND MARKETING:** The Director of Communications and Marketing briefed the Commission on the following upcoming events: The Richland Airport Aviation Celebration, Scottish Festival and Cool Desert Nights.

**GRANTS:** The updated copy of the Grants Status report was reviewed. The Interim Executive Director stated the Port has received a state grant for \$2M for railroad bridges funding. The scope of work and contracts are being put in place.

**GOVERNMENTAL AFFAIRS:** The Interim Executive Director provided an update on her projects. She stated that she, the Director of Airports and the Port's engineer met briefly with representatives from the Federal Aviation Administration (FAA) at the recently held Washington Airport Management Association (WAMA) conference.

#### **H. SITE PROJECTS UPDATE:** The Commission was briefed on the Technology and Business Campus, Tri-Cities Enterprises Center Building, Richland Business Park, Railroad, Richland Innovation Center, Richland Airport, Prosser Airport, Prosser Wine and Food Park, Prosser Vintners' Village, Walter Clore Wine and Culinary Center, Benton City Downtown Properties and Crow Butte Park.

The Director of Airports provided an update on the status of the Prosser Airport Master Plan Update and timeline for completion. He stated he met with both FAA and Washington State Department of Transportation (WSDOT) representatives at the recently held WAMA Conference. There is a piece of property near the Prosser Airport which the Port will pursue for purchase. The property is not currently eligible for reimbursement, but the Port will follow the FAA guidelines and pursue reimbursement at a later date. The Airport Layout Plan (ALP) has been submitted to the FAA for airspace review. JUB Engineers is finalizing the closeout documents and the Port will submit to the FAA next week.

The Director of Special Projects provided an update of the Marv Bonney clean up site. The Port and Shannon & Wilson, Inc. have requested and received an update from the Department of Ecology on the potential close out on this site. Department of Ecology is requiring one additional

year of sampling for arsenic. If the next year's testing shows favorable results, the Port will be able to close out the project with only a restriction covenant on the building pad.

The Interim Executive Director thanked the Director of Airports, the Director of Special Projects and Administrative Assistant for their support and efforts in coordinating the WAMA conference.

Roger Wright stated as part of the recent short Plat of the 5.32 acre parcel south of Curie Street and west of Fermi Avenue, the Port is required by the City of Richland to provide an access and utility easement on Curie Street, and a ten foot utility easement on the east and north borders of the 5.32 acre parcel. This will allow further development of the site and is required by the City for short plat approval.

**A motion was made by Commissioner Jane Hagarty, seconded by Commissioner Robert Larson and unanimously passed by the Commission authorizing the Interim Executive Director to execute the necessary documents for the Public Access and Utility Easement on Curie Street and the ten foot Utility Easement on the 5.32-acre Short Plat parcel.**

Roger Wright discussed a recent request from a large contractor to store de-icer and dust control liquid in tanks on 28.6 acres of property south of the Port's 1,341 acres located adjacent to Stevens Drive. The request consists of three components: (1.) Tank storage, (2.) 600 feet of rail track spur; and for (3). The Port's consideration of building the track spur. Tanks would be approximately 12 feet high and sit below the grade and approximately only the top foot would be visible from the street. This parcel of land is well suited for this request as 160 feet are encumbered by City of Richland and Bonneville Power Administration power lines. Commissioners were in agreement to continue work out a suitable site plan on this project.

- I. PORT FINANCIAL ISSUES:** Vouchers audited by the Auditor as required by RCW42.24.080 and certified expense reimbursement claims as required by RCW 42.24.090 have been recorded on a listing, which has been made available to the Port Commission. As of this date, June 12, 2019, Port Commission by unanimous vote approved for payment those vouchers included in said listing and further described as follows: Payroll Warrants numbered 05019 through 05119 totaling \$114,251.67, additionally 941 payroll tax deposits for the month total \$43,338.06 and General Expense Warrants numbered 07096 through 070945 totaling \$954,319.03 from the General Expense Fund.
- J. EXECUTIVE SESSION:** The regular Commission Meeting was recessed at 11:21 a.m. and an Executive Session was convened to discuss Real Estate Negotiations pursuant to RCW 42.30.110 (l)(c), On-going and/or Potential Litigation pursuant to RCW 42.30.110 (l)(i) and Personnel Matters pursuant to RCW 42.30.110 (l)(g). The Commission announced the Executive Session would last no longer than forty (40) minutes. The Executive Session was adjourned at 12:01 p.m. and the regular Commission Meeting was reconvened.
- K. ADJOURNMENT:** With no further business, the meeting was adjourned at 12:01 p.m.

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Robert D. Larson  
Commission Secretary