

**PORT OF BENTON  
COMMISSION MEETING MINUTES  
OCTOBER 11, 2022**

**A. CALL TO ORDER:** The regular monthly meeting was called to order at 8:32 a.m. at the Port of Benton Commission meeting room, 3250 Port of Benton Boulevard, Richland, Washington

**PRESENT:** Commissioner Christy L. Rasmussen; Commissioner Roy D. Keck; Commissioner Lori Stevens; Executive Director, Diahann Howard, PPM®; Port Attorney, David Billetdeaux; Public Information Officer, Summers Miya; Director of Finance, Danielle Connor; Director of Marketing, Wally Williams; Director of Facilities & Operations, Ron Branine; Jeramy Schultz, Benton City Subway

**The following attendees attended via remote communications:** Contract Specialist, Sheri Collins; Bryan Condon, Century West Engineering; Director of Real Estate, Teresa Hancock; Senior Accountant, Veronica Serna; Accounting Clerk, Liz Renz

The Commission meeting and public hearing were noticed as required by RCW 42.30.070.

**B. PLEDGE OF ALLEGIANCE:** Commission Secretary, Lori Stevens led those present in reciting the Pledge of Allegiance.

**C. CONSENT AGENDA:**

**A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving the agenda for the October 11, 2022, Commission meeting, approval of minutes from the September 14, 2022, Commission meeting, approval of vouchers and certifications, including payroll, for the month of September totaling \$1,212,786.46, and approval of project vouchers and certifications for the month of September totaling \$246,130.13.**

**D. PUBLIC COMMENT:**

There were no comments from the public.

**E. PUBLIC HEARING**

Commission President Christy Rasmussen opened the public hearing at 8:36 a.m.

**1. 2023 Port of Benton Proposed Budget**

Director of Finance/CPA, Danielle Connor announced that any updates discussed at the previous day's Budget Workshop were made and the 2023 proposed budget was current on the Port website and available for pickup in the office.

## **2. 2023 Comprehensive Plan of Harbor Improvements**

Executive Director, Diahann Howard highlighted slight updates that were made to the 2023 Comprehensive Plan of Harbor Improvements per the previous day's Workshop and noted that the draft plan was posted on the Port website and available for pickup in the lobby.

Howard added that changes included slight mapping changes and the addition of Washington VERTICAL.

Commission President Christy Rasmussen closed the public hearing at 8:39 a.m.

## **F. ITEMS OF BUSINESS**

### **1. Tenant Spotlight, Jeramy Schultz – Benton City Subway**

Port tenant, Jeramy Schultz of the Benton City Subway thanked the Commission for the opportunity to present his business and provided a brief history of his companies, which included his kettle corn popcorn business as well.

Schultz explained that he opened the Subway store in 2018, after obtaining franchise rights in 2017, and the store fared well during the pandemic, due to being quick service. Schultz added that his popcorn business could not operate for a year and a half but started working on the opening of the new kettle corn store during the pandemic.

Schultz added that Subway is as busy as ever but has had to raise prices twice in 2022 due to skyrocketing labor and product costs. Schultz stated that the market has been stable but has been difficult to obtain certain products.

Schultz stated that the Benton City Subway has been one of the largest investments in downtown Benton City and commented that the need for a second bridge in Benton City is great.

Schultz encouraged all to follow the popcorn store on social media for updates on flavor of the week.

### **2. 2022 Contract Amendment for RGW Enterprises/Engineering Increase from \$140,000 to \$210,000**

Executive Director, Diahann Howard stated that 2022 has been the biggest year of capital projects in Port of Benton history and engineer, Roger Wright has worked tirelessly on all Port projects throughout the year. Howard reminded the Commission that Wright had requested to work three days a week in 2022 but has had to work five – seven days a week to keep up with project demands. Howard added that 2022 projects have included the numerous rail projects (Van Giesen and Cemetery/Swift), taking over the rail operations, airport electrical project, White Bluffs building project, plus numerous grant applications and the prep work for the 2023 projects, which include RIC projects using .09 funding, and preparing for the SR 240 crossing and rail grants. Howard added that Wright has provided a tremendous resource to the Port and community for over 20 years and as Wright moves towards retirement, the Port is looking to attend recruitment events in an effort to backfill for this position and provide time for Wright's mentorship of the new hire.

Howard requested an additional \$70k to the RGW Enterprises contract, which would amend the contract from \$140,000 - \$210,000.

**A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving a contract amendment for RGW Enterprises/Engineering increase from \$140,000 to \$210,000.**

**3. Resolution 22-32, Interlocal Cooperative Agreement between City of Richland – Port of Benton for Railroad Maintenance**

Port Attorney, David Billetdeaux noted that Resolution 22-32 approves the interlocal agreement with the City of Richland and the Port of Benton regarding shared railroad maintenance. Billetdeaux noted that per the agreement, the City and the Port can combine railroad maintenance work into combined projects when City and Port staff determine the approach to be in Jurisdiction's best interest and enable dispatching the City's qualified railroad maintenance staff to accomplish limited short-duration railroad maintenance and repair work on Port track.

**A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving Resolution 22-32, approving the cooperative agreement between City of Richland – Port of Benton for railroad maintenance.**

**4. Resolution 22-33, Consent to Assignment, Waters to IFMA, LLC / Jerry Ivy**

Director of Real Estate, Teresa Hancock shared a map of the property described in Resolution 22-33, adding that the parties entered a ground lease in 1977 with Sigma Financial Group, of which the lease was assigned to E. Dale Waters Trustee and furthermore to Sanborn III LLC, later to Norma Waters Trustee in 2012.

Hancock added that the ground lease site is 1.57 acres, and commonly referred to as 3160 George Washington Way. The property formerly known as Sigma 3 of the 4 Sigma facilities, is bordered between George Washington Way and Port of Benton Blvd. Markel Sigma properties are adjacent to the west and north. The port owns the remaining Sigma parcel/improvements in the northwest quarter of block, currently occupied by PNNL/Battelle.

Hancock explained that Norma Waters Trustee obtained the property in 2012 upon the passing of her husband. The current lease is 25 years, with two 10-year renewal terms and includes a five-year CPI rent adjustment provision. In 2020, Hancock added that the lease was brought to fair market value and acreage adjusted to accurate, and then current appraisals as a baseline going forward.

Hancock stated that the Port received notification on behalf of Norma Waters in May 2022, requesting consent to assignment with a viable sale of the leasehold improvements. The Port received a copy of a executed Purchase and Sale Agreement between Norma Waters Trustee to IFMA, LLC / Jerry Ivy, requiring formal board approval of such consent prior to assignment of lease. The terms were updated with a change in ownership. Assignment of Lease is effective November 1, 2022; however, term of agreement remains unchanged (July 1, 2012 – June 30, 2037). The lease modification includes two 10-year renewal terms. Hancock explained that the annual ground rent is \$19,484.47 plus LET (\$22,397.01). Hancock added that at closing, October 31, 2022, lease rent \$59,725.36 would be received and consists of; the remaining 2022-23 term, first full year ground rent (minimum per RCW), one-year security (minimum per RCW), Section 10 (Reversion Clause/Ownership of Improvements), Section 11 (Assignment and Subletting Provision).

Hancock added that the sale and use is consistent with prior requests and the purchaser is viable and solvent to request consideration for this assignment request.

**A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving Resolution 22-33, authorizing the consent to assignment from Norma Waters Trustee to IFMA LLC, Jerry Ivey.**

#### **5. Resolution 22-34, Westinghouse Electric Co. Renewal Lease Agreement**

Executive Director Diahann Howard explained that the team has been working on this agreement for quite some time and there are minimal administrative leasing items to complete before the document is complete. Howard stated that consultant Ashley Garza created correct exhibit maps related to this lease and the issue with the asphalt hump on the property has been resolved and therefore, has been removed from the lease entirely, with some asphalt work remaining to be completed by 2024. Howard presented a map of the area and highlighted a decommissioned area facility in which all Port staff have been advised to not enter for safety purposes.

Howard explained that the original leasehold ground lease was between Capital Development Corporation (CDC) and the Port, and the Port purchased the improvements from the CDC and implemented a new lease with Westinghouse in 2017. Howard noted that the original lease commenced July 1, 2017, with one-year automatic renewal terms, expiring January 31, 2023. Howard added that bankruptcy reorganization has been completed allowing for a new lease to be considered.

Howard noted that the parties occupy 8.23 acres overall and constructed all leasehold improvements on property with revenue received for total of 15,660 sf, consisting of Building A (administration), and Building D (warehouse). Total of all buildings is 50,943 sf occupied by lessee and maintained through end of lease.

Howard explained that the new lease is effective October 21, 2022, with no term changes until the next term month, February 1, 2023. The new lease is a five-year duration, plus two five-year renewal terms. Howard highlighted the base rent of the buildings at \$24,142.50 plus LET / month and the land at \$4,809.64 plus LET/month.

Howard noted that there will be annual CPI adjustments, fair market value adjustments and security deposits of \$108,526.71. The lease term duration exceeds five years, and therefore outside the executive director's delegation authority and is being presented for board approval.

**A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck and unanimously passed by the Commission approving Resolution 22-34, authorizing the lease agreement with Westinghouse Electric Co., contingent upon any necessary administrative changes.**

#### **6. Adoption of Alternate Dates for Final Budget**

Port Attorney, David Billetdeaux explained that state statutes set a specific timeline for how ports notice and adopt their budget, but then provide an opportunity for ports to revise the statutory dates to align with their own timelines and local requirements.

Billetdeaux explained that the budget was presented today in a Public Hearing and would be available on the port website and in the office with the final adoption of the budget and comp plan taking place on Tuesday, November 8 during a public hearing, which was noticed. This date will still allow for all documents to be properly sent to the County prior to the December deadline.

**A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving the adoption of the alternate dates for final budget.**

## **7. Discussion of Termination of Resolutions 20-17 (Emergency Declaration) and 20-18 (Emergency Powers Delegation to Executive Director)**

Port Attorney, David Billetdeaux stated that the state of Washington was planning to end their emergency declarations at the end of the month and the Port was following in-line with the state, adding that these resolutions provided emergency powers to the Executive Director in the case that meetings could not be held due to the COVID-19 pandemic. Billetdeaux asked for termination of Resolution 20-17 and 20-18.

## **F. INFORMATION REPORTS**

### **1. Grants Update**

Executive Director, Diahann Howard provided further updates on the projects featured on the October grants report.

- Railroad Improvements/FRAP Grant – Application has been submitted for \$1M grant and \$250k Port match with a verbal affirmation.
- Washington State Department of Commerce Industrial Site Readiness – In review and discussions, possibly timing issue.
- Consolidated Rail Infrastructure & Safety Improvement (CRISI) – Over \$1.4B federal funding available, first time offered, 80% federal dollars with 20% Port match. Port to request \$8M (\$2.4M match). Update in spring 2023.

### **2. Rail Update**

Public Information Officer, Summers Miya provided a communications update on the recently completed Cemetery/Swift Blvd. railroad crossing construction project.

Miya shared an image of the crossing prior to replacement, which displayed the deteriorated condition of the crossing.

Miya shared visuals of the pre-project communication involved in the project, including two press releases, eNews and social media outreach. Miya featured screenshots of social media posts from community partners and highlighted the difficulties encountered related to the cemetery choosing to not open the back entrance to community members who sought to gain access of the cemetery throughout the project. Miya explained that engineer, Roger Wright personally escorted numerous individuals into the cemetery throughout the weekend.

Miya highlighted positive comments received, praising the Port for taking action on the rail crossing replacement projects.

Miya shared communication highlights during the project, which included social media posts and story updates daily and throughout the duration of the project, which was completed before schedule and reopened to the public on Sunday late afternoon, rather than Monday at 6 a.m. Miya displayed some of the positive feedback received in lieu of project completion.

Miya featured media pick-up of the project, which included the WPPA News Roundup, KNDU, Fox 11 and Journal of Business.

Miya shared a letter of gratitude from Pat Hollick, of Sunset Gardens, who complimented Roger Wright on his dedication during the rebuild process and thanked the Port for repairing the crossing.



### **3. 2022 Year to Date Budget Status Report**

Director of Finance/CPA, Danielle Connor provided an overview of the 2022 year to date budget status report.

Connor stated that 2022 revenues are currently 35% over budget, although annuals have not yet been amortized out; overage is mostly due to conservative budget of aggregate and it coming in over budget. Connor added that the 2579 Stevens Drive facility has been added and Crow Butte bookings have been adjusted to include 2022 reservations only. Connor noted that the Port is currently sitting at 3% under budget for operating expenditures year-to-date. Connor stated that overall the Port is up approximately \$500k in cash compared to the beginning of the year however large capital and project expenditures are still upcoming. Connor stated that she will bring a preliminary overview of 2022 to the January 2023 meeting.

### **G. COMMISSIONER REPORTS/COMMENTS**

Commissioner Roy Keck thanked the team for their continued work and dedication to the Port of Benton.

Commissioner Lori Stevens complimented the team on the recent rail caucus event, stating that it was a great tour and fascinating to tour through the different facilities that ranged from creating, shipping, and various levels of technology.

Commissioner Stevens added that she felt the Vintners Village Block Party and triple ribbon-cutting was a great community event and was well-attended.

Commissioner Stevens noted that she attended the recent Benton PUD community forum, which reiterated the vital importance of hydro power to provide clean, affordable energy to the community.

Commissioner Christy Rasmussen announced that she had the opportunity to say a few words at the recent Center Parkway ribbon-cutting event and also attended the rail caucus tour, which she felt was very informative. Commissioner Rasmussen stated that she also attended the Elected Leaders Reception, hosted by the Regional Chamber and participated in the recent exit interview with the State Auditor's Office.

Commissioner Rasmussen added that she also attended the PUD's community forum and the recent RiverFest event and encouraged all to support hydropower, as the power received from the dams is all spoken for...there is no extra!

### **H. DIRECTOR REPORTS/COMMENTS:**

#### **1. AIRPORTS**

Executive Director, Diahann Howard announced that Sierra Electric completed work on the intersection one week early and Century West Engineering has been doing a great job coordinating construction. Howard noted that the early completion allowed LifeFlight to return early.

Howard added that there have been a few incidents with the shortened runway where pilots have mistakenly landed on the incorrect runway.

Howard stated that work continues to remain on schedule for completion the first week of November and no complaints have been received regarding the altered air traffic patterns.

## **2. FACILITIES & OPERATIONS:**

Director of Facilities & Operations, Ron Branine announced that the exterior painting has been completed at 3100 George Washington Way.

Branine stated that there was a break-in at the Salk Avenue maintenance shop and many things were stolen, but some items have since been discovered.

Branine noted that the facilities team has begun the fall/winter preparation, adding that there are currently over 50 irrigation systems to prep for the season.

Branine stated that 47 work orders were turned in since September 14, but the average monthly work order number fluctuates around 100 and 741 have been received since September 2021. Branine announced that there are 49 open work orders and the system is currently capturing only 50% of what the department is actually doing.

Branine stated the Crow Butte's 2022 season will officially close at noon on Saturday, October 15. Branine added that permission was finally received from the Army Corps of Engineers to install the smart parking meters, which will help capture day use fees without having to manage the process manually. Branine added that he hopes to be able to install the parking meters this fall.

Branine stated that leaf pick-up at Crow Butte has begun and this is an ongoing project throughout the entire season.

Branine announced that an average of one critical callout per week is received for the railroad, which range from arms not functioning correctly, vehicle accidents and other general miscellaneous items.

Branine stated that he is working with McKinstry on the 2579 building evaluation and has been working to obtain 36 months of utility history for the building, as well as maps, which will assist them with their facility assessment.

Executive Director Diahann Howard added that the team worked with Railworks to replace 50 ties that needed immediate replacement. Howard added that work on the White Bluffs Center continues and is on track, aside from the delayed HVAC system, which may not arrive until spring 2023.

## **3. REAL ESTATE:**

Director of Real Estate, Teresa Hancock announced that the sale of 9<sup>th</sup> Street Studio in Benton City closed, and Luis and Gaby Ruiz officially closed and former tenants (purchasers) are very pleased with the Port's assistance and cooperation.

Hancock stated that a number of inquiries have been received regarding the available space at 3100 George Washington Way and reminded the Commission that WSU Tri-Cities has moved into suites 106/108 (3,688 sf) at 3100 George Washington Way. Hancock added that she will focus on the available space on the south side of the 3250 building.

Hancock added that she continues to receive interest in both airports.

Hancock provided a screenshare of the 2579 Stevens Drive facility and provided a lease plan overview and review of space occupied by current tenants. Hancock thanked Port engineers Roger Wright and Ashley Garza for their work on this facility and site layout lease plan. Hancock announced that her comments related to ongoing real estate sales negotiations related to Vintners Village be reserved for Executive Session. No action anticipated.

#### **4. MARKETING:**

Public Information Officer, Summers Miya provided a visual presentation highlighting recent projects in the Marketing & Communications department.

Miya highlighted three press releases sent since mid-September, all related to the Cemetery/Swift rail crossing project.

Miya featured the ongoing communication that continues related to the Richland Airport Electrical Replacement project, which includes weekly emails, website and social media updates. Miya presented a sample of the direct mailer that went out to residents that would be affected by the closing of Runway 1-19, which was mailed to nearby neighborhoods. Miya included a community letter of thanks commending the Port for taking the time to communicate the runway change to the public.

Miya highlighted the Port and VERTical eNews, which goes out weekly and bi-weekly.

Miya featured the Vintners Village Block Party and triple ribbon-cutting event, including media pieces related to the community event.

Miya showcased the rail caucus event and the shared marketing with Port of Pasco.

Miya displayed images from the recent RiverFest event, where the Port shared a booth with Port of Pasco and Pacific Northwest Waterways Association, adding that the booth was engaging, popular and educational.

Miya highlighted current projects, which included: Entrepreneurial Awards, Bi-Annual Newsletter, river kiosks, Washington VERTical, Walter Clore industry-related events, Triton tours, including a partnership with the Richland Public Library and social media. Miya added that the Port of Benton was honored with an AAPA Award of Distinction in the Special Events category for the USS Triton Operation Sandblast Recognition Ceremony.

Director of Marketing, Wally Williams thanked Miya for handling Comp Plan updates during his recent absence.

#### **5. ECONOMIC DEVELOPMENT & GOVERNMENTAL AFFAIRS:**

Executive Director, Diahann Howard announced that Clean Energy Day will take place on January 25, 2023 in Olympia and the Port and Washington VERTical will participate. Howard added that James Schaefer of Guggenheim Securities will be the events featured speaker.

Howard updated that the Port is following the TIF bill closely, as it has recently been proposed to be altered.

#### **6. FINANCE DIRECTOR:**

Director of Finance/CPA, Danielle Connor provided an update on the IAP project, announcing that huge progress has been made with 181 of 189 current active leases entered. Connor reminded the Commission that this final number is always changing and will be considered complete at "go live". Connor stated that approximately six 2579 Stevens Drive leases remain to be entered into the system.

Connor recognized Accounting Clerk's Liz Renz's efforts, acknowledging that Liz entered 2345 Stevens Drive leases, which includes 222 units and Liz has logged over 70 hours of overtime on the project since April.

Connor added that Senior Accountant, Veronica Serna has been making steady progress on billing testing, running multiple test months and has been working with Teresa and Liz to ensure accuracy of data entered. Connor recognized Veronica's dedication and commitment to detail and added that Veronica has developed a solid internal Standard Operating Procedure with the team meeting internally to develop a workflow.



Connor announced that the team has a plan for the GASB 87 piece and will begin to layer this piece in with dedicated GASB 87 meetings. Connor added that this effort will be a manual configuration and she is working out on figuring out capacity and resourcing.

Connor stated that integration continues to make progress and was able to recently test drive the process with the developers, with another test drive taking place during October's parallel testing. Connor noted that the process will start out as a manual process, but automation will be turned on once the team is assured all is working correctly.

Connor added that the team is beginning to work through the pre go-live cutover items and reconciliations, which is a six – eight week process and will continue to run parallel testing for October billing and then will reassess readiness and determine if additional parallel testing is needed, with continued contingency if needed.

Connor stated that she prefers to do more work upfront and less fallout post go-live and is planning on a minimum six-month stabilization period.

Connor complimented the team on level of quality and dedication, determination and discipline in order to get the project through to completion while still handling and completing the daily tasks that are required.

Connor provided a financial status report, noting that there is \$2.5M available operating and the project fund holds \$2.9M available.

Connor stated that there were \$483k in cash receipts received from tenants in September and \$1.2M in cash disbursements. Connor added that there is currently \$543k currently outstanding in Accounts Payable, with \$61k past due. Connor added that there was currently \$630k outstanding Accounts Receivable.

Connor stated that the finance team has moved fully into Q4 operations and is focusing on getting the Yardi Voyager project across the finish line, in which she will then be able to focus on stabilization in Q1-Q2 of 2023. Connor added that she is also working on completing the 2023 budget before moving right into 2022 year-end.

Connor advised the Commission that that SAO Lean consulting has moved from November to March 2023.

#### **7. PORT ATTORNEY:**

Port Attorney, David Billetdeaux announced that the short-term rail RFP has been completed and posted and has received quite a bit of response in the way of questions, which has proved to be very helpful and will assist with the development of the long-term rail RFP. Billetdeaux added that responses are due by 11 a.m. on Friday, October 14 and all proposals received will then go through the proper channels of scoring.

Billetdeaux updated the Commission on the PNNL portal project, which has been in disuse for many years and currently resides near the 2579 Stevens Drive facility. Billetdeaux stated that PNNL has notified that they are moving forward with removal of the property but are giving the Port quite a bit of property, including cameras, security items and equipment.

Billetdeaux added that he was reserving a few items for Executive Session.

#### **8. EXECUTIVE DIRECTOR:**

Executive Director, Diahann Howard thanked Commissioner Stevens and Commissioner Rasmussen for attending the rail caucus reception and tour and looks forward to following up on rail-related grant opportunities for 2023. Howard stated that the City of Richland has expressed an interest of a future rail tour with Port Commissioners, which will tour City and Port rail and industrial assets.

Howard stated that she attended the recent RiverFest event and thought it a successful

outcome.

Howard added that she was provided the opportunity to present to the City of Richland regarding the rail.

Howard added that she plans to attend a workshop related to TIF with Director of Finance, Danielle Connor, as it pertains to the north Horn Rapids 1,341 area.

Howard stated that she attended the National Cleanup Conference in DC recently and presented on community reuse, where she set the stage for north Richland to become the home of the largest clean energy park in the nation.

Howard added she visited a prospect while in DC with TRIDEC's David Reeploeg.

Howard stated that there have been a number of industrial prospects for the 1,341 area, including a strong prospect through the City of Richland and a potential fuel-related to advanced reactor facility.

Howard stated that she is the moderator at the upcoming Association of Washington Business Energy Solutions Summit on November 9 and the Port of Benton and Washington VERTical are the luncheon sponsor.

Howard noted that she has been working on VERTical communications and vision documents and added that MCEI and MyTri are working on a convergence, which is being led by Karl Dye of TRIDEC.

Howard added that she has begun one-on-one meetings with the team, which include a Stop-Start-Continue portion. Howard stated that she will share all feedback received with the Commission once compiled.

Howard stated that an Airport Manager has been hired and this position will start in November. Howard added that she would be reserving updates on the RIC and airports for Executive Session.

**I. EXECUTIVE SESSION:** The regular Commission Meeting was recessed at 10:47 a.m. and an Executive Session was convened at 10:55 a.m. to discuss ongoing and potential litigation, real estate and personnel matters. It was announced that Executive Session would take 45 minutes and if any action was required, the Regular Commission Meeting will reconvene and bring forward the item at that time.

**J. ADJOURNMENT:** The Commission meeting was adjourned at 11:40 a.m. with an announcement that the next regularly scheduled Commission meeting would be held on Tuesday, November 8, 2022 at 8:30 a.m. and would be held at the Port of Benton Commission meeting room, 3250 Port of Benton Blvd., Richland, Washington.



Lori Stevens  
Commission Secretary