

The Port of Benton Commission Meetings are open to the public.

The regular Commission meeting will be available via Zoom, telephone conference call-in line and in-person. The link to access this broadcast via Zoom, as well as the call-in number to participate via telephone, will be made available on the morning of the meeting on the Port of Benton's website at the link below, along with the meeting agenda, and minutes from past meetings. Live broadcast information:

www.portofbenton.com/commission

For those unable to access the internet, please call 509-375-3060 by 8:00 a.m. on March 13, 2024 to be provided with call-in details.

All participants will be muted upon entry; when prompted click 'raise hand' in zoom or dial star + 9 (*9) to raise your hand. The host will unmute you to speak in the order hands are raised, when the host calls on you, press star + 6 (*6) to unmute yourself.

**PORT OF BENTON
REGULAR COMMISSION MEETING**

Agenda

8:30 a.m., March 13, 2024

2140 Wine Country Road, Prosser, WA 99350

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. CONSENT AGENDA

1. Approval of Agenda
2. Approval of Minutes from the February 14, 2024 Commission Meeting
3. Approval of Minutes from the March 1, 2024 Special Commission Meeting
4. Approval of Vouchers and Certifications, Including Payroll for Month of February Totaling \$891,030.41
5. Approval of Project Fund Vouchers and Certifications for the Month of February Totaling \$129,667.81
6. Resolution 24-12, A Resolution of the Port of Benton to Cancel Warrant No. 082248, Which Has Been Deemed Lost

D. PUBLIC COMMENT

E. ITEMS OF BUSINESS

1. Resolution 24-08, Acceptance of Work Performed by Sierra Electric, Inc. for the Richland Airport Electrical Replacement Construction Project
2. Resolution 24-09, Appointment of Publics Records Officer
3. Resolution 24-10, Appointment of Claims for Damages Agent
4. Resolution 24-11, Acceptance of Reserve Policy
5. Acceptance of Low Bid by Granite Construction for the 2939 Richardson Road Parking Lot Improvement Project

F. INFORMATION REPORTS

1. Welcome and Update from Rachel Shaw or Mayor Vegar, City of Prosser
2. Welcome and Update from Neal Ripplinger, Prosser Economic Development Association
3. Welcome and Update from Lindsee Curfman, Prosser Chamber of Commerce
4. Welcome and Update from Melinda De Santo, Historic Downtown Prosser Association
5. Airports Update
6. Grants Update

G. COMMISSIONER REPORTS/COMMENTS

H. DIRECTOR REPORTS/COMMENTS

1. Finance Director
2. Port Attorney
 - i. Revisit updated Commissioner policy
3. Executive Director

I. EXECUTIVE SESSION

J. ADJOURNMENT

The next regular Port of Benton Commission meeting will be held on Wednesday, April 10, 2024 at the Port of Benton Commission meeting room located at 3250 Port of Benton Blvd., Richland, Washington. Visit portofbenton.com for notices and information.

PORT OF BENTON
COMMISSION MEETING MINUTES
February 14, 2024

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 Blvd., Richland, Washington.

PRESENT: Commissioner Scott D. Keller, Commissioner Lori Stevens; Commissioner Roy D. Keck; Executive Director, Diahann Howard, PPM®, PPX®; Port Attorney, David Billetdeaux, PPM®; Public Information Officer, Summers Miya; Senior Accountant, Veronica Serna; Accounting Specialist, Julia Mora; Director of Facilities & Operations, Ron Branine; Airport Manager, Quentin Wright; Director of Finance, Jeff Lubeck; Director of Marketing, Wally Williams; Director of Governmental Affairs, Cassie Hammond; Bill O'Neil, Richland Airport; Jon Ray, Richland Airport Tenant; Clif Dyer, Richland Airport, Aaron Poff, Ted Brown Music; Karl Dye, TRIDEC; Mike Luzzo, Community Member; Don Andrews, Community Member; Derek Van Ard, Community Member

The following attendees attended via remote communications: Contract Specialist, Sheri Collins; Ashley Garza; Wendy Culverwell, Tri-City Herald; Bryan Condon, Century West Engineering; Gina Zejdlik, Atlas Agro; Director of Real Estate, Teresa Hancock; Chirsty Rasmussen, Energy Northwest; Sara Schilling, Tri-Cities Journal of Business

The Commission meeting was noticed as required by RCW 42.30.070.

B. PLEDGE OF ALLEGIANCE: Director of Marketing Wally Williams led those present in reciting the Pledge of Allegiance.

C. CONSENT AGENDA:

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Scott Keller, and passed by the Commission approving the agenda for the February 14, 2024 Commission meeting after a revision of adding personnel to executive session.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck and unanimously passed by the Commission approving the minutes from the January 10 ,2023 Commission meeting, approval of vouchers and certifications, including payroll, for the month of January totaling \$818,056.56 and approval of Resolution 24-05, cancelling warrant number 079980 and warrant number 080650, which have reached a slated date.

D. PUBLIC COMMENT:

Karl Dye from TRIDEC greeted the Commission, noting that he was on the agenda later, but wasn't sure if there would be a chance for public comment in support of business item #3 regarding Atlas Agro.

Dye took the opportunity to state that TRIDEC is extremely excited about this project, acknowledging that Atlas is going through their front end engineering and design study, adding that if community support wanes, there is still a good chance Atlas could choose to go to Oregon. Dye stated that he just

wanted to be clear on that fact, particularly because the land was transferred to the Port and City from DOE via TRIDEC as the CRO.

Dye added that he just wanted to be clear that from a TRIDEC and community perspective, they are extremely supportive of the project and would ask the board to give consideration to the resolution amending their purchase and sale agreement.

Clif Dyer introduced himself and stated pointed out the item of business related to the proposed formation of the airport ad hoc group. Dyer stated that the airport has a lot of users with a lot of experience and believes that an ad hoc group would give some credence and allow the users to have a voice in the room.

Dyer encouraged the group to give it some thought and listen to the advice the group brings to the forefront.

E. PUBLIC HEARING

Commission President Scott Keller opened the public hearing at 8:40 a.m.

1. Receiving public comment on the acquisition of real property located in the Technology & Business Campus (TBC), 3110 Port of Benton Blvd., and amending the Comprehensive Scheme of Harbor Improvements

Executive Director Diahann Howard greeted the commission and stated that the item in front of them was the addition of 3110 Port of Benton Blvd; the 2024 comp plan did consider the technology and business center and the plan did highlight acquisitions and facility improvements in the TBC

Howard added that funds towards improvements of this property, located at 3110 George Washington Way were included the approved 2024 budget at \$250,000, adding that at the time of budget approval, the location of the building could not be named due to negotiations and now the comp plan can be updated accordingly.

Howard added that as reference, the 3110 building is located just to the south of port headquarters.

Commission President Scott Keller closed the public hearing at 8:42 a.m.

F. ITEMS OF BUSINESS

1. Resolution 24-04, A Resolution of the Port of Benton Authorizing the Acquisition of Real Property, 3110 Port of Benton Blvd., Richland (TBC)

Executive Director Diahann Howard thanked the Commission, stating that this item is related to the acquisition of real property located on 4.21 acres directly to the south at 3110 Port of Benton Blvd., adding that the facility is over 47,000 square feet and is red steel construction with brick. Howard added that this sale is contingent upon Benton County .09 funding, which the disbursement agreement has been provided and approved by the county and is pending Commission decision and due diligence.

Howard added that the current assessed value for the site is \$2.5 million and the proposed sale price is \$1.5 million, or \$31.32 per square foot. Howard added that earnest money deposit is \$150,000 and there is also a 90-day due diligence period. Howard added that an initial inspection was performed,

Commission Meeting
February 14, 2024

and the team plans to perform further inspections, as HVAC and fire system issues were identified of need further inspection.

Howard added that the \$250,000 budgeted for 2024 should cover the initial costs necessary to move forward with getting the facility ready to lease. Howard added that in addition to the due-diligence period, there is a survival clause of warranties for six months following closing. Howard added that the preliminary title report has been pulled and the team will work to get any title issues cleared.

Howard added that the anticipated annual gross annual income from the facility is approximately \$830,000, which is a combination of small business development and corporate, making it a good balance and also allow for additional improvements to the space.

Howard stated that the team expects approximately \$100,000 in landscaping cost, but the initial inspections over the next 90 days will help clarify further cost and improvements that will be needed within this facility.

Commissioner Keller asked for discussion related to this item.

Commissioner Roy Keck stated that to build today, it costs \$300/sq ft and this building is roughly \$31/sq ft, adding that this is the right time and a great deal to the port.

Commissioner Keck stated that he felt it was the right place and the right time to move forward with the acquisition of this building.

Commissioner Keller voiced that he had some concerns, including \$100,000 in landscaping immediately upon acquisition, among other things, including possible roof and HVAC issues. Commissioner Keller inquired about how long the building has been vacant and it was indicated that the building has been vacant for four years, possibly longer.

Commissioner Keller added concerns about the full cost of repairs on this building and also added concerns about competing with the private sector.

Executive Director Diahann Howard stated that there will be 90-days to complete a due diligence and further inspections, if it is determined to be unfeasible the acquisition can be void. Howard added that conversation has been had with others property owners in the area and the Port continues to help support neighbors to assist in getting their buildings filled as well, adding that the team recognizes that the initial \$250,000 is just a starting cost.

Howard added that the bottom floor of the building is lab space, which is a very unique feature in the current marketplace.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and passed by the Commission authorizing the acquisition of real property, 3110 Port of Benton Blvd., Richland (TBC)

Commissioner Scott Keller voted no on this item.

2. Resolution 24-03, A Resolution of the Port of Benton Providing Interim Guidelines for Purposeful and Responsible Use of Generative Artificial Intelligence

Port Attorney David Billetdeaux provided an overview on a policy that will provide interim guidelines for the purposeful and responsible use of generative artificial intelligence, adding that this item has been a hot topic and there have been many things related to this topic in the news lately.

Billetdeaux stated that the port wanted to ensure a policy was in place, as AI is rapidly improving

and changing and some of the features can be a bit overwhelming and scary. Billetdeaux stated he reviewed what other local governments are looking at with AI and ChatGPT and most use these features to ease workload a bit for emails and marketing and communications.

Billetdeaux stated that AI can ease the workload on some of the more mundane and time-consuming tasks.

Billetdeaux stated that as an example, if someone were to write an email that goes out to the public, a disclosure would need to be put in place announcing that the email was generated by AI, unless email is modified by a human, with a different message from what was generated.

Billetdeaux clarified that for this policy, he looked at the NIST AI risk management framework book, the blueprint of AI Bill of Rights and AI ethics guideline.

Billetdeaux noted that the policy will provide some basic guidelines for the staff as they get started with AI.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving Resolution 24-03, providing interim guidelines for purposeful and responsible use of generative artificial intelligence.

3. Resolution 24-06, A Resolution to Amend the Purchase and Sale Agreement with Atlas Agro (North Horn Rapids)

Executive Director Diahann Howard reminded the Commission that Atlas Agro is looking at the property west of Stevens Drive, north of Horn Rapids Road and is looking to purchase approximately 150 acres.

Howard added that Atlas Agro has completed approximately 90% of their feed study and have been working with the Intertribal Advisory Board, which includes all local tribes, LIGO, PNNL and DOE. Howard added that Atlas has submitted their State Environmental Policy Act (SEPA), but federal dollars to support the project has also triggered National Environmental Policy Act (NEPA) environmental review that will take additional time to complete.

Howard added that the port has asked that ATLAS \$400,000 earnest money becomes non-refundable with this amendment. Howard added that Atlas has been taking on a significant amount of survey work, cultural work and if the plans do not move forward, the port would then receive these reports for the benefit of the property.

Howard invited questions.

Discussion ensued, which included support from the Commissioners and agreement that the project is a win for the entire community.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving Resolution 24-06, approving the amendment of the purchase and sale agreement with Atlas Agro (North Horn Rapids).

4. Resolution 24-07, A Resolution Authorizing the Port of Benton to Accept a Bipartisan Infrastructure Law (BIL) Grant from the Federal Aviation Administration (FAA) to Fund Design Services Related to the Taxi Lane Extension at the Richland Airport

Airport Manager Quentin Wright explained that this resolution will allow the port to accept a Bipartisan Infrastructure Law grant from the Federal Aviation Administration to fund design services related to the taxi lane extension at Richland Airport.

Wright explained that the Commission has been provided with a revised version of 24-07 and as 45 minutes before this meeting started, the port received notice that the grant was approved, which will allow Century West to start the design work.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving Resolution 24-07, authorizing the Port of Benton to Accept a Bipartisan Infrastructure Law (BIL) Grant from the Federal Aviation Administration (FAA) to Fund Design Services Related to the Taxi Lane Extension at the Richland Airport

5. Richland Innovation Center Streetlight Improvement Project – Benton County Capital .09 Funds

Executive Director Diahann Howard stated that the port has been working on this project for a couple of years now, but due to timing and costs it needed to be broken out into phases that included streetlights, sidewalks and other improvements separately..

Howard explained that two bids were received for this project and Ellison Earthworks, LLC was the low bidder at \$266,646.74 , with the total coming in at \$289,845.01 with sales tax.

Howard reminded the Commission that this project has fully been funded by Benton County .09 funds and the team anticipates coming back in the near future because the bid for sidewalks is out next.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving the acceptance of low bid to Ellison Earthworks, LLC at \$289,845.01 (total) on the Richland Innovation Center Streetlight Improvement Project.

6. Master Services Agreement – Century West Engineering

Airport Manager Question Wright stated that the port is entering year four of the contract, and the contract requires approval for years four and five.

Commissioner Keller stated that he thinks it's really important to stay with the same engineer throughout a project.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving the master services agreement with Century West Engineering to continue.

7. Discussion of Proposed Formation of Airport Ad Hoc Group

Commissioner Scott Keller stated that as an “airport guy”, he feels that it is really important to get input from the people that use the airport, which is the public. Commissioner Keller added that he is aware of the public meeting taking place on March 13 at the library, but feels it is important to get input from Prosser and Richland users because of the different areas and would like to move forward with the formation of an airport ad hoc group.

Keller stated that typical groups include 6-10 people who get together to share ideas and would welcome Airport Manager Quentin Wright's assistance, all with the shared goal of improving the airport. Keller stated that items would be brought forth to the Commission when necessary and he would like to call this an advisory committee.

Commissioner Roy Keck stated that he has a lot of history with advisory committees, as prior to his 16 years on this Commission, he served for 14 years on the City of Richland utilities advisory and another 12 years prior to that on the economic development committee for 24 years. Keck added that in all previous experience, advisory committees were ran by staff, as advisory committees are best served from the public to the staff, not the Commission, as a city would not have their mayor on such a committee because of conflict of interest concerns.

Commissioner Keck recommended that certain structures need to be in place and the committee needs to have a mission that is representative of the public.

Commissioner Keller noted that he recognized that the conflict if he were to lead the committee and asked Airport Manager Quentin Wright his stance on the matter.

Commissioner Stevens stated that it is a great idea to get more input from people who use the airports and she understands the concerns and is happy to support the vision.

Quentin Wright stated that his own experience with airport advisory committees is that they haven't been super successful and recommends that his first attempt to increase communications and discussion is the upcoming public meeting to be held at the Richland Library; in addition to having additional public meetings in the future, which are not necessarily a board, but public input and work toward regular public meetings where the port can talk about upcoming projects and others can voice concerns, ask questions and have a voice.

Wright stated that these meetings can be held quarterly or twice a year. Wright added that an open forum where the environment is open to the public would work best.

Port Attorney Biletdeaux reminded the Commission of the Commission policy, where there is a section outlining Commission committees and provides an overview.

G. INFORMATION REPORTS

1. Welcome and Update from Karl Dye, TRIDEC

TRIDEC, CEO Karl Dye thanked the Commission and team for attending the previous day's Economic Outlook.

Dye added that the Port of Benton has been a critical part of TRIDEC throughout TRIDEC's 61-year history and it is great to work together on projects.

Dye provided a brief overview of TRIDEC's history, which started in 1963 as the Tri-Cities Nuclear Industrial Council and focused on federal programs and was a community convener. Dye explained that in 1985, TRIDEC merged with the existing Chamber of Commerce, with a focus on economic diversification through attraction and business development. Dye added that TRIDEC is a unifying voice that stimulates and sustains a vibrant regional economy by fostering economic growth and prosperity.

Dye provided an overview of TRIDEC's 2023 successes, including the Atlas Agro project, ATI Materials and the Framatome/Ultra Safe nuclear joint venture.

Dye introduced the Energy Forward Alliance (EFA), stating that EFA is a wholly-owned subsidiary of TRIDEC that was launched last year. Dye explained that EFA is building on the legacy that the port, particularly Diahann Howard, have been involved in since 2009 with the Mid-Columbia Energy Initiative.

Dye explained that EFA is TRIDEC's way to say "we're serious about showing that the Tri-Cities is the right place for clean energy decarbonization."

Dye added that Sean O'Brien, who has been hired as Executive Director and has a lot of great experience and one of the goals is to go after foundation grants and communicate that the Tri-Cities is the right place for big scale projects.

Dye provided an overview of 2024 work, including:

Industries – Crystal production for solar cells, carbon capture and reuse or sequestration, electric vehicle battery components, agricultural/industrial symbiosis

New Nuclear – Small nuclear reactors, micro nuclear reactors, advanced fuels productions, space nuclear

Workforce – DOE community capacity grants

Dye provided an explanation on the mission and focus of TRIDEC going back to the 1960s, which was to diversify beyond plutonium production, explaining that DOE has begun using the phrase "Clean Up to Clean Energy" for the DOE Hanford clean up site. Dye added that DOE has identified 19,000 acres for possible future land transfers, but there are issues, including: regional need for reliable power, BLM ownership, transmission coordination, RFI, RFQ, RFP.

Dye added an explanation as to why this area is considered the nucleus of a Northwest clean energy hub.

2. Rail Update

Executive Director Diahann Howard provided an update on the rail, noting that along 11 miles of track from Center Parkway to north Richland, there are four bridges and ten crossings, two pathway crossings, 48,000 crossties, which 3,500 have been replaced. Howard added that the port owns two locomotives, which are now running.

Howard provided an update on coming projects for the year, reminding the Commission that the port took over operations in August 2022 and have been working with Columbia Rail since February 2023, as Columbia Rail is serving as the rail short term operator. Howard noted that Columbia rail has replaced approximately 250 ties, made repairs to several switches, replaced six switch stands, replaced approximately 30 joint bars and have cleaned up and tuned up all pre-existing at grade crossing signals.

Howard stated that the port team has not had an after-hour signal call out in a few months.

Howard added that Columbia Rail has also assisted with current customers, as well as working with new customers. Howard added that they have also cleaned up and organized the port rail yard and rail inventory and have been performing very well.

Howard stated that in 2023 a complete inspection was conducted of the Center Parkway crossing and signal installation of 1200 new cross ties along with repairs at SR240 and the Steptoe signal due to accident damage.

Howard added that to date, the port has invested \$7 million of its own funds in order to improve safety and reliability of port rack.

Howard provided an overview of projects planned for 2024, including emergency repair from recent incidents, SR 240 crossing and signal replacement, which is funded from the National Highway

Freight Program grant from WSDOT for \$865k and KPFF has begun working on the design for this project.

Howard noted that a portion of these crossing panels failed last week, which required emergency repairs.

Howard added that a \$1M grant was received from the Freight Rail Assistance Program, which will replace crossings at Airport Way and Saint Street, along with signals controlled at Kingsgate. Howard noted that plans are to go out to bid for this project in late March.

Howard provided additional rail updates, including a note that \$1.2M was received from the Washington State Legislature last year, which will result in the replacement of 3,000 additional ties.

Howard provided an update on JCG Consulting taking on a car charge study.

3. Grants Update

Executive Director Diahann Howard provided an update on items listed in this months grant report, including the following items:

Item 5 – OCOchem has been selected for the next phase of this project and was granted \$981k, which will lead to an EV charging area in Vintners Village.

Item 7 – May remove from the report.

Item 8 – Once an inspection has been conducted and understood, the goal is to begin.

Item 9 – Support phase I and will wait until after legislative session.

Item 10 – Airport lighting project. Finally starting to close out, as the generator has been received and Sierra Electric is completing the wiring.

Airport Manager Quentin Wright stated that the team is at 90% for both pavement maintenance projects for Prosser and Richland.

Wright added that just this morning, the port received the grant offer for the BIL project at Richland to extend the taxilane for more hangars.

H. COMMISSIONER REPORTS/COMMENTS

Commissioner Roy Keck stated that he had the opportunity to attend the TRIDEC Economic Development Forum with regional partners, where the “Clean Up to Clean Energy” phrase was a clear focus.

Commissioner Keck added that he had the opportunity to attend the AAPA event and was able to hear Executive Director, Diahann Howard present on advanced nuclear. Commissioner Keck added that there is no change on the PNWA update related to dams.

Commissioner Lori Stevens stated that she attended the Prosser Tourism meeting, where Yakima Valley Tourism was also attending and spoke about how they are sharing and supporting driving tourism to the region.

Stevens added that the upcoming weekend is quite busy with the Red Wine & Chocolate event.

Stevens added that she attended the Prosser Chamber Community Awards event, noting that it was a great event and the Clore Center looked great.

Commissioner Scott Keller stated that he also attended the Prosser Community Awards banquet at the Walter Clore Center, which is a great venue and was packed at nearly 225 people.

Commissioner Keller stated that he attended TRIDEC's economic forum yesterday, and the item that really stood out was the need to double the power and it does not sound like Bonneville Power is ready until possibly 2027.

Commissioner Keller also remarked on the need and demand for the trades.

Commissioner Keller stated that he is back on the Board at Visit Tri-Cities and is enjoying being back on the board and the familiar faces.

I. DIRECTOR REPORTS/COMMENTS

1. Finance Director

Director of Finance Jeff Lubeck provided a financial status report, stating that the main focus currently was closing 2023 year-end financials, which will require developing a comprehensive closing checklist and GASB 87 and GASB 96 complex calculations. Lubeck added that the preliminary 2023 results will be shared at the March Commission meeting.

Lubeck added that he is also focusing on agency-wide planning for all projects and capital projects, which will ensure managed cash-flows, and coordination and communication.

Lubeck announced that the reserve study is nearly complete, as the preliminary report and policy has been received from Moss Adams and will be brought forward at the March meeting.

Lubeck added that he is also preparing for SAO Lean follow-up and due to some scheduling changes, the return sessions have moved from April to February.

Lubeck provided a financial status report on cash with the note to expect volatility over coming months due to the building acquisition, reimbursement and upcoming projects. Lubeck noted that the Sky Park purchase closed in December 2023 and the cash was received from the state in January 2024.

Lubeck provided an overview of the January 2024 cash receipts, which totaled \$1,874,747 (\$1.05M for building reimbursement). Lubeck stated that January 2024 cash disbursements from the general fund totaled \$818,056 with \$215k in payroll related costs, \$603k in accounts receivable. Lubeck noted that there is currently \$213k in outstanding A/P.

Lubeck provided an outlook on total accounts receivable, which has improved greatly thanks to Director of Real Estate Teresa Hancock and the team.

Commissioner Keller complimented Lubeck on his hard work and informative report.

2. Port Attorney

i. Discussion of requested revision to Commissioner policy

Port Attorney David Billetdeaux overviewed the changes to the revised Commissioner policy, which was pulled from the WPPA guidebook.

Billetdeaux pointed out that the current policy is highlighted along with the suggested revisions

in the document provided to them.

Billetdeaux described the changes related to who the port auditor and port attorney directly report to, pointing out that the updated policy notes that the like the port auditor, the attorney reports directly to and serves the Commission, rather than as stated prior, to the Executive Director.

Billetdeaux stated that the auditor reports directly to the Commission and much like the attorney, provides opinions on compliance matters and also serves the Chief Financial Officer.

Billetdeaux clarified that the Auditor and reports directly to the Commission and the Chief Financial Officer reports to the Executive Director. Billetdeaux added that the attorney serves the Commission as a whole, stating that the direct line is to the Commission, but also serves and works directly with the Executive Director to update on any policies to provided assistance and counsel, which is consistent with WPPA.

Commissioner Keller asked for time to review to offer time to compare with the WPPA handbook.

Billetdeaux added that as far as certain items in the updated Commission packet, the policy asks for Commission to provide expense reports directly to the Finance Director, who will then disseminate to the staff and added if there are any computer issues, payroll or HR issues, to then contact him directly.

Billetdeaux added that he would not like Commission to email staff directly regarding a request and it is preferable to submit all requests through David, or PIO Summers Miya.

Billetdeaux clarified that it is preferable that the Commission does not contact staff directly and not without following the Commission policy.

Commissioner Keller clarified that he would follow the policy and not contact staff directly and would still like time to review the policy, as policies are constantly evolving.

It was determined that this item would be added to the March agenda.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck and unanimously approved by the Commission to add to the March agenda.

Billetdeaux provided an update on the RFP for the electronic archiving services, stating that the port did not receive what it wanted, so it will be continuing with Smarsh, the current archiving solution in place, adding that Smarsh works fine, but it is a little more expensive that ideal, plus it is not very user friendly. Billetdeaux added that Smarsh keeps the port in compliance, so it will remain in place for another year.

Billetdeaux stated that the port has been in contact with the insurance company for the boom truck driver that destroyed the rail crossing and the insurance company is seeking as much information as possible, which is typical.

Billetdeaux reminded the Commission that the last crossing that was destroyed cost \$100k to repair and the port received \$80k in insurance because insurance companies will always depreciate everything that is not brand new.

Billetdeaux provided an update on the SAO Lean process, adding that one of his tasks was to review all job descriptions and update accordingly. Billetdeaux stated that he has had meetings with all staff and is working to ensure all have an updated job description that matches their role.

3. Executive Director

Executive Director Diahann Howard pointed out the key issues during the current legislative session, are transportation, behavioral health and homelessness.

Howard complimented Director of Governmental Affairs, Cassie Hammond, noting that Cassie has done an outstanding job tracking information, staying actively engaged and keeping the port's priorities at the table.

Howard added that she and Hammond attended Clean Energy Day, which was jointly hosted by Washington VERTical and Clean Tech Alliance. Howard stated that the event was well received and well attended and included a partnership with Boeing, with a reception held at the Boeing House. Howard stated that there were speakers from Framatome at the event as well as Senator Boehnke and Representative Barnard.

Howard added that the following day was WPPA Ports Day, which provided great legislative opportunities and conversations with other ports.

Howard added that the port also had a great opportunity to reaffirm the port's position on the Horse Heaven Wind farm project as well as reaffirm position in support of the Lower Snake River dams at a state and federal level. Howard added that Tri-Cities Day at the Capitol will take place on February 22.

Howard commented that things are moving forward at the state level with the MATCH Act bill, which will help the port with required match amounts on federal grants.

Howard overviewed several current bills, including a bill regarding the supply chain in support of energy, and also House Bill 2120, which continues to move forward.

Howard overviewed recent issues, and due to the very cold weather, there was a water line break at the Westinghouse facility and the replacement of several units on Salk, due to coil splitting and a compressor locking.

Howard added that six additional heaters were installed at 2579 Stevens due to extreme temperatures, adding that the port is dealing with a significant utility bill at that building as well.

Howard stated that roof access ladders are now up to code and the facilities team is also preparing to open Crow Butte Park.

Howard noted of an emergency repair at the SR240 crossing, which Columbia Rail responded to.

Howard added that the City has also been a great partner and has provided temporary asphalt repairs to this crossing.

Howard noted that there is a pending letter of intent on a piece of property in the Richland Business Park and the team hopes to bring that forward at the March Commission meeting.

Howard added that there is interest in 2019 Butler Loop, which is a high end potential commercial sales facility. Howard stated that there is also some interest in the pavilion at the Clore Center and the team hopes to enter into a lease agreement on that building soon. Howard added that Clore will also be brought forward at the March Commission meeting.

Howard announced that HMiS will be backfilling approximately 19,000 square feet of space at 2345 Stevens, which Atkins has moved out of.

Howard noted that there is only 6% of space open at 3100 George Washington way, in the Technology & Business Campus.

Howard pointed out that there is some space in the RIC, but the space does not really support occupancy at this time.

Howard noted that all other properties are 100% occupied.

Howard stated that the team had a great trip to the US Naval Shipyard in Bremerton, where the team learned how the reactors make their way to Hanford, less the fuel, for long term storage.

Howard added that the trip provided an opportunity for discussion and cross collaboration regarding workforce.

Howard stated that she recently was invited to and spoke at the AAPA Powers Summit and also recently presented at the Port of Tacoma's Brown Bag lunch and learns, where there was conversation about economic development and strategic planning.

Howard stated that the next meeting will highlight upcoming airport projects and the team is preparing for the upcoming PNWA Mission to Washington trip.

J. EXECUTIVE SESSION: The regular Commission meeting was recessed at 10:16 a.m. and it was announced that an Executive Session would convene at 10:21 for 30 minutes to discuss real estate and personnel.

At 10:51 a.m., it was announced that an additional 10 minutes was required.

M. ADJOURNMENT: The meeting was adjourned at 11:08 a.m.

Roy Keck
Commission Secretary

**PORT OF BENTON
SPECIAL COMMISSION MEETING
MINUTES
MARCH 1, 2024**

- A. CALL TO ORDER:** The Port of Benton Special Commission Meeting was called to order at 9:30 a.m. at the Port of Benton Commission meeting room, 3250 Port of Benton Boulevard, Richland, Washington.

PRESENT: Commissioner Scott Keller; Commissioner Roy Keck; Commissioner Lori Stevens; Executive Director, Diahann Howard; Port Attorney, David Billetdeaux; Director of Finance, Jeff Lubeck; Public Information Officer, Summers Miya; Director of Governmental Affairs, Cassie Hammond; Bill O'Neil, Community Member; Christy Rasmussen, Community Member; Ashley Garza

THE FOLLOWING PARTICPATED VIA REMOTE COMMUNICATIONS: Director of Real Estate, Teresa Hancock

- B. PLEDGE OF ALLEGIANCE:** David Billetdeaux led those present in reciting the Pledge of Allegiance.

C. PUBLIC COMMENT:

There were no public comments.

D. ITEMS OF BUSINESS:

1. General Counsel Update

Port Attorney David Billetdeaux explained that he submitted his letter of resignation earlier in the week and the week has been a whirlwind of activity ensuring that all needs have been met and steps have been taken to ensure the Port is left in a good position once he leaves on March 14, 2024.

Executive Director Diahann Howard congratulated David on his professional growth and obtaining a leadership position with Pacific Northwest National Laboratory. Howard thanked David on behalf of the entire team and complimented David on his years of great work to the Port of Benton.

Howard explained that the team has been taking action to contact attorneys/firms that could step in as a contractor and stated that once all information has been gathered, it will be brought back to the Commission's meeting on March 13, 2024.

Howard noted that Billetdeaux handles numerous items, including public records requests, human resources, all critical elements and also additional duties such as IT and contracts.

Howard stated that although it has been crucial to have in-house counsel these past few years, at this time she feels it is best to seek to contract with an outside law firms for support to fill the various roles.

Commissioner Scott Keller agreed with Howard's determination that outside counsel was a great idea at this time.

Commissioner Scott Keller congratulated Billetdeaux, commenting that he was brought into the Port in the middle of a difficult lawsuit and rescued the Port on a number of occasions. Keller wished Billetdeaux the best and invited him to remain in touch.

Commissioner Lori Stevens commented that it has been a pleasure working with Billetdeaux from day one, commenting on the many hats Billetdeaux has worn and wished him the best in all future endeavors.

Commissioner Roy Keck commented that it has been a pleasure working with Billetdeaux over the years as Billetdeaux has acquired a vast wealth of knowledge.

Commissioner Scott Keller suggested that the Port look into inviting Frank Chmelik to present to the Port-on-port governance. Keller stated that Chmelik has served as Washington Public Ports Association counsel for decades and has over 40 years of experience practicing law. Keller stated that the presentation will cover how things should be done in a port district and the entire staff, including maintenance, should be invited to the 3–4-hour session.

Keller added that he was provided a guidebook at the recent Commissioner training, which he highly recommended to port leadership.

Port Attorney David Billetdeaux agreed that training and education is always a good thing, and it makes complete sense to invite Chmelik's team to present to the port.

Executive Director Diahann Howard concurred with the recommendation, adding that as it will be a public meeting as per usual all staff and consultants will be invited.

Commissioner Keller inquired about whether an Executive Session was needed since the topics he wanted to discuss were covered in open session.

Executive Director Diahann Howard commented that Commissioner Keller had called for the meeting and Executive Session and if the topics were covered, there was not a need for Executive Session.

Howard stated that new counsel will be established following the process Billetdeaux was hired under the Executive Director's delegation of authority.

It was confirmed that David Billetdeaux would reach out to Frank Chmelik to begin discussions on presenting to the team.

David Billetdeaux thanked the port for the last seven years, adding that he will miss the whole team.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens and unanimously passed by the Commission approving the motion to adjourn the meeting without an Executive Session.

E. EXECUTIVE SESSION:

It was determined that an Executive Session was not needed, as all topics were covered in public

session.

F. ADJOURNMENT: With no further business, the meeting was adjourned at 9:44 a.m.

Roy Keck
Commission Secretary

**Port of Benton, Benton County, Washington
Voucher Certification and Approval
for the Month of February 2024**

General Expenses

Accounts Payable Warrants #:	82605	-	82738	\$	528,712.68
Electronic Payments:				\$	152,416.64
Total General Expenses				\$	<u>681,129.32</u>

Payroll

Direct Deposit:				\$	
ACH				\$	122,149.39
Electronic Payments:					
IRS Payroll Tax Deposit				\$	45,521.29
Other Payroll Related Payments				\$	42,230.41
Total Payroll				\$	<u>209,901.09</u>
Total General Expenses and Payroll				\$	<u>891,030.41</u>

I, 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 Benton and that I am authorized to authenticate and certify to said claim.

Attest: _____ Director of Finance/Port Auditor

We, the undersigned Commissioners of the Port of Benton, Benton County, Washington, do hereby certify the following vouchers/warrants have been certified and approved for payment, this the _____ day of _____, 2024.

_____	President
_____	Vice President
_____	Secretary

**Port of Benton, Benton County, Washington
Voucher Certification and Approval
for the Month of February 2024**

General Expenses

Accounts Payable Warrants #: 82605 - 82738 \$ 528,712.68

Electronic Payments: \$ 152,416.64

Total General Expenses \$ 681,129.32

Payroll

Direct Deposit:
ACH \$ 122,149.39

Electronic Payments:
IRS Payroll Tax Deposit \$ 45,521.29
Other Payroll Related Payments \$ 42,230.41

Total Payroll \$ 209,901.09

Total General Expenses and Payroll \$ 891,030.41

I, 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 Benton and that I am authorized to authenticate and certify to said claim.

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President
Vice President
Secretary

**Feb-24
Cash Disbursements
Batch Totals**

528,712.68 Feb-24
\$ 528,712.68

Electronic Payments - Other Payment

\$ 150,000.00 02/26/2024 CHICAGO TITLE OF WASHINGTON
\$ 2,416.64 02/27/2024 WASHINTGON STATE DEPT OF REVENUE
\$ 152,416.64

IRS Payroll Tax Deposit

\$ 24,794.96 02/16/24 INTERNAL REVENUE SERVICE
\$ 20,726.33 02/02/24 INTERNAL REVENUE SERVICE
\$ -
\$ 45,521.29

768,881.02 Warrants, ACH, FedTax

Payroll Direct Deposit Net Pay

\$ 65,192.90 02/16/24 INTERNAL REVENUE SERVICE
\$ 56,956.49 02/02/24 INTERNAL REVENUE SERVICE
\$ -
\$ -
\$ 122,149.39

Other Payroll Related Payments

\$ 2,367.18 02/07/24 NATIONWIDE RETIREMENT SOLUTION NW01192024
\$ 3,826.99 02/08/24 DEPT OF RETIREMENT SYSTEMS DCP011924
\$ 100.00 02/09/24 WASHINGTON STATE SUPPORT REGISTRY 01/2024
\$ 29,736.07 02/21/24 DEPT OF RETIREMENT SYSTEMS PERS012024
\$ 2,372.14 02/27/24 NATIONWIDE RETIREMENT SOLUTION NW02162024
\$ 3,828.03 02/29/24 DEPT OF RETIREMENT SYSTEMS DCP022924
\$ -
\$ -
\$ -
\$ 42,230.41

891,030.41

Company name: Port of Benton
Report name: Check register
Created on: 3/8/2024

Bank	Date	Payee	Document no.	Amount
BCT MAIN - KeyBank National Association	Account no: 6631-6601101			
	2/9/2024	VEN00425--WASHINGTON STATE SUPPORT REGISTRY	Jan-24	100.00
	2/2/2024	VEN00215--INTERNAL REVENUE SERVICE	20224	20,726.33
	2/16/2024	VEN00215--INTERNAL REVENUE SERVICE	21624	24,794.96
	2/6/2024	VEN00674--509 CONSTRUCTION	82605	917.44
	2/6/2024	VEN00006--ABADAN, INC	82606	402.93
	2/6/2024	VEN00012--AFLAC	82607	603.11
	2/6/2024	VEN00520--ANDERSON PERRY & ASSOCIATES, INC.	82608	4,066.25
	2/6/2024	VEN00038--BANNER BANK - Credit Card	82609	5,062.85
	2/6/2024	VEN00150--BENTON COUNTY ELECTION RESERVE FUND	82610	22,724.13
	2/6/2024	VEN00061--BFWWCGR&TA	82611	250.00
	2/6/2024	VEN00075--CASCADE NATURAL GAS CORP	82612	35,998.85
	2/6/2024	VEN00469--CENTURY WEST ENGINEERING CORP	82613	6,875.71
	2/6/2024	VEN00083--CENTURYLINK	82614	113.62
	2/6/2024	VEN00087--CHUKAR CHERRY CO.	82615	155.08
	2/6/2024	VEN00321--CI INFORMATION MANAGEMENT	82616	47.82
	2/6/2024	VEN00290--CI-PW, LLC (Paradise Bottled Water)	82617	19.54
	2/6/2024	VEN00077--COLUMBIA BASIN IT	82618	1,002.75
	2/6/2024	VEN00107--COOK'S ACE HARDWARE	82619	67.75
	2/6/2024	VEN00639--CWW LLC (COLUMBIA RAIL)	82620	76,497.37
	2/6/2024	VEN00161--EXPRESS SERVICES, INC.	82621	1,773.20
	2/6/2024	VEN00166--FERGUSON ENTERPRISES, INC.	82622	162.20
	2/6/2024	VEN00175--FRONTIER FENCE, INC.	82623	202.45
	2/6/2024	VEN00009--GEO WAY ACE HARDWARE	82624	326.78
	2/6/2024	VEN00419--GRAINGER	82625	702.67
	2/6/2024	VEN00196--HARBOR FREIGHT TOOLS, INC.	82626	16.29
	2/6/2024	VEN00223--JOHNSTONE SUPPLY	82627	20.52
	2/6/2024	VEN00231--KENNEWICK INDUSTRIAL & ELECTRICAL SUPPLY	82628	130.57
	2/6/2024	VEN00644--LEAF	82629	225.59
	2/6/2024	VEN00240--LIFE FLIGHT NETWORK FOUNDATION	82630	25.00
	2/6/2024	VEN00510--LIFESECURE INSURANCE COMPANY	82631	762.97
	2/6/2024	VEN00491--LOWE'S CREDIT/SYNCHRONY FINANCIAL	82632	128.13
	2/6/2024	VEN00380--MCCLATCHY COMPANY	82633	497.76
	2/6/2024	VEN00542--MCCORMACK CONSULTING, LLC	82634	3,150.00
	2/6/2024	VEN00258--MOON SECURITY SERVICES, INC	82635	3,678.76
	2/6/2024	VEN00673--MOSS ADAMS LLP	82636	4,869.38
	2/6/2024	VEN00262--MR. ROOTER PLUMBING	82637	9,793.64
	2/6/2024	VEN00303--PACIFIC NW WATERWAYS ASSOC.	82638	9,787.00
	2/6/2024	VEN00301--PITNEY BOWES, INC	82639	217.00
	2/6/2024	VEN00592--PRO FIRE LLC	82640	991.40
	2/6/2024	VEN00310--PROSSER CHAMBER OF COMMERCE	82641	180.00
	2/6/2024	VEN00315--PURCHASE POWER	82642	53.78
	2/6/2024	VEN00464--ROCKABILLY ROASTING CO.	82643	142.50
	2/6/2024	VEN00550--SAGACITY MEDIA, INC.	82644	1,895.00
	2/6/2024	VEN00450--SANDY'S TROPHIES	82645	24.01

2/6/2024	VEN00634--SARA MARSHALL	82646	13,286.00
2/6/2024	VEN00352--SMARSH, INC.	82647	10.20
2/6/2024	VEN00369--SUNWEST SPORTSWEAR	82648	613.59
2/6/2024	VEN00298--TRI-CITY COMPUTER CONSULTING LLC	82649	1,902.25
2/6/2024	VEN00398--TRI-CITY SIGN & BARRICADE	82650	4,724.54
2/6/2024	VEN00402--UNDERGROUND CREATIVE, LLC	82651	1,750.00
2/6/2024	VEN00570--VITAL RECORDS CONTROL	82652	254.93
2/6/2024	VEN00449--ZIPLY FIBER	82653	3,315.15
2/6/2024	VEN00684--ZUMA SALES LLC	82654	21,196.50
2/6/2024	10038--Hammond, Cassandra	82655	3,032.28
2/6/2024	10037--Keller, Scott	82656	599.92
2/16/2024	VEN00024--AMERIGAS PROPANE LP	82657	2,583.19
2/16/2024	VEN00044--BENTON PUD	82658	2,987.30
2/16/2024	VEN00066--BNSF RAILWAY COMPANY	82659	5,200.00
2/16/2024	VEN00597--BUSINESS RADIO INC	82660	271.75
2/16/2024	VEN00290--CI-PW, LLC (Paradise Bottled Water)	82661	49.96
2/16/2024	VEN00071--CITY OF PROSSER	82662	6,390.93
2/16/2024	VEN00077--COLUMBIA BASIN IT	82663	652.20
2/16/2024	VEN00659--CONDON CONSTRUCTION LLC	82664	8,703.70
2/16/2024	VEN00105--CONNELL OIL, INC	82665	1,003.84
2/16/2024	VEN00107--COOK'S ACE HARDWARE	82666	237.00
2/16/2024	VEN00639--CWW LLC (COLUMBIA RAIL)	82667	28,000.00
2/16/2024	VEN00136--DIGITAL IMAGE TRI-CITIES, INC.	82668	500.03
2/16/2024	VEN00664--ELIZABETH RENZ	82669	2,250.00
2/16/2024	VEN00159--ENVIROTECH SERVICES, INC.	82670	6,339.38
2/16/2024	VEN00161--EXPRESS SERVICES, INC.	82671	753.61
2/16/2024	VEN00166--FERGUSON ENTERPRISES, INC.	82672	262.77
2/16/2024	VEN00180--GENSCO, INC	82673	486.56
2/16/2024	VEN00009--GEO WAY ACE HARDWARE	82674	871.97
2/16/2024	VEN00540--GLACIER SUPPLY GROUP, LLC	82675	1,037.53
2/16/2024	VEN00588--IC CONSULTING CORPORATION	82676	10,845.00
2/16/2024	VEN00245--LUKE'S CARPET	82677	2,337.05
2/16/2024	VEN00253--MINUTEMAN PRESS OF KENNEWICK	82678	105.46
2/16/2024	VEN00258--MOON SECURITY SERVICES, INC	82679	1,661.15
2/16/2024	VEN00305--POCKETINET COMMUNICATIONS, INC.	82680	240.00
2/16/2024	VEN00317--RAILWORKS TRACK SYSTEMS	82681	1,279.58
2/16/2024	VEN00369--SUNWEST SPORTSWEAR	82682	1,077.06
2/16/2024	VEN00385--THE HOME DEPOT CRC/GECF	82683	757.34
2/16/2024	VEN00622--TOTAL ENERGY MANAGEMENT & HVAC SERVICES	82684	454.91
2/16/2024	VEN00626--TRI-CITIES LEGISLATIVE COUNCIL	82685	500.00
2/16/2024	VEN00399--TRIDEC, INC.	82686	1,075.00
2/16/2024	VEN00414--VERIZON	82687	1,962.60
2/16/2024	VEN00532--VIC'S AUTO PARTS & SUPPLY	82688	224.22
2/16/2024	10036--Scaroni, Christopher	82689	100.00
2/16/2024	10015--Billetdeaux, David	82690	255.13
2/16/2024	10007--Keck, Roy	82691	2,634.34
2/16/2024	10020--Miya, Summers	82692	461.10
2/16/2024	10012--Hancock, Teresa	82693	250.58
2/27/2024	VEN00637--360 AUTOMOTIVE & REPAIR	82694	2,152.01

2/27/2024	VEN00674--509 CONSTRUCTION	82695	2,356.07
2/27/2024	VEN00029--ARCHIBALD & COMPANY ARCHITECTS	82696	7,094.59
2/27/2024	VEN00038--BANNER BANK - Credit Card	82697	17,006.15
2/27/2024	VEN00679--BARNHART CRANE & RIGGING	82698	2,765.20
2/27/2024	VEN00044--BENTON PUD	82699	3,695.47
2/27/2024	VEN00053--BENTON RURAL ELEC ASSOCIATION	82700	688.20
2/27/2024	VEN00059--BENTON-FRANKLIN HEALTH DEPT	82701	26.00
2/27/2024	VEN00469--CENTURY WEST ENGINEERING CORP	82702	19,462.00
2/27/2024	VEN00083--CENTURYLINK	82703	122.57
2/27/2024	VEN00321--CI INFORMATION MANAGEMENT	82704	47.82
2/27/2024	VEN00290--CI-PW, LLC (Paradise Bottled Water)	82705	34.75
2/27/2024	VEN00052--CITY OF BENTON CITY	82706	99.04
2/27/2024	VEN00089--CITY OF RICHLAND	82707	37,491.69
2/27/2024	VEN00234--CITY OF RICHLAND LANDFILL	82708	152.30
2/27/2024	VEN00077--COLUMBIA BASIN IT	82709	2,824.68
2/27/2024	VEN00105--CONNELL OIL, INC	82710	2,296.11
2/27/2024	VEN00107--COOK'S ACE HARDWARE	82711	192.32
2/27/2024	VEN00639--CWW LLC (COLUMBIA RAIL)	82712	11,935.26
2/27/2024	VEN00136--DIGITAL IMAGE TRI-CITIES, INC.	82713	410.34
2/27/2024	VEN00161--EXPRESS SERVICES, INC.	82714	1,773.20
2/27/2024	VEN00166--FERGUSON ENTERPRISES, INC.	82715	340.38
2/27/2024	VEN00009--GEO WAY ACE HARDWARE	82716	52.14
2/27/2024	VEN00196--HARBOR FREIGHT TOOLS, INC.	82717	63.53
2/27/2024	VEN00229--KELLEY'S TELE-COMMUNICATION, INC.	82718	160.80
2/27/2024	VEN00231--KENNEWICK INDUSTRIAL & ELECTRICAL SUPPLY	82719	1,063.05
2/27/2024	VEN00672--KPFF, INC.	82720	36,267.30
2/27/2024	VEN00236--LES SCHWAB TIRE CENTER STEVENS DR.	82721	471.74
2/27/2024	VEN00380--MCCLATCHY COMPANY	82722	1,691.40
2/27/2024	VEN00258--MOON SECURITY SERVICES, INC	82723	1,868.58
2/27/2024	VEN00471--OSBORN CONSTRUCTION & DESIGN, LLC	82724	963.08
2/27/2024	VEN00297--PERSONAL TOUCH CLEANING, INC.	82725	19,063.40
2/27/2024	VEN00302--PLATT ELECTRIC SUPPLY, INC	82726	1,107.07
2/27/2024	VEN00334--SANITARY DISPOSAL, INC.	82727	211.86
2/27/2024	VEN00636--SENSKE LAWN & TREE CARE LLC	82728	1,157.68
2/27/2024	VEN00352--SMARSH, INC.	82729	12.24
2/27/2024	VEN00369--SUNWEST SPORTSWEAR	82730	138.74
2/27/2024	VEN00394--TREASURE VALLEY COFFEE	82731	96.64
2/27/2024	VEN00626--TRI-CITIES LEGISLATIVE COUNCIL	82732	825.00
2/27/2024	VEN00298--TRI-CITY COMPUTER CONSULTING LLC	82733	4,328.12
2/27/2024	VEN00451--TWO RIVERS TERMINAL	82734	5,671.97
2/27/2024	VEN00532--VIC'S AUTO PARTS & SUPPLY	82735	26.02
2/27/2024	VEN00570--VITAL RECORDS CONTROL	82736	254.93
2/27/2024	VEN00449--ZIPLY FIBER	82737	107.27
2/16/2024	10029--Wright, Quentin	82738	94.57
2/26/2024	VEN00629--CHICAGO TITLE OF WASHINGTON	2024 PSA	150,000.00
2/27/2024	VEN00239--WASHINTGON STATE DEPT OF REVENUE	B8001/2024	2,416.64
2/8/2024	VEN00122--DEPT OF RETIREMENT SYSTEMS	DCP011924	3,826.99
2/29/2024	VEN00122--DEPT OF RETIREMENT SYSTEMS	DCP022924	3,828.03
2/7/2024	VEN00268--NATIONWIDE RETIREMENT SOLUTION	NW01192024	2,367.18

	2/27/2024	VEN00268--NATIONWIDE RETIREMENT SOLUTION	NW02162024	2,372.14
	2/21/2024	VEN00122--DEPT OF RETIREMENT SYSTEMS	PERS012024	29,736.07
Total for BCT MAIN				768,881.02

**Port of Benton, Benton County, Washington
Voucher Certification and Approval
for the Month of February 2024**

Project Fund

Accounts Payable Warrants #	900095	-	900096	\$	129,667.81
Electronic Payments				\$	-
Total Project Fund Expenses				\$	<u>129,667.81</u>
Total Project Fund Expenses				\$	<u><u>129,667.81</u></u>

I, 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 Benton and that I am authorized to authenticate and certify to said claim.

Attest: _____

Director of Finance/Port Auditor

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President

Vice President

Secretary

Port of Benton, Benton County, Washington
Voucher Certification and Approval
for the Month of February 2024

Project Fund				Feb-24 Cash Disbursements Batch Totals		Feb-24
Accounts Payable Warrants #	900095	-	900096	\$	129,667.81	
Electronic Payments				\$	-	
Total Project Fund Expenses				\$	129,667.81	
Total Project Fund Expenses				\$	129,667.81	

129,667.81
\$ 129,667.81
ACH - Payment
\$ -

I, 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 Benton and that I am authorized to authenticate and certify to said claim.

Attest: _____ Director of Finance/Port Auditor

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_____	President
_____	Vice President
_____	Secretary

Port of Benton
Check register

Date	Payee	Document no.	Amount
	Bank: BCT PROJECT - KeyBank National Association	Account no: 6634-6601401	
02/06/2024	VEN00519--ARCHITECTS WEST, INC.	900095	6,800.00
02/16/2024	VEN00578--BOOTH AND SONS CONSTRUCTION INC	900096	122,867.81
	Total for BCT PROJECT		129,667.81

RESOLUTION 24-12
A RESOLUTION OF THE PORT OF BENTON, WASHINGTON
TO CANCEL A WARRANT

WHEREAS, General Expense Fund Warrants No. 082248, which were Richard Rhynard, which has been deemed lost, and

WHEREAS, said warrants are hereby considered to be canceled, and the Port Commission wishes to remove said warrants from the active accounting records.

NOW THEREFORE, the Port Commission hereby resolves to cancel and destroy Warrant No. 082248.

DATED AND SIGNED at Prosser, Washington on this 13th day of March 2024.

Scott D. Keller, President

Lori Stevens, Vice President

Roy D. Keck, Secretary

RESOLUTION 24-08

A RESOLUTION OF THE PORT OF BENTON ACCEPTING WORK COMPLETED BY SIERRA ELECTRIC, INC. FOR THE RICHLAND AIRPORT ELECTRICAL REPLACEMENT CONSTRUCTION PROJECT

WHEREAS, work known as the Richland Airport Electrical Replacement Construction Project upon notification by Sierra Electric, Inc., that said project has been completed in accordance with the approved plans and specifications, has been duly inspected by Century West Engineering, and the project has been duly inspected by the Airport Manager, Quentin Wright and

WHEREAS, the Contractor has certified that the work has been completed in accordance with the plans and specifications at a total cost of \$1,455,900.44 plus WSST.

NOW THEREFORE BE IT RESOLVED that the Port of Benton Commission does hereby accept the work Sierra Electric, Inc., has completed in accordance with the contract of said project; and

BE IT HEREBY FURTHER RESOLVED that upon presentation and approval of the final invoice for the project, the Executive Director is directed to proceed with the necessary procedures, including required advertisements and government notifications, to finalize the project.

DATED AND SIGNED at Prosser, Washington on this 13th day of March 2024.

Scott D. Keller, President

Lori Stevens, Vice President

Roy D. Keck, Secretary

RESOLUTION 24-09
A RESOLUTION OF THE PORT OF BENTON
APPOINTING A PUBLIC RECORDS OFFICER
(RCW 42.56.580)

WHEREAS, the Port of Benton is a political subdivision of the State of Washington acting through an elected Commission pursuant to Chapter RCW 53.

WHEREAS, pursuant to the provision of RCW 42.56.580 the governing body of each local government entity shall appoint a Public Records Officer to receive requests for the public disclosure of documents pursuant to the Public Records Act of Washington State (RCW 42.56); and

WHEREAS, the identity of the agent and the address where he or she may be reached during the normal business hours shall be stated upon the Port of Benton's website; and

WHEREAS, RCW 42.56.070(1) requires each local agency to make available for inspection and copying public records which are not specifically exempted by statute; and

IT IS HEREBY RESOLVED, the Port of Benton Commission hereby appoints the below listed agent to receive any requests for public records made under Chapter 42.56 RCW.

Agent Appointed: JEFFREY A. LUBECK, Director of Finance/Auditor

Office Address: 3250 Port of Benton Blvd.
Richland, WA 99354

Website: <https://portofbenton.com/about-the-port/request-for-public-records>

IT IS FURTHER RESOLVED, the Port of Benton Commission hereby adopts the attached EXHIBIT A, the PORT OF BENTON PUBLIC RECORDS ACT DISCLOSURE POLICY.

DATED AND SIGNED at Prosser, Washington on this 13th day of March 2024.

Scott D. Keller, President

Lori Stevens, Vice President

Roy D. Keck, Secretary

EXHIBIT A

PORT OF BENTON

PUBLIC RECORDS ACT DISCLOSURE POLICY

OVERVIEW

1. Authority

RCW 42.56.070(1) requires each local agency to make available for inspection and copying public records which are not specifically exempted by statute. RCW 42.56.070(2) requires each agency to publish and maintain, for informational purposes, a current list containing every law, other than those listed under Chapter 42.56 RCW, that the agency believes exempts or prohibits disclosure of specific information or records of the agency.

2. Purpose

As directed by RCW 42.56.100, the purpose of this policy is to establish the procedures the Port of Benton (the "Port") will follow to provide full access to public records not specifically exempted by state or federal law. This policy will ensure that requestors receive the fullest assistance while preventing excessive interference with other essential functions of the Port.

3. Application

This policy applies to all requests for public records made pursuant to Chapter 42.56 RCW, and supersedes all prior versions of the Port of Benton's Public Records Act Disclosure Policy. This policy is subject to revision at any time.

4. Definitions

Listed below are terms defined by the Public Records Act. Any term not defined by the Public Records Act or this policy shall be defined by its common meaning.

- a. "Agency" includes all state and local agencies. A "local agency" includes counties, cities, towns, municipal corporations . . . or any office, department, division, board, commission, or agency thereof. The Port of Benton is an agency governed by the provisions of Chapter 42.56 RCW.
- b. "Person in interest" means the person who is the subject of a record or any representative designated by that person, except that if that person is under a legal disability, "person in interest" means and includes the parent or duly appointed legal representative.
- c. "Public Record" includes any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. This

definition does not include records that are not otherwise required to be retained by the agency and are by volunteers who:

- i. Do not serve in an administrative capacity;
- ii. Have not been appointed by the agency to an agency board, commission, or internship; and
- iii. Do not have a supervisory role or delegated agency authority.

d. "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any form of communication or representation including, but not limited to, letters, words, pictures, sounds, or symbols, or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, motion picture, film and video recordings, magnetic or punched cards, discs, drums, diskettes, sound recordings, and other documents including existing data compilations from which information may be obtained or translated.

PRACTICE

1. Responsibilities

a. Public Records Officer. The Port of Benton has publicly identified the Port Auditor as the Public Records Officer whose responsibility is to serve as a point of contact for requests under the Public Records Act. The Port Auditor is designated to oversee compliance with the Washington State Public Records Act. Other specific Port staff members may receive or respond to public records requests as set forth below.

2. Public Records Request - General Provisions

a. Port officials, officers and employees are not required to respond to a public records request if the request is not made pursuant to this policy. However, if a public record is readily accessible and can be easily provided at the time the request is made without need for further analysis regarding release, a Port official, officer or employee may respond to the request.

b. Public records which are prepared for the purpose of making them available to the public may be provided without completing a formal public records request.

3. Availability of Public Records. Public records are available for inspection and copying during normal business hours of the Port, excluding municipal legal holidays. Records must be inspected at the offices of the Port, and arrangements for inspection and/or copying must be made in advance. Inspection of public records must occur in a non-disruptive manner. No member of the public may remove a public record from a viewing area, disassemble, or alter any public record.

4. Organization / Protection of Public Records. The Port will maintain its records in a reasonably organized manner consistent with available resources. Pursuant to RCW 42.56.070(4), the Port of Benton has determined that development and maintenance of a current index of all public records as required by RCW 42.56.070(3) is unduly burdensome. See Port of Benton Executive Order – Public Records Index, signed July 1, 2016.

5. Making a Request for Public Records. A public records request must be for identifiable records. A request for all or substantially all records prepared, owned, used, or retained by an agency is not a valid request for identifiable records.

a. Requestors must use the applicable public records request forms available at the Port Office (3250 Port of Benton Blvd., Richland, WA) or on the Public Records Page located on the Port of Benton's website (www.portofbenton.com/about-the-port/request-for-public-records/).

Requests may be made in writing by mail, or electronically (see Section C below). The Port does not accept public records requests submitted by telephone or fax.

b. Requests submitted by mail will be deemed received on the date received by the Port. Requests submitted electronically after the close of business will be deemed received on the next business day.

c. If the request is to be submitted electronically, requestors should obtain a fillable .pdf form by visiting: <https://portofbenton.com/about-the-port/request-for-public-records/> That form shall be filled out in full, and submitted via email to: publicrecords@portofbenton.com

d. If submitted in writing by mail, the mailing address for the Public Records Officer is:

Public Records Officer
Port of Benton
3250 Port of Benton Blvd.
Richland, WA 99354

6. Processing of Public Records Requests

a. Acknowledging Receipt of Request. Within five (5) business days of receipt of a request, the Port will respond by doing one or more of the following:

- Making the record(s) available, in whole or in part, for inspection or copying;
- Acknowledging the request and providing a reasonable estimate of time required by the Port to respond to the request;
- Acknowledging the request and asking the requestor to provide clarification for a request that is unclear, and providing, to the greatest extent possible, a reasonable estimate of time necessary to respond to the request if it is not clarified; or
- Denying the request, in whole or in part, and providing the legal basis for such denial.

In computing time, the day on which the request is received does not count as one of the five business days. Holidays and weekends are also excluded from the calculation of time. RCW 1.12.040.

b. Clarification Requested. If, after clarification is requested by the Port on a request that is wholly unclear, a requestor fails to provide the requested clarification or fails to describe an identifiable public record with adequate specificity such that it can be located, the Port will deem the request abandoned and withdrawn, and will take no further action. Clarification must be received within ten (10) calendar days of the date the request for clarification is sent by the Port.

c. Third Party Notice. In the event the requested record(s) contain information that may affect the rights of other persons of interest and/or may be exempt from disclosure, the Port may, prior to providing the records, give notice to such other persons of interest whose rights may be affected by disclosure. The notice shall include a complete copy of the public records request. Third parties shall be given twenty (20) business days to obtain and provide to the Port an order from the court preventing or limiting disclosure.

d. Records Exempt from Public Disclosure. The Port shall make available for public inspection and copying all public records, unless the record or specific information contained within the record is exempt or prohibited from disclosure by state or federal law. If any record, in whole or in part, is determined to be exempt from disclosure, the Port shall provide the requestor with a written statement of the specific exemption authorizing the withholding of the record, in whole or in part, and shall provide a brief explanation of how the exemption applies to the record, or a portion thereof, withheld. RCW 42.56.070.

i. The Public Records Act provides that a number of types of records are exempt from public inspection and copying. See RCW 42.56.210 – 630.

ii. Other statutes outside the Public Records Act may also prohibit or exempt disclosure of certain records or information. RCW 42.56.070(1). The Port's failure to list all possible bases for exemption shall not affect the Port's ability to rely on such an exemption.

iii. By law, the Port is prohibited from disclosing records of individuals requested for commercial purposes. RCW 42.56.070(9).

e. Providing Records in Installments. When a request is for a large number of records, or records that require extensive review prior to disclosure, the Port may provide access for inspection and copying on an installment basis. If, within 30 calendar days from the date of notice that records are available for inspection or copying, the requestor fails to inspect or pay for copies of the records, the Port will discontinue fulfilling the balance of the request, and shall consider it abandoned and closed.

i. If the Port elects to make records available on a partial or installment basis, the Port may charge for each installment of the request as it is provided. RCW 42.56.120.

7. No Duty to Create Records. The Port is not obligated to answer written questions, create new public records, or provide a record in a format different from the original format of the record; however, the Port may, in its discretion, offer to create such a record to fulfill a request where it may be easier for the Port to create a record responsive to the request than to collect and make available voluminous records.

8. No Duty to Supplement Responses. The Port is not obligated to hold current records requests open to respond to requests for records that may be created in the future. A new request must be made to obtain later-created public records.

9. Fees; Statutory Limits

a. The Port finds that calculating the actual costs associated with providing public records is unduly burdensome for the following reasons: 1) quantifying certain necessary resources (ink, electricity, "wear and tear" on equipment) is inherently difficult; 2) funds were not allocated for

performing a study to calculate actual costs, and the Port's established priorities do not include funding for this particular effort; 3) staff resources are insufficient to perform a study and to calculate actual costs; and 4) a study would interfere with and disrupt essential Port functions

b. The fees for copies of public records are as stated in the attached Fee Schedule. Fees are consistent with the amounts established by state law. The Port may also charge for the actual cost of any digital storage media or device, the actual cost of any container or envelope used for mailing, and the actual cost of postage or delivery charges. No fee shall be charged for the inspection of public records or for locating public records and making them available for inspection. Payment of fees assessed is required prior to release of records. RCW 42.56.120.

10. Customized Service Charges. The Port may impose a customized service charge if the Port determines that the records request requires the use of information technology expertise to prepare data compilations, or provide customized electronic access services when such compilations and customized access services are not used by the Port for other agency purposes. Requestors will be notified in advance of the estimated cost, along with an explanation of why the customized service charge applies and a description of the specific expertise required, so that the request may be amended to avoid or reduce cost, if desired.

11. Deposit. The Port may require a deposit of up to ten percent (10%) of the estimated cost of providing records as provided herein, to include customized service charges, if any.

12. Closing Abandoned Requests. If the requestor withdraws the request, fails to clarify a request when asked, or fails to timely inspect or pay for copies of the records provided, the Port will close the request and notify the requestor that the request has been closed and that no further action will be taken. The closure of the request and the circumstances that led to closure will be documented. RCW 42.56.120.

13. Denial of Request Due to Exemption. All denials of requests for public records will be accompanied by an Exemption/Privilege Log that identifies the record(s) at issue and explains the legal basis for the denial. RCW 42.56.210(3). Any person who objects to the initial denial or partial denial of a records request must petition in writing (mail or email included) to the Public Records Officer for a review of that decision. The petition shall include a copy of the request denial, or reasonably identify the written statement by the Public Records Officer or designee that denied the request, any must specify the portion(s) of the decision that should be reviewed. An explanation of the requestor's reason for disagreeing with the decision may be included in the petition. The Public Records Officer shall review the petition with counsel for the Port and shall either affirm or reverse the denial within ten (10) business days following the receipt of the petition, or within such other time as the Port and the requestor mutually agree. The decision of the Public Records Officer on the petition constitutes the final action of the Port.

14. Executive Director's Review and Approval. The Port Commission has reviewed and authorized the Port Executive Director to approve this Public Records Act Disclosure Policy as representative of the Port's ongoing efforts to comply with State legislation and public policy to provide a transparent government.

AUTHORITY

Governing authority includes Chapter 42.56 RCW and Chapter 44-14 WAC.

Revision History

Public Access to Port of Benton Records, approved January 3, 2017, revised January 4, 2018.

PUBLIC RECORDS DISCLOSURE FEE SCHEDULE – See Chapter 42.56 RCW

Description	Unit/Size	Fee
Photocopy Fee (Black & White or Color)	10 Pages or Less (any size)	No Charge
Photocopy Fee (Black & White or Color)	More than 10 pages, each page charged (8 X 11, 8 X 14, 11x17)	0.15
Scanned Paper Documents	10 Pages or Less (any size)	No Charge
Scanned Paper Documents	Per Page -Over 10 pages - any size (all pages charged)	0.10
Electronic Files/Attachments uploaded for delivery via email / cloud-based service	Per every 4 Electronic Files / Attachments	.05
Electronic Transmission of Electronic Public Records	Per Gigabyte	0.10
Flash Drive	Per Flash Drive	7.00
CD	Per CD	1.00
DVD	Per DVD	1.00

UPON RECORDING, RETURN TO:

PORT OF BENTON
3250 PORT OF BENTON BLVD.
RICHLAND, WA 99354

RESOLUTION 24-10
A RESOLUTION OF THE PORT OF BENTON
APPOINTING AN AGENT TO RECEIVE
CLAIMS FOR DAMAGES (RCW 4.96.020)

WHEREAS, the Port of Benton is a political subdivision of the State of Washington acting through an elected Commission pursuant to Chapter RCW 53.

WHEREAS, pursuant to the provision of RCW 4.96.020 the governing body of each local government entity shall appoint an agent to receive any claim for damages made under Chapter 4.96 RCW; and

WHEREAS, the identity of the agent and the address where he or she may be reached during the normal business hours of the local governmental entity are public records and shall be recorded with the auditor of the county in which the entity is located; and

WHEREAS, all claims for damages against a local governmental entity, or against any local governmental entity's officers, employees, or volunteers, acting in such capacity, shall be presented to the agent within the applicable period of limitations within which an action must be commenced; and

WHEREAS, the failure of a local governmental entity to comply with the requirements of this section precludes that local governmental entity from raising a defense under Chapter 4.96 RCW.

IT IS HEREBY RESOLVED, the Port of Benton Commission hereby appoints the below listed agent to receive any claims for damages made under Chapter 4.96 RCW.

Agent Appointed: JEFFREY A. LUBECK, Director of Finance/Auditor
Office Address: 3250 Port of Benton Blvd.
Richland, WA 99354
Business Hours: Monday – Thursday, 7 a.m. – 4:30 p.m.
Friday, 8 a.m. - Noon

IT IS FURTHER RESOLVED, the Port of Benton Commission hereby directs that the clerk of the Port of Benton shall record this document with the Benton County Auditor.

DATED AND SIGNED at Prosser, Washington on this 13th day of March 2024.

Scott D. Keller, President

Lori Stevens, Vice President

Roy D. Keck, Secretary

RESOLUTION NO. 24-11
A RESOLUTION OF THE PORT OF BENTON ESTABLISHING
A FINANCIAL RESERVE POLICY

WHEREAS, The Port has not previously adopted a policy establishing financial reserves; and

WHEREAS, The Government Finance Officers Association considers a financial reserve policy a best practice and recommends that state and local governments establish such policies; and

WHEREAS, the Port has retained the services of Moss Adams to perform a Reserve Fund Study to assess best practices among ports, compare the Port to its peers and develop recommended reserve levels appropriate to the Port; and

WHEREAS, the Port Commission now wishes to adopt a Reserve policy;

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Benton as follows:

The Port of Benton Reserve Policy, set forth as "Exhibit A" attached to this Resolution and incorporated herein by such reference, is hereby approved.

DATED AND SIGNED at Prosser, Washington on this 13th day of March 2024.

Scott D. Keller, President

Lori Stevens, Vice President

Roy D. Keck, Secretary

EXHIBIT A

Policy Name	Reserve Policy
Policy Number	FIN-006
Effective Date	03/13/2024
Resolution No.	24-11
Administered By	Finance

Revision History

Description	Effective Date	Summary of Changes
Initial Adoption	03/13/2024	Initial Adoption

Purpose:

Reserves are a cornerstone of financial flexibility and provide the Port with options to respond to cash flow needs and unexpected issues as well as provide a buffer against unforeseen emergencies and changes in economic conditions. Adequate reserve levels are also a factor in external agencies' measurement of the Port's financial strength. A reserve policy creates a rules-based framework for ensuring an organization can consistently and effectively use reserves to accomplish these functions.

Objective:

To establish and maintain adequate financial reserve levels, the Port of Benton has established the following reserve types and levels.

Cash Reserve Requirements

The Port shall maintain sufficient cash reserves for the following purposes:

- The Port shall maintain enough cash on hand to pay between two to four months of average operating expenses to employees and outside vendors. This reserve is used to ensure timely payment in the event of any cash flow imbalances and provides a buffer against unforeseen financial exigencies.
- The Port shall maintain an additional amount of \$500,000 for the purposes of financing emergencies. This amount shall be available for costs that have resulted from such emergencies as natural disasters, accidents, or environmental crises.

Reserve Level Monitoring, Commission Notification, and Replenishment

If it becomes apparent that the Port will not be in compliance with these cash flow policy requirements, a detailed plan on increasing cash flow, either through raising revenues, reducing expenses, or a combination of both, to meet these policy requirements shall be promptly submitted by the Executive Director to the Commission. The Port will strive toward regaining the minimum reserves threshold within one to three years, depending on the characteristics and severity of the situation warranting the use of reserves.



Proprietary & Confidential

FINAL REPORT

Port of Benton

RESERVE FUND STUDY AND POLICY

March 6, 2024

Moss Adams LLP
999 Third Avenue, Suite 2800
Seattle, WA 98104
(206) 302-6500



This report is intended for the internal use of The Port of Benton, and may not be provided to, used, or relied upon by any third parties.



Table of Contents

I.	Executive Summary	1
II.	Introduction	3
III.	Reserve Funds and Policies	5
	Purpose and Function: Reserve Funds	5
	Purpose and Function: Reserve Fund Policies	5
	Reserve Funds and Policy Best Practices	5
	Sufficient Reserves, Insufficient Reserves, and Excessive Reserves	7
	Reserve Months: Points and Ranges	7
	Bond Rating Considerations	7
IV.	Current Reserves at the Port of Benton	9
V.	Peer Benchmarking	11
VI.	Risk Assessment	16
	Quantifying Eight Categories of Risk	16
	Total Risk Rating and GFOA Recommendations	18
VII.	Policy Recommendations	19
	A. Policy Text	19
	B. Alignment with Best Practices	20
	C. Other Options and Flexibility in Defining Reserve Levels	20
	D. Policy Implementation and Revision	24
	Appendix: Modeled Financial Impacts of Reserve Policy Targets	26



I. EXECUTIVE SUMMARY

The Port of Benton (the Port) contracted with Moss Adams LLP (Moss Adams) for the purposes of conducting a study to:

- Determine the appropriate types and levels of reserve funds for the Port
- Perform a peer benchmarking review of the reserve practices of other ports
- Draft a recommended reserve policy for the port to consider

Moss Adams conducted this engagement between November 2023 and March 2024. During our fact finding phase, Moss Adams conducted interviews, analyzed documents, and performed peer benchmarking. Based on the information gained during fact finding, Moss Adams analyzed current and historical reserves at the Port, synthesized peer reserve practices and policies, assessed key Port risks relating to reserve levels, and developed a financial model to provide insights on fiscal capacity and funding strategy. We then identified the types of reserve funds that the port should consider adopting, and developed a recommended range of reserve levels for each of these funds, based on industry standards and forecasted needs.

We recommend that the Port consider adopting a reserve fund policy. Below is a recommended policy for the Port to consider, modify as needed, approve, and implement.

Purpose

Reserves are a cornerstone of financial flexibility and provide the Port with options to respond to cash flow needs and unexpected issues as well as provide a buffer against unforeseen emergencies and changes in economic conditions. Adequate reserve levels are also a factor in external agencies' measurement of the Port's financial strength. A reserve policy creates a rules-based framework for ensuring an organization can consistently and effectively use reserves to accomplish these functions.

Cash Reserves Requirements

The Port shall maintain sufficient cash reserves for the following purposes:

- The Port shall maintain enough cash on hand to pay between **two to four months** of average operating expenses to employees and outside vendors. This reserve is used to ensure timely payment in the event of any cash flow imbalances and provides a buffer against unforeseen financial exigencies.
- The Port shall maintain an additional amount of **\$500,000** for the purposes of financing emergencies. This amount shall be available for costs that have resulted from such emergencies as natural disasters, accidents, or environmental crises.

Reserve Level Monitoring, Commission Notification, and Replenishment

If it becomes apparent that the Port will not be in compliance with these cash flow policy requirements, a detailed plan on increasing cash flow, either through raising revenues, reducing expenses, or a combination of both, to meet these policy requirements shall be promptly submitted by



the Executive Director to the Commission. The Port will strive toward regaining the minimum reserves threshold within one to three years, depending on the characteristics and severity of the situation warranting the use of reserves.

Policy Review and Revision

This policy shall be reviewed by the Executive Director (or designee) every three to five years. At this time, if deemed necessary, the Executive Director (or designee) shall make recommendations regarding any changes to the Commission for review and approval.

For the policy targets in bold above, the Port has a range of reasonable options:

- Reserve target expressed as months of average operating expenses:
 - The Port should maintain a reserve amount somewhere between two and four months.
 - The Port can express this reserve target as a point (e.g., two months, three months, four months) or as a range (e.g., between two and three months or between two and four months).
- Supplemental emergency reserves:
 - The appropriate amount is largely a function of the reserve-months' target chosen and the Port's capacity to fund reserves. Within any given budget constraint, dedicating more funds to the expenditure-months-based reserve will result in fewer supplemental emergency reserves.
 - The Port should consider maintaining these supplemental emergency reserves, at minimum, equal to the organization's largest deductible on its insurance policies used to hedge against emergencies.
 - If desired, the Port can iteratively revise this target upward as its fiscal capacity increases.



II. INTRODUCTION

The Port contracted with Moss Adams to conduct a study of Port operations and finances to determine appropriate types and levels of reserve funds and to develop a draft recommended reserve policy.

The Port outlined several key deliverables for this project, including:

- A review and summary of reserve practices of other ports of similar size
- A range of target values at which the Port's reserve should be maintained
- A draft reserve policy

Moss Adams conducted this engagement between November 2023 and March 2024. The project consisted of four major phases:

1. **Project Initiation and Management:** Project initiation consisted of collaborative planning, including further refinement of the scope of work and the development of the final work plan. Ongoing project management was performed to ensure the engagement was performed efficiently and in line with client expectations.
2. **Fact Finding and Fieldwork:** Fieldwork included interviews, document analysis, and peer benchmarking and outreach.
 - *Interviews:* We conducted interviews with key staff and Commissioners to gain an understanding of the current fiscal, operational, political, and decision-making environment at the Port.
 - *Document Analysis:* We reviewed documents, such as budgets, policies, procedures, reports, and other information that related to the operations and financial management of the Port.
 - *Peer Benchmarking and Outreach:* We conducted outreach to leaders in Port finance functions throughout the Pacific Northwest, predominantly in Washington that were of similar size to the Port. We gathered information and documents regarding the reserve policies and practices of peers.
3. **Analysis:** Based on the information obtained during fieldwork, we conducted several analyses to help determine the appropriate reserve practices and levels for the Port:
 - *Analysis of Current and Historical Reserves at the Port:* We analyzed the current reserve levels and practices of the Port against industry best practices.
 - *Peer Benchmarking Review:* We synthesized and analyzed the reserve practices and policies of peer organizations to contextualize and guide the reserve policy analysis using information from other Pacific Northwest ports.
 - *Risk Assessment:* Using Port financial and operational documents, along with information gained from interviews, we analyzed the Port's vulnerability to eight categories of risk particularly relevant to reserve policies. This analysis of risk was based on a tool from the Government Finance Officers Association (GFOA) to provide additional guidance on appropriate reserve levels.
 - *Funding Strategy:* We developed a flexible financial model to simulate how the Port might set aside funds to establish and maintain reserves throughout the coming decade, with particular focus on the next three years. We used this model to provide additional information on the Port's current capacity to set aside funds for reserves under various policy scenarios.



4. **Reporting:** We communicated the results of our analysis and our reserve policy recommendations within a draft report. The contents of this report were reviewed with management, prior to finalization, to confirm the relevance and appropriateness of recommendations.

DRAFT



III. RESERVE FUNDS AND POLICIES

PURPOSE AND FUNCTION: RESERVE FUNDS

Financial reserves are important tools for effective fiscal management of governments. Reserve funds are a risk management tool that reduce volatility and uncertainty through their two primary purposes:

1. Ensuring there is sufficient cash flow to meet operating needs
2. Providing a buffer against unexpected fiscal hardship

Sufficient reserves ensure that a government maintains enough cash on hand to cover operational expenses regardless of the timing of revenues. For example, many governments rely on property taxes that are collected twice annually yet have continual operating expenses throughout the year. If adequate reserves are maintained by a government, the timing of revenues does not affect operations, as the organization consistently has enough cash on hand to cover operational expenses. Sufficient reserves also provide a buffer against unexpected financial challenges, increasing the capacity of a government to address exigencies.

Reserve funds have other purposes, such as supporting good bond ratings, facilitating strategic decision-making, and making government financial management more transparent and accountable. However, these functions are second order effects that are only accomplished through the effective performance, or the external perception of future effective performance, of the primary two purposes: ensuring sufficient cash flow and buffering against financial risk.

PURPOSE AND FUNCTION: RESERVE FUND POLICIES

Reserve fund policies establish formal expectations for the amount, types, usage, and replenishment of financial reserves. Like all financial policies, reserve policies have broadly beneficial organizational effects, such as increasing accountability and aligning organizational management with industry best practices. However, the primary purpose of a reserve policy is creating a rules-based framework for ensuring an organization can consistently and effectively utilize reserves to accomplish the two main purposes outlined above. Reserve policies also provide stability and transparency in financial management practices over time, promoting effective use of reserves even if there is turnover in staffing or elected officials.

Without a formal reserve policy, an organization may leave reserves unestablished, or may be more likely to use funds that are informally designated as reserves, leaving the organization unequipped to handle cash flow needs or unexpected risks. Even if an organization establishes informal reserves without a policy, establishing an explicit reserve policy ensures that an organization maintains a level of reserves that aligns with best practices as well as organizational and operational needs.

RESERVE FUNDS AND POLICY BEST PRACTICES

The GFOA, the preeminent North American public finance industry group, recommends both the formal establishment of reserve funds and reserve fund policies. GFOA standards delineate best practices on the level, use, and replenishment of reserves. Similarly, the Municipal Research and Services Center (MRSC), a policy and legal guidance organization providing resources and expertise



to local governments across Washington, similarly recommends the establishment of reserve funds and reserve fund policies.¹

The GFOA and MRSC recommend the establishment and maintenance of reserves at a minimum of two months of regular operating expenditures or operating revenues. The choice of defining reserves in terms of expenditures or revenues is up to the individual government, depending on which is more predictable. Because regular operating expenditures and revenues are defined as monthly averages throughout a year, the best practice minimum of two months of operating costs is simply equivalent to 16.7% of annual operating expenses or revenues (two months divided by 12 months).

Although best practices recommend a minimum of two months of reserves, both the GFOA and MRSC recommend that governments maintain higher levels of reserves if the organization believes there are risks or other factors that could complicate or interfere with the capabilities of reserves to accomplish the two primary purposes of reserve funds at this minimum level. The GFOA delineates a number of factors that governments should take into account when considering higher levels of reserves, including:

- Predictability of revenues
- Volatility of expenditures
- Risks of severe and unpredictable one-time costs, such as extreme events or sudden and unexpected capital needs
- Interdependence of funds and other funds' reliance upon the general fund
- Existing and future planned levels of debt service
- Any plans for growth that may cause imbalance between revenues and expenditures
- Any other liquidity and cash flow concerns
- Impacts of reserve levels on bond ratings and the cost of borrowing

If governments believe they face significant levels of risk in these areas, GFOA and MRSC best practices recommend the consideration of reserve levels beyond the two-month minimum.

Both the GFOA and MRSC recommend that governments adopt a formal reserve policy that establishes:

- Appropriate level of reserve funds
- Descriptions of the types of conditions, situations, or exigencies that would warrant the use of reserves
- Descriptions of how expenditure and/or revenue levels will be adjusted to match operational and economic exigencies that merit the use of reserve funds
- Time period and means through which, after use, the levels of reserve funds will be replenished (generally, within one to three years of use)

¹ [Municipal Research and Services Center, Fund Balance and Reserve Policies, 2022](#)

[Government Finance Officers Association, Best Practices: Fund Balance Guidelines for the General Fund, 2015](#)



SUFFICIENT RESERVES, INSUFFICIENT RESERVES, AND EXCESSIVE RESERVES

It is possible to set reserves either too low or too high. The consequences and risks of setting reserve levels too low are easily understood; failure to maintain reserves at a sufficient level could cause cash flow problems and/or prevent a government from being able to effectively respond to an emergency or other unexpected exigency to the degree necessary. However, the risks and consequences of excessive reserves are less obvious.

Like any use of revenues, establishing and maintaining reserve funds inherently has accompanying opportunity costs. The utility gained through any use of funds can be comparatively evaluated against the utility that would be gained through the alternative use(s) of funds. Reserves can become excessive if they reach levels where they would create more value for a government and the public if they were used for other purposes. It is possible to retain too many reserves, effectively maintaining excessive self-insurance from cash flow problems and unexpected exigencies.

Although a key guiding principle for managing risk through reserves is to conservatively lean toward greater levels of reserves, this strategy has important limits. Bigger reserves are not always better.

RESERVE MONTHS: POINTS AND RANGES

Although GFOA and MRSC define the best practice minimum as two months of expenditures or revenues, there is no inherent restriction on the conceptualization of reserve months as whole numbers. Reserve month targets can be expressed in terms of whole months (e.g., two months or 12 months), fractions of months (e.g., two and half months or eight and a half months), or even flexible ranges of months (e.g., reserve targets between three months and five months). Recent guidance from the GFOA has encouraged governments to consider conceptualizing and defining reserve targets in terms of a range of months, noting significant benefits to this flexibility.²

BOND RATING CONSIDERATIONS

Although the primary purposes of reserve funds relate to risk management and operational continuity, the second order effects of reserve funds on bond ratings should not be ignored. While the Port should consider effects on bond ratings in its reserve fund decisions, the predominant focus should be on its own operations and risk management practices. Bond ratings are one of many operational and organizational concerns, and reserve levels are only one factor of many in bond rating methodologies.

² [Government Finance Officers Association, Rethinking Budgeting: Should We Rethink Reserves?, 2023](#)



Both Moody's and S&P provide boosts to U.S. local governments with higher levels of available fund balances. Although fund balances include a broader scope of resources and are therefore larger than reserves, for many organizations, much of available fund balances consist largely of reserves. Moody's and S&P provide the following guidance:

FUND BALANCE AND SELECTED BOND RATING CONSIDERATIONS	
Moody's Bond Rating Methodology ³	
Fund balance is between 15% and 25% of revenues	Associated with an 'A' rating ⁴
Fund balance is between 25% and 35% of revenues	Associated with an 'Aa' rating
Fund balance exceeds 35% of revenues	Associated with an 'Aaa' rating
S&P Bond Rating Methodology ⁵	
Available Fund Balance > 75% of general fund expenditures for the most recently reported year, the current year and next year and is expected to continue	Final rating is one notch higher than otherwise suggested
Available Fund Balance < \$500,000	Final rating is one notch lower than otherwise suggested
Available Fund Balance < 10% of general fund expenditures for the most recently reported year	Final rating capped at 'A+'
Available Fund Balance < 5% of general fund expenditures for the two most recently reported years	Final rating capped at 'A-'
Available Fund Balance < 5% of general fund expenditures for the three most recently reported years	Final rating capped at 'BBB'

As will be illustrated in the following sections, the Port's current and future reserves are and will be greater than both \$500,000 and 10% of expenses but will be far less than 75%, rendering each of the selected S&P methodological factors largely irrelevant. Although bond ratings should not be the predominant driver of reserve policy decisions, the three criteria from Moody's outlined above could be one consideration of Port stakeholders in determining appropriate levels of reserves.

³ [Government Finance Officers Association, Rethinking Budgeting: Should We Rethink Reserves?, 2023](#)

⁴ These are purely *associations* with a given rating. It does not guarantee a specific bond rating.

⁵ [U.S. Local Governments General Obligation Ratings: Methodology and Assumptions, 2013](#)



IV. CURRENT RESERVES AT THE PORT OF BENTON

The Port currently maintains \$1,500,000 in reserves and plans to maintain reserves at this level in 2024. In the five-year period from 2020 through the end of the proposed 2024 budget, the Port increased reserves by \$200,000.

Year	2020	2021	2022	2023	2024 (Proposed)	Average
Reserves	\$1,300,000	\$1,300,000	\$1,400,000	\$1,500,000	\$1,500,000	\$1,400,000
Increase in Reserves (\$)	\$0	\$0	+\$100,000	+\$100,000	\$0	+\$40,000
Increase in Reserves (%)	0%	0%	+7.7%	+7.1%	0%	+3.0%

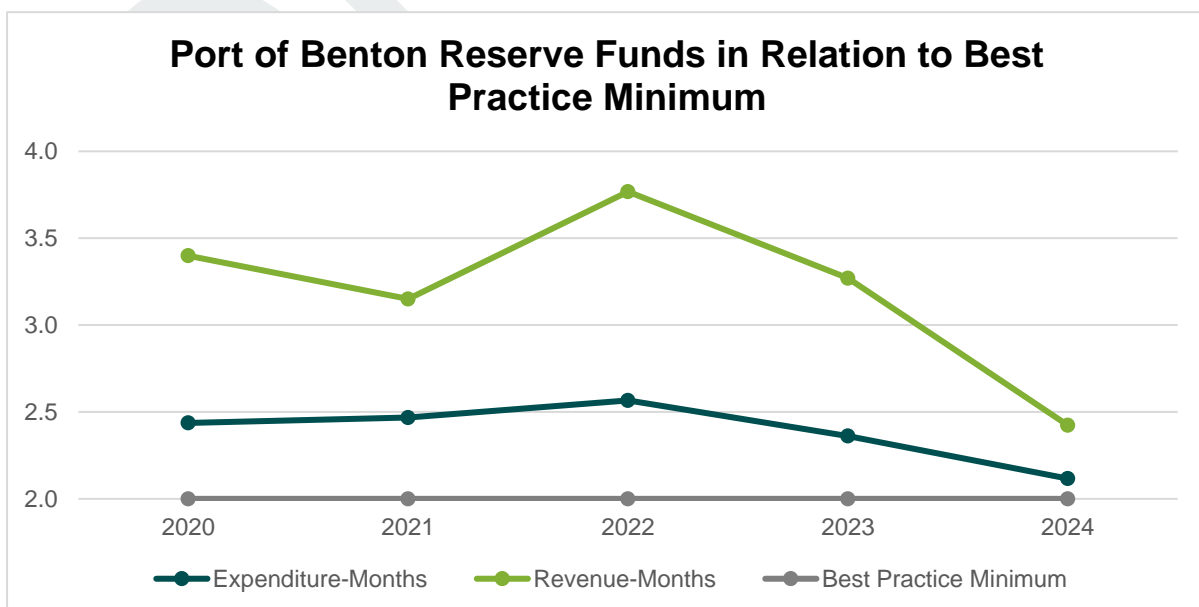
Over this same period, budgeted operating expenditures and operating revenues have increased significantly, though this growth has been uneven between years. Both operating expenses and operating revenues have generally grown larger each year, on a percentage basis, than the growth in reserves. In three of these five years, reserve levels have declined in relation to the size of operations, including in 2023 when reserves were actually increased by \$100,000.

Year	2020	2021	2022	2023	2024 (Proposed)	Average
Operating Expenditures	\$6,401,284	\$6,321,318	\$6,545,882	\$7,621,620	\$8,503,857	\$7,078,792
Increase in Operating Expenditures (\$)	+\$460,559	(\$79,966)	+\$224,564	+\$1,075,738	+\$882,237	+\$512,626
Increase in Operating Expenditures (%)	+7.8%	(1.2%)	+3.6%	+16.4%	+11.6%	+7.6%
Operating Revenues	\$4,589,140	\$4,952,108	\$4,458,780	\$5,504,441	\$7,426,855	\$5,386,265
Increase in Operating Revenues (\$)	+\$206,845	+\$362,968	(\$493,328)	+\$1,045,661	+\$1,922,414	+\$608,912
Increase in Operating Revenues (%)	+4.7%	+7.9%	(10.0%)	+23.5%	+34.9%	+12.2%



As previously explained, industry best practices measure reserve levels in terms of average months of operating expenditures or months of operating revenues. The minimum of reserves recommended by industry standards is two months. In the five-year period analyzed, the Port's reserves generally declined as a percentage of operating expenditures/revenues, though remained above this best practice minimum. If trends seen in the most recent two years continue, however, the Port would likely see its reserves fall below the best practice minimum in 2025 if reserves are kept at the current level of \$1,500,000.

Port of Benton Reserve Levels in Relation to Best Practice Minimum						
Year	2020	2021	2022	2023	2024 (Proposed)	Average
Revenue-Months	3.40	3.15	3.77	3.27	2.42	3.20
Change in Revenue-Months	(0.16)	(0.25)	+0.62	(0.50)	(0.85)	(0.23)
Revenue-Months Above Industry Minimum (2)	1.40	1.15	1.77	1.27	0.42	1.20
Expenditure-Months	2.44	2.47	2.57	2.36	2.12	2.39
Change in Expenditure-Months	(0.19)	+0.03	+0.10	(0.21)	(0.24)	(0.10)
Expenditure-Months Above Industry Minimum (2)	0.44	0.47	0.57	0.36	0.12	0.39





V. PEER BENCHMARKING

The GFOA recommends that governments conduct benchmarking with peers to provide guidance on appropriate reserve levels.⁶ For this purpose, and to provide guidance on the structure and text of reserve policies, both Moss Adams and Port staff surveyed peers, focusing on ports in the Pacific Northwest, predominantly in Washington.

Outreach was made to 29 ports in the Pacific Northwest, and 13 ports responded to outreach efforts and/or had publicly available information on reserves practices. Of these 13 ports, reserve targets were determined for 10. Seven of these ports had formal reserve policies. Of these seven with formal reserve policies, the text of these policies was able to be retrieved for six.

Port	Reserve Target Information Retrieved	Reserve Policy Established	Reserve Policy Full Text Retrieved
Bellingham	Yes	Yes	Yes
Bremerton	No	No	N/A
Chelan-Douglas	Yes	Yes	Yes
Everett	Yes	Yes	Yes
Kennewick	Yes	Philosophy, not a policy ⁷	N/A
Longview	Yes	Yes	Yes
Pasco	Yes	No	Yes
Port Townsend	Yes	Yes	Yes
Seattle	Yes	Yes	No
Vancouver (WA)	Yes	No	N/A
Astoria (OR)	No	No	N/A
Columbia County (OR)	No	No	N/A
Hood River (OR)	Yes	Yes	No

⁶ Government Finance Officers Association, [Best Practices: Fund Balance Guidelines for the General Fund, 2015](#)
Government Finance Officers Association, [General Fund Reserve Calculation Worksheet, 2020](#)

⁷ The Port of Kennewick defines the document that guides their reserve practices as a philosophy, not a policy. This is presumably less binding than a formal policy recommended by industry best practices.



Port	Annual Operating Expenses	Are Operating Expenses within +/- 25% of Port of Benton? (As of 2023)	Formal Reserve Policy?	Reserve Targets
Kennewick	\$4,350,000 ⁸	No	No	\$2,500,000
Port Townsend	\$7,093,094	Yes	Yes	<ul style="list-style-type: none">• Three months of operating expenditures• \$500,000 for emergencies• Separate adjustable capital reserves
Everett	\$8,200,000	Yes	Yes	<ul style="list-style-type: none">• Three months of operating expenditures• \$1 million for emergencies• Sufficient cash reserves for debt agreements
Hood River (OR)	\$10,304,832 ⁹	Yes	Yes	10% net depreciable assets
Chelan-Douglas	\$10,380,492	Yes	Yes	<ul style="list-style-type: none">• Six months of operating expenditures• \$1 million for emergencies• Sufficient cash reserves for debt agreements
Pasco	\$23,600,000 ¹⁰	No	Yes	Eight months of operating expenditures
Bellingham	\$33,700,000	No	Yes	<ul style="list-style-type: none">• Three months of operating expenditures• \$1 million for emergencies• Sufficient cash reserves for debt agreements
Vancouver (WA)	\$45,330,000	No	No	<ul style="list-style-type: none">• Six months of general and administrative salaries, wages, and benefits• Three months of operating indirect expenses• Three months of general and administrative overhead costs• Zero months of operating direct costs

⁸ Estimated operating expenses. Budget documents do not clearly delineate operating and non-operating expenses.

⁹ Estimated operating expenses. Budget documents are not publicly available.

¹⁰ Estimated operating expenses. Budget documents are not publicly available.



Port	Annual Operating Expenses	Are Operating Expenses within +/- 25% of Port of Benton? (As of 2023)	Formal Reserve Policy?	Reserve Targets
Longview	\$49,700,000	No	Yes	Four months of operating expenditures
Seattle	\$617,400,000	No	Yes	<ul style="list-style-type: none">• Non-Airport: 1.8 times annual revenue bond debt service• Airport: 1.25 times annual revenue bond debt service

Most of these ports express at least part of their reserve targets in terms of operating months, aligning with industry best practices. Although best practices permit the structuring of these reserve targets as expenditure-months or revenue-months, every months-based reserve target among peer ports is expressed as months of expenditures.

Within this group of seven expenditure-months-based reserve targets, four also delineate additional reserve targets. Each of these four ports maintain supplemental reserves entirely designated for emergencies. Importantly, although these emergency reserves are restricted from being used for any normal cash flow imbalances, these policies do not explicitly prohibit operating reserves from being used for emergencies. These emergency reserves are therefore supplemental buffers against emergencies—they do not prevent the emergency use of other reserves.

These same four ports also have language within their reserve targets specifically ensuring that they maintain sufficient cash reserves for all debt-related agreements, though the text is ambiguous as to whether these debt-related reserves must be kept separate from their operating reserves and/or emergency reserves. Additionally, the Port of Port Townsend uniquely has a separate capital reserve, though there is no firm target for this reserve year-to-year, as contributions are adjusted based on fiscal capacity.

In this survey of ports and their reserve targets, a clear delineation was evident between ports that are similarly sized to the Port and ports that are larger or smaller. Although their operations may have significant differences, the Ports of Port Townsend, Everett, Hood River, and the Chelan-Douglas Regional Port Authority have similarly sized operational expenses as the Port. As the Port is considering models of reserve levels and reserve policies, emphasis should be placed on the practices and policies of these ports. However, because the reserve target structure of the Port of Hood River is severely unaligned to industry best practices, this port should largely be ignored. Port Townsend, Everett, and Chelan-Douglas are the closest and most relevant peers to the Port for modeling reserve practices and policies.



Closest peers to the Port are highlighted in green.

Port Information		Reserve Policy Characteristics				Best Practice Policy Elements		
Port	Annual Operating Expenditures	Operating Reserves Target	Separate Emergency Reserves	Emergency Reserves as Percent of Operational Expenses (Equivalent Months)	Sufficient Cash Reserves for Debt Agreements	Conditions Warranting Use of Reserves	How Expenditures/ Revenues Will Be Adjusted When Reserves Used	Time Period and Means through Which Reserves Replenished
Port Townsend	\$7,093,094	3 Months Expenditures	\$500,000	7.0% (0.8)	No	Yes	No	No
Everett	\$8,200,000	3 Months Expenditures	\$1,000,000	12.2% (1.5)	Yes	Yes	Yes	Means, no time period included
Chelan-Douglas	\$10,380,492	6 Months Expenditures	\$1,000,000	9.6% (1.2)	Yes	Yes	Yes	Means, no time period included
Pasco	\$23,600,000	8 Months Expenditures	N/A	N/A	No	No	No	No
Bellingham	\$33,700,000	3 Months Expenditures	\$1,000,000	3.0% (0.4)	Yes	Yes	Yes	Means, no time period included
Longview	\$49,700,000	4 Months Expenditures	N/A	N/A	Yes	Yes	Yes	Means, no time period included



The full text of reserve policies was able to be retrieved for six ports, each of which are in Washington. Fortunately, reserve policies were available for each of the Port's three closest peers. In addition to reserve target levels and reserve types, each of these reserve policies was analyzed for alignment with the industry best practice elements delineated in Section III of this report.

In examining all six available port reserve policies:

- Operating reserves range from three months to eight months of expenses, with an average of four and a half months.
- Four of the six policies contain separate emergency reserves.
- The average emergency reserve is 8%, or one month, of operating expenses.
- Four of the six policies contain language on reserves for debt-related agreements.
- All policies contain explicit reserve targets.
- Four of the six policies describe conditions warranting the use of reserves.
- Four of the six policies describe how expenditures and/or revenues should be adjusted when reserves are used.
- Four of the six policies provide descriptions of the means through which reserves are replenished.
- No policy provides guidance on the time period in which reserves are replenished.

In examining the reserve policies only of the three closest peers to the Port:

- Operating reserves range from three months to six months of reserves, with an average of four months.
- All three policies contain separate emergency reserves.
- The average emergency reserve is 9.6%, or 1.15 months, of operating expenses.
- Two of the three policies contain language on reserves for debt-related agreements.
- Each policy contains explicit reserve targets.
- Two of the three policies list conditions warranting the use of reserves.
- Two of the three policies describe how expenditures and/or revenues should be adjusted when reserves are used.
- Two of the three policies provide descriptions of the means through which reserves are replenished.
- No policy provides guidance on the time period in which reserves are replenished.



VI. RISK ASSESSMENT

In their function as a buffer against fiscal hardship, reserves inherently have a relationship to risk. Generally, higher levels of risk merit greater levels of reserves.

Industry best practices delineate eight categories of risk that governments should assess in determining whether or to what degree reserve levels should be set above minimums. Based on interviews, document analysis, and discussions with the Port, these types of risk were analyzed and are expressed below in very basic quantifications, ranging from low risk (1) to high risk (5), based on a GFOA general fund reserve level evaluation framework.¹¹ These risk ratings are inherently subjective. There is no rubric for what organizational characteristics merit what quantification.

The following analysis should not be considered a thorough assessment of organizational risks, nor should this analysis be considered a particularly rigorous examination of the eight risks that it does examine. This analysis investigates and expresses risks to the depth and breadth necessary to provide basic insights on appropriate reserve levels, nothing more.

Importantly, although reserve levels have a relationship to the risks examined below, they also have a relationship to the entire universe of risks, both known and unknown. To function as a buffer against fiscal hardship, reserves have an obvious relationship to the risks against which an organization attempts to protect itself—the *known* unknowns. The organization understands and is aware of these risks. However, reserves also inherently have a relationship to the risks to which an organization is ignorant—the *unknown* unknowns. These risks arise from situations or future conditions that are so unforeseen that they are not even considered.¹²

Due to these unforeseen and unknown risks, the GFOA emphasizes leaning toward more conservative and higher levels of reserves when assessing risk and reserve levels.¹³ Governments should assume there is a somewhat higher level of risk than the level of which they are aware.

QUANTIFYING EIGHT CATEGORIES OF RISK

Each GFOA risk category is presented below, alongside an assigned risk rating between one and five based on our assessment. We also include a brief summary of the factors or assumptions used to assign the risk rating.

Risks from Revenue Stability: Low-to-Moderate (2)

Revenues are relatively stable month-to-month. A notable share of lease payments come from one leaseholder, which presents some risk to cash flow if payments from this firm are delayed.

¹¹ [Government Finance Officers Association, General Fund Reserve Calculation Worksheet, 2020](#)

¹² Although contemporary popularization of the conceptual framework distinguishing between known unknowns and unknown unknowns was sparked by a 2002 gaffe from Donald Rumsfeld, then Secretary of Defense, this framework has been used by psychologists, project management professionals, and strategic planning analysts since the 1950's.

¹³ [Government Finance Officers Association, Rethinking Budgeting: Should We Rethink Reserves?, 2023](#)



Risks from Expenditure Volatility: Low-to-Moderate (2)

Expenditures appear stable month-to-month. The most notable risk here appears to be large and/or unexpected expenses relating to the maintenance of rail.

Risks from Leverage: Low (1)

The Port is subject to very little leverage. Debt service and interest payments are less than 3% of annual revenues.

Risks from Liquidity: Low (1)

The Port's current reserve of \$1.5 million is currently above the best practice minimum. This reserve, along with low-to-moderate risks from revenue stability, expenditure volatility, and leverage, demonstrate low levels of risk solely from liquidity during periods of normal operations.¹⁴

Risks from Extreme Events: Low-to-Moderate (2)

Risks from extreme events appear relatively low. The most likely incidents seem to be train derailments or plane crashes. Two train derailments have occurred in recent years. There are also a number of unlikely but extreme events that nearly every organization is vulnerable to, such as cybersecurity risk or an active shooter event.

Risks from Cash Flow Imbalances Caused by Growth: Moderate (3)

The Port has considerable and ambitious plans for growth, including the Richland inland port. Such ambitious growth can lead to imbalances between the revenues received and the expenditures needed to create and service this growth, potentially creating cash flow imbalances.

Risks from Capital Projects: Moderate (3)

Maintenance issues relating to the Port's rail infrastructure present notable risks of large and potentially unexpected expenses. Risks relating to rail capital expenses will increase in importance as the Port pursues its inland port project.

Risks from Interdependence Between Funds: Low (1)

The Port only maintains one fund. There is no risk of other funds requiring excessive transfers from the general fund.

¹⁴ Strictly speaking, all of these eight risks relate to and threaten the availability of liquid assets. To the extent possible, risks from liquidity should be conceptualized as risks during periods of normal operations, since other confounding risks that could affect liquidity are delineated and quantified separately.



TOTAL RISK RATING AND GFOA RECOMMENDATIONS

Although the above risk assessment has clear limitations relating to subjectivity and rigor, it is more than sufficient for the purpose of providing basic guidance on reserve levels. Adding the scores of each risk category together yields a total of 15.

The GFOA evaluation framework presents the following guidance:¹⁵

Total Risk Score	GFOA Score Guidance
Between 8 and 16	Consider a target equal to the GFOA minimum reserve of two months (16.6%) operating expenditures/revenues.
Between 17 and 24	Consider adopting a reserve target somewhat higher than the GFOA minimum, between two and three months (17% to 25%) of operating expenditures/revenues. Consider a benchmarking study with peer agencies to provide guidance.

The Port's reserve guidance is on the higher end of the lowest grouping of risk scores. Because the GFOA recommends the consideration of unknown risks and a conservative lean toward higher levels of reserves, the Port should consider the GFOA guidance in the second-lowest risk category:

- Consider adopting a reserve level between two and three months of operating expenditures and revenues
- Use the results of the benchmarking study included as a part of this document in determining appropriate levels of reserves

¹⁵ [Government Finance Officers Association, General Fund Reserve Calculation Worksheet, 2020](#)



VII. POLICY RECOMMENDATIONS

A. POLICY TEXT

The Port of Everett, Port of Bellingham, and Chelan-Douglas Regional Port Authority have reserve fund policies with nearly identical structures, providing a clear template available to the Port.

Below is a recommended policy for the Port to consider, modify as needed, approve, and implement.

Purpose

Reserves are a cornerstone of financial flexibility and provide the Port with options to respond to cash flow needs and unexpected issues as well as provide a buffer against unforeseen emergencies and changes in economic conditions. Adequate reserve levels are also a factor in external agencies' measurement of the Port's financial strength. A reserve policy creates a rules-based framework for ensuring an organization can consistently and effectively use reserves to accomplish these functions.

Cash Reserves Requirements

The Port shall maintain sufficient cash reserves for the following purposes:

- The Port shall maintain enough cash on hand to pay between **two to four months** of average operating expenses to employees and outside vendors. This reserve is used to ensure timely payment in the event of any cash flow imbalances and provides a buffer against unforeseen financial exigencies.
- The Port shall maintain an additional amount of **\$500,000** for the purposes of financing emergencies. This amount shall be available for costs that have resulted from such emergencies as natural disasters, accidents, or environmental crises.

Reserve Level Monitoring, Commission Notification, and Replenishment

If it becomes apparent that the Port will not be in compliance with these cash flow policy requirements, a detailed plan on increasing cash flow, either through raising revenues, reducing expenses, or a combination of both, to meet these policy requirements shall be promptly submitted by the Executive Director to the Commission. The Port will strive toward regaining the minimum reserves threshold within one to three years, depending on the characteristics and severity of the situation warranting the use of reserves.

Policy Review and Revision

This policy shall be reviewed by the Executive Director (or designee) every three to five years. At this time, if deemed necessary, the Executive Director (or designee) shall make recommendations regarding any changes to the Commission for review and approval.



B. ALIGNMENT WITH BEST PRACTICES

Reflecting the practices of peers, reserve months are expressed in terms of expenses, rather than revenues. This policy also meets each of the best practice criteria established for reserve policies.

GFOA and MRSC Best Practice Criterion	Policy Alignment
Clear reserve target(s)	<ul style="list-style-type: none">Between two and four months of operating expenses\$500,000 in emergency reserves
Reserve targets exceed two months	<ul style="list-style-type: none">Reserve target exceeds two monthsSee below <i>section VII.C Other Options and Flexibility in Defining Reserve Levels</i>
Conditions warranting use of reserves	<ul style="list-style-type: none">Expenditure-months reserve: This reserve is used to ensure timely payment in the event of any cash flow imbalances and provides a buffer against unforeseen financial exigencies.Supplemental emergency reserve: This amount shall be available for costs that have resulted from such emergencies as natural disasters, accidents, or environmental crises.
How expenses/revenues will be adjusted when reserves are used	If it becomes apparent that the Port will not be in compliance with these cash flow guidelines, a detailed plan on increasing cash flow either through raising revenues, reducing expenses, or a combination of both, to meet these policy requirements shall be promptly submitted by the Executive Director to the Commission.
Means through which reserves would be replenished	
Time period in which reserves would be replenished	Within one to three years, aligning with GFOA best practices

Because no peer port reserve policy fulfills the best practice of outlining the time period in which reserves would be replenished, publicly available reserve policies from various Washington cities were reviewed for models of policy text.

C. OTHER OPTIONS AND FLEXIBILITY IN DEFINING RESERVE LEVELS

In defining the precise policy targets for its two key reserves, highlighted in bold in the policy text, the Port maintains considerable flexibility in and options for customizing these two targets to best suit the needs of the Port while still reflecting best practices and the practices of peers. For example, although we recommend reserve amounts between two and a half and three months of operating expenses and \$500,000 for a supplemental emergency reserve, the Port may determine that it wants higher levels of expense-months reserves and lower levels of emergency reserves, or vice-versa.

The [risk assessment](#) and [peer benchmarking review](#) converge on a clear recommendation for reserve levels for the Port:

- Reserves should be kept moderately above the minimums required by best practices. The Port's closest peers maintain three or six months of expenditures as reserves.
- Mirroring the practices of each of the Port's closest peer organizations, supplemental emergency reserves should be established, in addition to the months-based reserves target.



Although we present a specific set of reserve level policy target recommendations above, the Port has additional options that it could consider in defining these two reserve targets. Each of these options would still fulfill all best practices for reserve funds and would create a reserve fund able to carry out its two primary purposes: ensuring adequate cash flow and buffering against unexpected fiscal hardship.

We present an analysis of this flexibility, presenting potential benefits and drawbacks of additional options for reserve level targets below. Ultimately the Port should make its decision on reserve targets based on its operational and organizational expertise, including the following factors:

- The Port's fiscal capacity to fulfil its reserve policy obligations within the next few years
- The risk tolerance of staff leadership and Commissioners
- How the Port's significant plans for growth may affect the Port's fiscal capacity to continue funding reserves at the levels established by policy

Additional Options for the Expenditure-Months Policy Target

The decision on reserve-months is likely the most important decision for the Port in determining its reserve practices. The reserve-months funds will constitute the majority of the Port's reserves, and while emergency reserves are explicitly restricted to financing emergency response, the reserve-months funds can be used for both ensuring adequate cash flow and buffering against financial exigencies. Additionally, while the amount in emergency reserves is established in terms of flat dollar amounts, reserve-months funds are established proportionately to operating expenses, which creates an ongoing obligation for annual reserve contributions as operational expenses grow. Obviously, a greater reserve-months policy target creates greater levels of ongoing reserve contribution obligations for a growing government.

There are four main options for the Port's reserve-months target, each of which have clear benefits and drawbacks.

Policy Target	Benefits	Drawbacks
3 Months, 4 Months, Or Higher	<ul style="list-style-type: none">• Reserve levels align with peers• Ensures that reserves are regularly funded at higher levels through ongoing contributions for policy compliance• Likely to support a higher Moody's bond rating	<ul style="list-style-type: none">• More expensive to fund, creating more opportunity costs for funds that could be otherwise deployed• Less fiscal capacity for an emergency reserve
2.5 Months	<ul style="list-style-type: none">• Greater than best practice minimums• Fewer opportunity costs for funds held in reserve than a three-month target• Somewhat greater fiscal capacity for a larger emergency reserve	<ul style="list-style-type: none">• Less than the minimum amount set by peers• Somewhat less fiscal capacity for an emergency reserve than a two-month target
2 Months	<ul style="list-style-type: none">• Equals best practice minimums• Fewer opportunity costs for funds held in reserve• Creates greater fiscal capacity for a larger emergency reserve	<ul style="list-style-type: none">• Less than the minimum amount set by peers• Even smaller uses of reserve funds are more likely to result in reserve levels temporarily below best practice minimums



Between 2 and 4 Months (or Higher)	<ul style="list-style-type: none">• Reserve levels align with peers• Meets/exceeds best practice minimum• Easier to manage year-to-year given the inherent flexibility of a range• Reflects changes to operations and risk• Establishes a ceiling for reserve levels and opportunity costs that are too high	<ul style="list-style-type: none">• No peer organization surveyed has a flexible reserve target• Stakeholders are more likely to be unaware of exact levels of reserves• Could result in a de facto reserve policy at the lower bound if reserves are not prioritized
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Generally, a higher reserve-months target aligns more precisely with peers and engenders more organizational robustness, but is more expensive, creates greater levels of opportunity costs, and results in less fiscal capacity to fund the Port's emergency reserve. Conversely, a lower reserve-months target results in fewer expenses, fewer opportunity costs, and creates more fiscal capacity for a larger emergency reserve but creates greater levels of risk and is less aligned to peers.

The Port maintains the option to define the reserve-months target as a range, with a floor meeting or exceeding the best practice minimum. This more flexible practice would still fulfill all best practices but would be easier to manage and allow the Port to adjust its reserve levels within its policy range in response to operational changes, organizational changes, and changing levels of risk. A range also has the advantage of establishing a ceiling for reserve levels that are too high, establishing in policy a practice of acknowledging the opportunity costs associated with higher reserve levels. Further, a policy range can accommodate more differences in risk appetite between Port stakeholders, who may have differing opinions on the "correct" level of reserves.

A reserve-months range, however, has notable potential drawbacks. No peer port that was surveyed has a flexible reserve target. Additionally, if staff leadership and Commissioners do not prioritize reserves, a de jure reserve-months range policy could result in a de facto reserve policy set at the lower bound of this range, negating all the benefits of a flexible policy target. This flexibility can also mean that stakeholders are more likely to be unaware of the Port's exact levels of reserves at any given time since there would be greater levels of fluctuations in reserve amounts.

Finally, the differences in financial burden between reserve-months policy targets are significant. The Port must consider the degree of funds that it has available in deciding this policy target. A higher level of reserves established in policy accomplishes little if it cannot actually be funded. If annual growth in operational expenses remains 7.6% (the Port's average over the past five years), and reserves are funded annually as a consistent percent of operational expenses, the table below illustrates how some policy targets would impact ongoing financial commitments. The [Appendix](#) contains considerable detail on how differences in policy decisions could have differing financial impacts in the coming years.

Ongoing Annual Reserve Contributions Necessary in the Years Following an Initial Build-Up Period to Maintain Policy Compliance			
Reserve Contributions Modeled as a Consistent % of Annual Operating Expenses			
Policy Target	2 Months	2.5 Months	3 Months
Percent of Ongoing Annual Operating Expenses Dedicated to Reserves to Maintain Policy Compliance	1.18%	1.47%	1.77%



Additional Options for the Emergency Reserve Policy Target

The appropriate amount that the Port should keep in emergency reserves is a function of three things:

- The reserve-months policy target chosen (see above)
- The fiscal capacity of the Port to actually meet its reserves targets in the coming years
- The degree of robustness desired in bolstering emergency response capabilities

A key differentiator of an emergency reserve, constituted as a flat amount, is that it does not need to be regularly increased as operations grow, unlike reserves established through a months-based policy target. This means that the financial burden of an emergency reserve is only experienced during (1) the initial reserves buildup period or (2) any instances of replenishing reserves after use.

There is no best practice on appropriate amounts to keep in a supplemental emergency reserve. Though not required, one potential guideline is that this reserve should, at minimum, be equal to the Port's largest deductible on its insurance policies used to hedge against emergencies.

An appropriate emergency reserve target is greatly affected by the Port's reserve-months policy decision. When modeling reserve policy implementation and build-up as a three-year process, the Port could face a similar financial burden during this period across a wide range of policy target options that are quite different.¹⁶ Tables 2 through 5 in the [Appendix](#) demonstrate, in great detail, the varying fiscal burdens of many different combinations of reserve-months and emergency reserves targets.

Selected Reserve Policy Targets with Similar Three-Year Fiscal Impacts Reserve Contributions Modeled as a Consistent % of Annual Operating Expenses			
Percent of Annual Operating Expenses Dedicated to Reserves to Reach Policy Compliance by End of Year 3	Supplemental Emergency Reserves Amounts		
	2 Months Reserve Policy +	2.5 Months Reserve Policy +	3 Months Reserve Policy +
3.76% – 4.00%	\$900,000	\$450,000	No Emergency Reserves
4.01% – 4.25%	\$950,000	\$550,000	\$100,000
4.26% – 4.50%	\$1,000,000	\$600,000	\$150,000

If annual growth in operational expenses in the coming three-year period is 7.6% (the Port's average over the past five years), and reserves are funded annually as a consistent percent of operational expenses, the table above illustrates how very different policy targets could have similar fiscal burdens during these three years. For example, nearly identical financial obligations—between 4.26% and 4.5% of operating expenses—would be required each year to fund a two-month policy with a

¹⁶ There are no best practices that recommend a time period for the initial buildup of reserves after policy adoption. A three-year period for this modeling reflects the GFOA best practice recommendation of replenishing reserves to adhere to policy within one to three years of use.



\$1,000,000 emergency reserve, a two-and-a-half-month policy with a \$600,000 emergency reserve, or a three-month policy with a \$150,000 emergency reserve.

Although the months-based policy will have profound effects on the long-term financial obligations of reserves, the combination of reserve-months and emergency reserve amount will dictate the fiscal burden of the short-to-medium term period where the Port first builds its reserves to implement its adopted policy. Because of this, the Port must determine the appropriate emergency reserves in conjunction with its months-based policy and knowledge of its current and future fiscal capacity.

Importantly, although a supplemental emergency reserve does not automatically adjust upward as Port operations increase, the Port can iteratively adjust this emergency reserve target based on fiscal capacity and its assessment of risk. If the Port sets a smaller emergency reserve target now based on limited fiscal capacity, it can revise this target upward as the Port continues to grow (see also Section VII.D Policy Implementation and Revision below).

Additional Options for Reserves Related to Debt Agreements

Although not included in GFOA best practices, four peer policies contain additional language requiring the maintenance of any cash reserves necessary for debt agreements. If Port staff believe this requirement is prudent, or if this requirement one day becomes advantageous, such language can be added to the policy now, or it can be added in future versions of the policy as it is reviewed every three to five years.

Port	Debt-Related Language
Port of Bellingham	Sufficient cash reserves must be maintained to fulfill all debt-related agreements.
Chelan-Douglas Regional Port Authority	The Port Authority shall maintain sufficient cash reserves to assure the following: ... Cash reserves necessary to meet all debt covenants.
Port of Everett	The Port shall maintain sufficient cash reserves to assure the following: ... Cash reserves necessary to meet all debt covenants
Port of Longview	Debt service funds will maintain reserve levels that are required under the bond covenants specific to each outstanding issue.

D. POLICY IMPLEMENTATION AND REVISION

Regardless of whether the Port adopts the exact reserve policy targets that we outline, or chooses an alternate policy target option outlined above, it is important to note that policy implementation follows, and has the potential to iteratively affect, policy adoption. Although there are no best practices that recommend an appropriate time period for the initial buildup of reserves after policy adoption, GFOA best practices recommend that reserves be replenished within one to three years of use. Drawing from this best practice, the Port should consider building its reserves to levels that align with its chosen targets within three years of policy adoption. A reserve policy only fulfills its purpose through the actual creation and maintenance of reserves.

Finally, it is important to note the Port's reserve policy can be iteratively revised over time to optimally serve the needs of the Port. The Port may find its initial reserve policy targets to be too low or,



conversely, may find its future reserve obligations to be too financially constraining. The Port's closest geographic peer, the Port of Pasco, maintains reserves equal to eight months of expenditures. In the Reserve Policy's next review phase three to five years from now, the Port may find it prudent to expand its reserve levels between four and six months, or between four and eight months, or between six and eight months.

The Port's financial, operational, and/or organizational characteristics may also change over time. The types and levels of risks that the Port faces may change over time. Although a reserve policy provides a rules-based framework for ensuring an organization can consistently and effectively utilize reserves, these rules can be revised by staff and Commissioners if they no longer serve the Port effectively. Stakeholders should remember that a reserve policy is not permanently fixed.

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APPENDIX: MODELED FINANCIAL IMPACTS OF RESERVE POLICY TARGETS

The Port's reserve policy targets should be informed by the Port's fiscal capacity to fund reserves within the short-to-medium term future. To this end, it is important to understand how various reserve policy targets would financially impact the Port. The six tables below examine these financial impacts in considerable depth, modeling how a number of reserve policy decisions would financially impact the Port.

To model these potential financial impacts, a number of assumptions were made:

- Future operational expenditures would continue to grow at a rate of 7.6% per year, equaling the Port's average operating expenditure growth seen during the most recent five-year period.
- The Port would build up reserves within an initial three-year period after policy adoption.
- After this three-year build-up period, reserves would still need to grow, though at a slower rate, to reflect the Port's growing operations.
- The Port's annual contributions to its reserves would be made as a consistent proportion of operating expenses throughout the three-year build up period.

Even though Port operating expenditures will change year-to-year at different rates, and even though the Port would have considerable flexibility in how it contributes to a reserve fund target each year, this set of common assumptions allows for a comparison of the potential financial impacts of various reserve policy targets. Appendix Table 1 through Table 6 each report various results of this financial modeling using this common set of assumptions.



Appendix Table 1:
Modeling Reserve Policy Months and Potential Fiscal Burden, 2025-2027
Does not Include Supplemental Emergency Reserves

Simple Operating Expenditure Projections	Budget Information Type	Proposed Budget	Projected Budgets		
	Year	2024	2025	2026	2027
	Operating Expenses Projection	\$8,503,857	\$9,150,150	\$9,845,562	\$10,593,824
	Op. Expenses Increase (\$)	\$882,237	\$646,293	\$695,411	\$748,263
	Op. Expenses Increase (%)	+11.6%	+7.6%	+7.6%	+7.6%
Annual Increase in Reserves					
Policy: 3 Months Expenditures*	EOY Reserve Levels	\$1,500,000	\$1,855,144	\$2,237,279	\$2,648,456
	Reserves Policy Goal	\$2,125,964	\$2,287,538	\$2,461,390	\$2,648,456
	Increase to Reserves (\$)	\$0	\$355,144	\$382,135	\$411,177
	Increase to Reserves (% of Operating Expenses)	0%	+3.9%	+3.9%	+3.9%
Policy: 2.5 Months Expenditures*	EOY Reserve Levels	\$1,500,000	\$1,718,644	\$1,953,906	\$2,207,047
	Reserves Policy Goal	\$1,771,637	\$1,906,281	\$2,051,159	\$2,207,047
	Increase to Reserves (\$)	\$0	\$218,644	\$235,261	\$253,141
	Increase to Reserves (% of Operating Expenses)	0%	+2.4%	+2.4%	+2.4%
Policy: 2 Months Expenditures†	EOY Reserve Levels	\$1,500,000	\$1,525,025	\$1,640,927	\$1,765,637
	Reserves Policy Goal	\$1,417,310	\$1,525,025	\$1,640,927	\$1,765,637
	Increase to Reserves (\$)	\$0	\$25,025	\$115,902	\$124,710
	Increase to Reserves (% of Operating Expenses)	0%	+0.3%	+1.2%	+1.2%

Notes:

* Increases to reserves are presented as an equal percent of operating expenses each year to reach policy compliance by end of year 3.

† Increases to reserves are modeled as the lowest amount to reach policy compliance each year. Compliance is reached in year 1 and is maintained in years 2-3.



Appendix Table 2: Modeling 3-Year Reserves Build up Period, with Contributions as a Consistent % of Operating Expenses				
3 Months Reserve Policy <u>Plus</u> Supplemental Emergency Reserves				
Simple Operating Expenditure Projections	Projected Budgets			
	Year	2025	2026	2027
	Operating Expenditures Projection	\$9,150,150	\$9,845,562	\$10,593,824
	Op. Expenditures Increase (\$)	\$646,293	\$695,411	\$748,263
	Op. Expenditures Increase (%)	+7.6%	+7.6%	+7.6%
3 Months Operating Expenditures		\$2,287,538	\$2,461,390	\$2,648,456
Supplemental Emergency Reserves Amount:	Percent of Annual Operating Expenses Necessary to Reach Policy Compliance by End of Year 3	Annual Increase in Reserves Necessary to Reach Policy Compliance by End of Year 3		
\$0	3.88%	\$355,144	\$382,135	\$411,177
\$50,000	4.05%	\$370,606	\$398,772	\$429,078
\$100,000	4.20%	\$386,068	\$415,409	\$446,980
\$150,000	4.39%	\$401,529	\$432,046	\$464,881
\$200,000	4.56%	\$416,991	\$448,683	\$482,782
\$250,000	4.73%	\$432,453	\$465,319	\$500,684
\$300,000	4.90%	\$447,915	\$481,956	\$518,585
\$350,000	5.06%	\$463,377	\$498,593	\$536,486
\$400,000	5.23%	\$478,838	\$515,230	\$554,388
\$450,000	5.40%	\$494,300	\$531,867	\$572,289
\$500,000	5.57%	\$509,762	\$548,504	\$590,190
\$550,000	5.74%	\$525,224	\$565,141	\$608,091
\$600,000	5.91%	\$540,686	\$581,778	\$625,993
\$650,000	6.08%	\$556,147	\$598,415	\$643,894
\$700,000	6.25%	\$571,609	\$615,051	\$661,795
\$750,000	6.42%	\$587,071	\$631,688	\$679,697
\$800,000	6.58%	\$602,533	\$648,325	\$697,598
\$850,000	6.75%	\$617,995	\$664,962	\$715,499
\$900,000	6.92%	\$633,456	\$681,599	\$733,401
\$950,000	7.09%	\$648,918	\$698,236	\$751,302
\$1,000,000	7.26%	\$664,380	\$714,873	\$769,203



Appendix Table 3: Modeling 3-Year Reserves Build up Period, with Contributions as a Consistent % of Operating Expenses				
2.5 Months Reserve Policy Plus Supplemental Emergency Reserves				
Simple Operating Expenditure Projections	Projected Budgets			
	Year	2025	2026	2027
	Operating Expenditures Projection	\$9,150,150	\$9,845,562	\$10,593,824
	Op. Expenditures Increase (\$)	\$646,293	\$695,411	\$748,263
	Op. Expenditures Increase (%)	7.6%	7.6%	7.6%
2.5 Months Operating Expenditures		\$1,906,281	\$2,051,159	\$2,207,047
Supplemental Emergency Reserves Amount:	Percent of Annual Operating Expenses Necessary to Reach Policy Compliance by End of Year 3	Annual Increase in Reserves Necessary to Reach Policy Compliance by End of Year 3		
\$0	2.39%	\$218,644	\$235,261	\$253,141
\$50,000	2.56%	\$234,106	\$251,898	\$271,042
\$100,000	2.73%	\$249,568	\$268,535	\$288,944
\$150,000	2.90%	\$265,030	\$285,172	\$306,845
\$200,000	3.07%	\$280,492	\$301,809	\$324,746
\$250,000	3.23%	\$295,953	\$318,446	\$342,648
\$300,000	3.40%	\$311,415	\$335,083	\$360,549
\$350,000	3.57%	\$326,877	\$351,720	\$378,450
\$400,000	3.74%	\$342,339	\$368,356	\$396,352
\$450,000	3.91%	\$357,801	\$384,993	\$414,253
\$500,000	4.08%	\$373,262	\$401,630	\$432,154
\$550,000	4.25%	\$388,724	\$418,267	\$450,055
\$600,000	4.42%	\$404,186	\$434,904	\$467,957
\$650,000	4.59%	\$419,648	\$451,541	\$485,858
\$700,000	4.76%	\$435,110	\$468,178	\$503,759
\$750,000	4.92%	\$450,571	\$484,815	\$521,661
\$800,000	5.09%	\$466,033	\$501,452	\$539,562
\$850,000	5.26%	\$481,495	\$518,089	\$557,463
\$900,000	5.43%	\$496,957	\$534,725	\$575,365
\$950,000	5.60%	\$512,419	\$551,362	\$593,266
\$1,000,000	5.77%	\$527,880	\$567,999	\$611,167



Appendix Table 4: Modeling 3-Year Reserves Build up Period, with Contributions as a Consistent % of Operating Expenses				
2 Months Reserve Policy <u>Plus</u> Supplemental Emergency Reserves				
Simple Operating Expenditure Projections	Projected Budgets			
	Year	2025	2026	2027
	Operating Expenditures Projection	\$9,150,150	\$9,845,562	\$10,593,824
	Op. Expenditures Increase (\$)	\$646,293	\$695,411	\$748,263
	Op. Expenditures Increase (%)	7.6%	7.6%	7.6%
2 Months Operating Expenditures		\$1,525,025	\$1,640,927	\$1,765,637
Supplemental Emergency Reserves Amount:	Percent of Annual Operating Expenses Necessary to Reach Policy Compliance by End of Year 3	Annual Increase in Reserves Necessary to Reach Policy Compliance by End of Year 3		
\$0	0.90%	\$82,145	\$88,388	\$95,105
\$50,000	1.07%	\$97,606	\$105,025	\$113,006
\$100,000	1.24%	\$113,068	\$121,661	\$130,908
\$150,000	1.40%	\$128,530	\$138,298	\$148,809
\$200,000	1.57%	\$143,992	\$154,935	\$166,710
\$250,000	1.74%	\$159,454	\$171,572	\$184,612
\$300,000	1.91%	\$174,915	\$188,209	\$202,513
\$350,000	2.08%	\$190,377	\$204,846	\$220,414
\$400,000	2.25%	\$205,839	\$221,483	\$238,316
\$450,000	2.42%	\$221,301	\$238,120	\$256,217
\$500,000	2.59%	\$236,763	\$254,757	\$274,118
\$550,000	2.76%	\$252,224	\$271,394	\$292,019
\$600,000	2.93%	\$267,686	\$288,030	\$309,921
\$650,000	3.09%	\$283,148	\$304,667	\$327,822
\$700,000	3.26%	\$298,610	\$321,304	\$345,723
\$750,000	3.43%	\$314,072	\$337,941	\$363,625
\$800,000	3.60%	\$329,533	\$354,578	\$381,526
\$850,000	3.77%	\$344,995	\$371,215	\$399,427
\$900,000	3.94%	\$360,457	\$387,852	\$417,329
\$950,000	4.11%	\$375,919	\$404,489	\$435,230
\$1,000,000	4.28%	\$391,381	\$421,126	\$453,131



Appendix Table 5: Synthesis of Policy Decision with Similar 3-Year Fiscal Impacts <small>Contributions Modeled as a Consistent % of Annual Operating Expenses</small>			
Percent of Annual Operating Expenses Necessary to Reach Policy Compliance by End of Year 3	Supplemental Emergency Reserves Amounts		
	2 Months Reserve Policy +	2.5 Months Reserve Policy +	3 Months Reserve Policy +
0.76% - 1.00%	\$0		
1.01% - 1.25%	\$50,000		
	\$100,000		
1.26% - 1.50%	\$150,000		
1.51% - 1.75%	\$200,000		
	\$250,000		
1.76% - 2.00%	\$300,000		
2.01% - 2.25%	\$350,000	\$0	
	\$400,000		
2.26% - 2.50%	\$450,000		
2.51% - 2.75%	\$500,000		
2.76% - 3.00%	\$550,000		
	\$600,000		
3.01% - 3.25%	\$650,000	\$200,000	
		\$250,000	
3.26% - 3.50%	\$700,000	\$300,000	
	\$750,000		
3.51% - 3.75%	\$800,000	\$350,000	
		\$400,000	
3.76% - 4.00%	\$850,000	\$450,000	\$0
	\$900,000		
4.01% - 4.25%	\$950,000	\$500,000	\$50,000
		\$550,000	\$100,000
4.26% - 4.50%	\$1,000,000	\$600,000	\$150,000
4.51% - 4.75%		\$650,000	\$200,000
			\$250,000
4.76% - 5.00%		\$700,000	\$300,000
		\$750,000	
5.01% - 5.25%		\$800,000	\$350,000
			\$400,000
5.26% - 5.50%		\$850,000	\$450,000
		\$900,000	
5.51% - 5.75%		\$950,000	\$500,000
			\$550,000
5.76% - 6.00%		\$1,000,000	\$600,000
6.01% - 6.25%			\$650,000
			\$700,000
6.26% - 6.50%			\$750,000
			\$800,000
6.51% - 6.75%			\$850,000
			\$900,000
6.76% - 7.00%			\$950,000
7.01% - 7.25%			\$950,000
7.26% - 7.50%			\$1,000,000



Appendix Table 6: Ongoing Annual Reserve Contributions Necessary to Maintain Policy Compliance <u>After</u> an Initial 3-Year Build-Up Period			
Contributions Modeled as a Consistent % of Annual Operating Expenses			
Policy Months	2 Months	2.5 Months	3 Months
Percent of Ongoing Annual Operating Expenses Dedicated to Reserves to Maintain Policy Compliance	1.18%	1.47%	1.77%

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	Project	Description	Grants Pursued/Received	Comments
1	Richland Innovation Center Rural County Capital Funds	Infrastructure improvements across already developed lots and the widening of Fermi Avenue	Benton County RCCF \$1,500,000	Project for streetlights awarded; next phase for fencing and sidewalk to follow.
2	Innovation Cluster Accelerator Program Application, Phase 2	Washington Dept of Commerce, next evolution of POB, IPZ. Goal to support creation of clean energy industry lead alliance.	State - \$300,000	RFP and contracting in progress
3	National Highway Freight Program (WSDOT portion)	SR 240 rail signal and crossing reconstruction. City will be installing a bike/ped path on north side of crossing. WSDOT is planning on widening SR 240 from bypass highway to Hagen.	WSDOT \$865,000 POB \$135,000	KPFF working on design plans for a bid advertisement by the end of 2024. Plan for the crossing and signal replacement to be completed by end of first quarter 2024. Project has been delayed slightly due to new cultural and environmental requirements by the grant agency.
4	Railroad Improvements - FRAP grant	Provide grant funding of railroad crossings - Airport Way, Saint St, and Kingsgate Way signal cabinet.	FRAP - \$1,030,000 POB \$250,000	HDR is currently in design of this project. Project is planned for bidding in March.
5	DOE EV	Provide grant funding for EV charging stations north Richland, Prosser	POB land sites	Project meeting being held prior to application submission.
6	2023-2025 State Capital Appropriation	"White Bluffs Rail" remaining crossings, ties, panels and rail to support CRISI	\$1,212,500 State Grant	Working on pre contract approvals required by grant including ownership maps of rail and coordination with tribes.
7	RAISE	White Bluffs Southern Connection Rail	Federal \$8M POB \$2M	Application submitted, multiple programs this project will be applied for; Congressional Directed Spending and CRISI submittal upcoming.

	Project	Description	Grants Pursued/Received	Comments
8	Benton County .09	TBC real property currently in negotiations	Benton County RCCF \$1.5M	Approved February County Commission meeting; due diligence further inspection of property underway.
9	State Capital Request	Phase 1 intermodal rail yard	\$6-\$10M	Request to support federal grant applications and initial phase 1 of intermodal rail yard; \$240,000 awarded
	Airports			
10	Richland Airport - Airfield Signage and Lights (PH1)	Replace Airfield Signs, Replace runway lights on RW 8/26 & 1/19 MIRL	FAA - \$3,200,000 No Match Required	Grant closeout started
11	FAA and State Airport discretionary funds - Richland Airport	Runway and Apron Crack and Fog Seal	FAA NPE \$290,000 State \$800,000 Awarded FAA Grant amount 2023 = \$178,000 (Design Work)	Approved - Grant Agreement Signed by Port and FAA. 100% Design submitted to FAA. New CWE construction estimate \$2.35M. Multiple Additive Alternates to get as much work completed as funding allows.
12	FAA Airport Funds - Prosser Airport	Runway and Apron Crack and Fog Seal and Airport Lighting	FAA NPE \$200,000 FAA DI \$1,300,000 Awarded FAA Grant amount 2023 = \$245,000 (Design Work)	Approved - Grant Agreement Signed by Port and FAA. 90% Design submitted to FAA. New construction estimate \$1.98M.
13	Infrastructure Investment and Jobs Act - Grant Funds (Now Bipartisan Infrastructure Law BIL funds) - Richland Airport	Direct grants for the improvement of public use airports. Awarded project is Taxilane construction	Richland Airport \$1,200,000	Grant offer signed and returned

	Project	Description	Grants Pursued/Received	Comments
14	Infrastructure Investment and Jobs Act - Grant Funds (Now Bipartisan Infrastructure Law BIL funds) - Richland Airport	Main Apron Reconfiguration - Design/Construction 2025/26	BIL Funds \$833,000	Approved
15	FAA Airport Funds – Richland Airport	Wildlife fencing around airport. Complete fencing around entire airport	FAA NPE \$205,000	Approved
16	FAA Airport Funds – Prosser Airport	Construct Heliport/Helipad with service road – design	FAA NPE \$155,000	Approved