PORT OF CENTRALIA
Established 1986

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Minutes
Regular Meeting of the
PORT OF CENTRALIA
June 16, 2021
Via Teleconference
3:00 PM

Attendees: Commissioners: Julie Shaffley, Peter Lahmann, Kyle Markstrom
Executive Director: Kyle Heaton
Press: Susan Delaire, Business to Business
Public: Naomi Pavlicek, Washington & Northern Idaho District Council of Laborers #252; Christina Riley; Rick Schnatterly; Alicia Bull, Centralia-Chehalis Chamber of Commerce; Paul Crowner; Brian Dow; Jan Banevich; Amber Lewis; and three unknown callers (via telephone)

1) **Call Meeting to Order/Introductions:** Commissioner Shaffley called the meeting to order at 3:00 p.m.

2) **Approval of Minutes:** Commissioner Lahmann made a motion to approve the June 2, 2021, regular meeting minutes with amendments. Commissioner Markstrom seconded the motion. The motion carried.

   Commissioner Lahmann stated that Kyle Heaton has said that he was uncomfortable with the placement of a temporary sign by Scot Industries at the last meeting and that it was not reflected in the minutes. He said that he sent a note a few days prior that he would be supportive of upgrading the kiosk to accommodate more signage. Commissioner Shaffley stated that that was not pertaining to the minutes. Commissioner Lahmann said that, pertaining to the minutes, he was concerned there was nothing noting the discomfort of not having the sign. Commissioner Shaffley asked if he would like the minutes amended. Commissioner Lahmann said that he would. Kyle Heaton asked Commissioner Lahmann if he could provide the amendment to ensure that the minutes are amended correctly. Commissioner Lahmann suggested going back and listening to the tape, because there was discomfort about having temporary signage. Commissioner Shaffley stated that there is a 'help wanted' sign on Port property. Commissioner Lahmann said that he went and looked at it. Commissioner Shaffley said that she couldn't speak to the discomfort, but that Kyle Heaton had stated that there was a 'help wanted' sign on Port property without permission. Commissioner Lahmann confirmed that and said that they were trespassing. Kyle Heaton said that that was correct.

3) **Approval of Warrants:** Commissioner Markstrom made a motion to approve warrants 21907 through 21936 with an aggregate amount of $67,914.31. Commissioner Lahmann seconded the motion. The motion carried.

   Commissioner Lahmann stated that he had a concern for a warrant in the amount of $4,000.00 to Amber Lewis Consulting. He said that it was his understanding that the Port pays $4,000.00 per month when the Legislature is in session and the Legislature has been out of session since April 25. He said that he assumes this payment is for May and that it should be $2,500.00, the out-of-session fee. Commissioner Shaffley said that his concern was noted.

4) New Business:

a) Executive Director Report: Kyle Heaton reported that the City of Centralia has issued a SEPA Mitigated Determination of Nonsignificance on the Panattoni Development site located on Harrison Avenue. He provided the Commissioners with a copy of the MDNS and the traffic study for the site. Kyle said that he has referred it to the Port's land-use attorney and traffic engineer for review. The comment period expires June 28. The Port will ensure that the City and County will recognize the traffic mitigation the Port has done in that area, which has not yet exceeded its traffic capacity, and that Panattoni will be required to match those efforts for a better Harrison Avenue. He congratulated Panattoni and said there will be exciting announcements coming soon. He said that the Port will ensure its interests and its taxpayers' interests will be taken care of.

Kyle stated that Alderhouse has submitted a preliminary site plan for review. He said that while incomplete, it is a great start and has been sent to the Port's land-use planners for review. He said that he hoped to have a Master Plan compliance package for Commission approval for the next meeting.

Kyle reported that there was a fire overnight in a vacant garage on Alder Street. He said that the responding fire department unfortunately put the fire out before the structure fell, so the Port will be issuing an emergency small works contract to complete the demolition of the building. The City of Centralia has deemed it an unsafe structure. It should be demolished within a week.

Kyle said that the City of Centralia informed him that the Washington State Department of Transportation has signed off on the Yew Street extension project approval. He said that the project is about to be underway. Commissioner Shaffley said that it was exciting news.

Kyle reported that there is still considerable grass on Port property in the Long Road area. The Port's farmer will be mowing it over the next couple of weeks. Grass control will continue in Park I this week and will move to Park II the following week. All work will be completed prior to July 4.

Kyle reported that the silt fence that was reported to the Department of Ecology has been removed. The Port's maintenance crew had it completed in three days.

Kyle said that work at 3802 Galvin Road is almost complete. The catchbasins for the stormwater pond will be jetted out so they are clean when the new tenant takes occupancy. One catchbasin was plugged, so the Port hired a company to inspect it. However, their camera got stuck, so the parking lot had to be opened up for further investigation. It was discovered that CenturyLink bored through the stormwater line. The Port will be contacting CenturyLink to rectify the situation. Also on that building, the Port is waiting for the final memo from the fire marshal following his onsite assessment. Kyle said that he hopes to have the work for the building completed by the next Commission meeting.

Commissioner Shaffley stated that she noticed that it was the last Leprechaun Holstein land payment in the warrants, so the debt has been retired. She said that it was exciting and asked Kyle Heaton to provide the Commissioners with a brief history of the land purchase.

Kyle Heaton said that the Port acquired Leprechaun Holstein for a purchase price of nearly $1.5 million. Since the acquisition, the Port has spent nearly an addition $1 million in clean-up costs. He said there was significant cleanup required at the site, which continues to this day. The Port was able to receive a more-than-reasonable return on the portion of land sold to Opus Northwest for approximately $6.5 million and another portion is pending for just above $2 million. The taxpayers will come out far ahead with nonperforming property that is now on the tax rolls at an extremely significant rate with UNFI. Kyle said it has been a hard road, but it has been a success. Commissioner Shaffley asked when the debt originated. Kyle replied that it was purchased in 2005.

b) **Committee Reports:** Commissioner Markstrom reported that he attended the .09 Committee meeting, where two requests were approved, and the Lewis County Mayors' meeting, where there were many items to discuss but nothing pertaining directly to the Port.

Commissioner Markstrom stated that he wanted to comment on the Port's 2020 financial statements that the Commissioners received at the previous meeting. He said that he had had the time to dive into them and better learn the financial position the Port is in. He said the highlights for him were that the net position has increased over the last three years, showing the Port is performing well year after year. He said that budgeting is tricky, merely to do with the way the Port operates by buying and selling property and it is hard to bank on when those transactions will take place. He commended Port staff for working through those challenges. Commissioner Markstrom noted that the Port's open line of credit has been unused at the end of the year the previous two years, which he took as a sign of good health.

Commissioner Markstrom stated that he wanted to talk about comparisons. He has sat on budget committees at Lewis County and is currently on the budget committee for the Centralia School District. He said that there have been comparisons made between the Port's budget and other budgets in the community, so he wanted to talk about that. Lewis County has a budget of roughly $120 million with six funds. This year they budgeted $113 million in revenues versus $119 in expenditures, with 560 employees and about 20 departments, plus 10 elected offices. He said that the County budget process is extremely complex with many different sources of revenue compared to the Port. They also have departments that compete for those funds, so there is a lot of compromise that has to happen and thoughtful discussion to allocate funds to the different departments. He said that they also have to deal with unfunded state mandates, which makes the process significantly more complicated. He also wanted to note that the County has a full-time budget manager.

Commissioner Markstrom stated that Centralia School District has an annual budget of about $50 million. This year they projected equal value revenues and expenditures for $49.3 million. He said that they balanced their budget and that he had been involved with that. He said that the school district put together their task force because they were in a very tough situation with the double levy failure, so lot of cuts and hard decisions needed to be made. It made a lot of sense to gather a group of people together to look at those very difficult things. The Centralia School District has about eight different sources of revenue, 375 employees, and a four-person fiscal department. They have 10 total departments and eight different schools.

Commissioner Markstrom stated that the City of Centralia's general budget is $24 million, with a total budget of $142 million. They have 32 funds. Their general revenues are $22.8 million

versus $23.7 million in expenditures, so an approximately $900,000 use of end funds. He said that a lot of people are having a hard time with COVID, and it is reflected in these budgets. He said that the City has about 260 employees, three of whom are in the finance department, 22 departments, revenue from seven different taxes, and four other revenues. The City also has a very complex budget process, with many departments including utilities.

Commissioner Markstrom then compared the Port of Centralia. The Port has a current budget of $8.9 million with one fund. Revenues are projected to be $15.9 million versus $8.9 million in expenditures. $6.8 million of those expenditures are capital expenditures, meaning operation expenditures are only about $2 million. Whereas with these other agencies, operations are the vast majority of their budgets. He said to compare the budget of the Port to other community entities is apples and oranges. The Port's budget is not even close to as complex. The Port has 5.5 employees, one fiscal person, and two departments: administration and maintenance. The Port's budget looks vastly different than the other budgets. He said that it was great to read through the financial statements to see the Port is healthy and doing fantastic. He thinks it is the Commissioners' jobs to be champions for the Port. The staff is very small, and the Commissioners need to do their best to support them. He said that there has been talk about establishing a budget committee. But looking at the financials of the Port's versus other entities, it is hard to draw comparisons. Having citizens' input is helpful. On the school budget committee, it was helpful for the cuts that had to be made, so it was needed in a tough situation. From what he sees, Commissioner Markstrom does not think the Port is in a tough financial situation. It's flourishing. He also wanted to remind the public that the Port has decreased the tax levy the last two years in a row, while many other entities have not had the luxury of doing that. He said that he also thinks having a budget committee would burden Port staff and another staff member would need to be hired to administer a budget committee. Commissioner Shaffley said that would be counterintuitive. Commissioner Markstrom agreed. He said the balance sheet looks incredible and he commended Port staff for continuing a legacy of tax dollar stewardship.

Commissioner Shaffley thanked him for his comments. She said that through her years as a Port Commissioner, she has always noted how fiscally conservative the Port is, which she appreciates.

Commissioner Lahmann commented that the levy was decreased, it was due to property values increasing. He said that the Port is taxing at the maximum possible. He said that his biggest beef was the urban legend that the Port would be self-sustaining in 10 years after its formation and it isn't. He agreed that the Port is doing a good job with its money and is a lean organization, but there are different fights with the County and school district.

Commissioner Markstrom said that there were side differences, but that the committees that he has served on were put in place due to financial strife and difficulties of the organizations, while the Port is not in that position. Commissioner Lahmann agreed that the Port was in a good financial position and not facing bankruptcy. Commissioner Markstrom said it was exceptional. Commissioner Shaffley said that it was exceptional compared to other ports as well.

5) **Adjourn:** Commissioner Markstrom made a motion to adjourn the meeting into executive session to discuss real estate matters pursuant to RCW 42.30.110(1)(c) at 3:26 p.m. Commissioner Lahmann seconded the motion. The motion carried. Kyle Heaton stated that the executive session will last approximately 5 minutes with possible decisions.

6) **Reconvene:** Commissioner Shaffley reconvened the meeting at 3:33 p.m. Kyle Heaton apologized for being two minutes late reconvening, but the Commissioners would not be making any further decisions.

7) **Public Comment:** Commissioner Shaffley asked if there were any public comments received. Kyle Heaton responded that there was one public comment received and that it will be attached to the minutes. He said it will be the last meeting that it will occur. Unless something changes, in-person meetings will resume in July.

8) **Adjourn:** Commissioner Markstrom made a motion to adjourn the meeting at 3:35 p.m. Commissioner Lahmann seconded the motion. The motion carried.

COMMISSIONER

COMMISSIONER

Amy Graber

From: JAN Banevich <JANEVICH@msn.com>
Sent: Wednesday, June 16, 2021 1:38 PM
To: Amy Graber
Subject: Public Comment for June 16, 2021 meeting

Commissioners and Director Heaton,

At the June 2nd 2021 meeting, Director Heaton said that he checked with the Port of Chehalis, the cities of Centralia and Chehalis and Lewis County and that they all are handling public comments/questions the same way as the Port of Centralia.

That is absolutely not true!
I contacted each of these places and have it in print that they all answer all questions/comments from the public either at the meetings or with a phone call to the person with the concern. NOT ONE question or comment is ignored or attached to the minutes with NO response like the Port of Centralia does.

Mr. Heaton should be careful about what he says, as it can be easily verified.

Ms. Jan Banevich
360-736-2450

PS. This was submitted at 1:38 pm on June 16, 2021

Sent from Mail for Windows 10