PORT OF CENTRALIA
Established 1986

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Minutes
Regular Meeting of the
PORT OF CENTRALIA
May 18, 2022
Port of Centralia Administrative Office & Via Teleconference
3:00 PM

Attendees: Commissioners: Kyle Markstrom, Julie Shaffley, Peter Lahmann
Executive Director: Kyle Heaton
Public: Gray Odegaard; Scott Tennant; Brian Dow; Jan Banevich; Paul Crowner; and Dawn Merchant, Chad Taylor
Teleconference: Three unknown callers

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

2) **Approval of Agenda:** Commissioner Lahmann made a motion to approve the May 18, 2022, agenda as submitted. Commissioner Shaffley seconded the motion. The motion carried.

3) **Adjourn to Executive Session:** Commissioner Markstrom adjourned the meeting to executive session to discuss real estate matters pursuant to RCW 42.30.110(1)(b) at 3:01 p.m. Kyle Heaton stated that executive session should last approximately ten minutes with possible decisions.

4) **Reconvene:** Commissioner Markstrom reconvened the meeting at 3:07 p.m.

5) **Approval of Minutes:** Commissioner Shaffley made a motion to approve the May 4, 2022, regular meeting minutes. Commissioner Lahmann seconded the motion. The motion carried.

6) **Approval of Warrants:** Commissioner Lahmann made a motion to approve warrants 22460 through 22484 with an aggregate amount of $493,688.17. Commissioner Shaffley seconded the motion. The motion carried.

Commissioner Markstrom explained that when the Commissioners vote on warrants, they approve a range of warrants and an aggregated amount but in front of each Commissioner is a list of warrants. He said that it is done the way it is done for time. The Commissioners have in front of them each warrant number, the date, the amount, and who receives the payment. He said that he recently had a conversation with a couple of constituents that were concerned that one of the Commissioners was not getting the warrants in their packet so he asked the Commissioners to make sure that the list of warrants is always present in your packet. He asked them if when the Commissioners had voted on the warrants in the past if they had copies of the warrants. Commissioner Shaffley and Commissioner Lahmann confirmed that they had.

Commissioner Lahmann asked if Warrant No. 22842 in the amount of $9,261.00 to The Silver Agency was for the newsletter mailing or if it included working on the website. He said that he was asking because another agency that he is involved in has had The Silver Agency do their website and

they did a good job. He said that he would like to see that move ahead since there is money in the budget for it. He also asked if the loan payment to Columbia Bank for $410,000.00 is a balloon payment. Kyle Heaton replied that the Columbia Bank payment was a balloon payment for 2120 Northpark Drive. Commissioner Markstrom added that the plan is to start the website redevelopment later in the year and the Port will look at several different companies to provide that service.

7) **New Business:**

a) **Executive Director Report:** Kyle Heaton reported that the gas line for 4Legz is complete. The asphalt will be patched once the weather supports it. He said that 4Legz is now able to connect to the service for their ovens and will hopefully start moving toward production.

Kyle stated that the Port received a full submittal from Furgerson Schmidt for their development. He said that it has been relayed to the Port's attorneys and planners hopefully will have a determination for the Commissioners to review at their next meeting.

Kyle reported that the maintenance crew is focused on seasonal spraying and mowing. He said the year has been challenging. They have only had two days of spraying due to weather and the cost of spray and diesel has increased significantly.

Kyle said that the Port is currently working with Lewis County on redistricting the Port Commissioner districts using numbers from the census. He said the precinct numbers have been finalized and, over the next few months, maps will be pulled together to go to hearing in late June or early July. Commissioner Markstrom asked Kyle if he was expecting any real changes at all. Kyle Heaton replied that he did not. He said the City of Centralia made no changes. The Port's precincts are a little different. He explained that they are similar to the Centralia School District where they go on to county, not just city, limits. He said some of them may have gone up or down and the Port will just have to wait and see.

Kyle presented the Commissioners with the draft 2021 financial statements and said that he expected the final version to be in later within a week. He said that the 2021 total assets increased by approximately $900,000 or a 3% increase to $32.5 million. Long-term liabilities decreased by 28% to $2.3 million. In total liabilities, operating revenues increased by $87,000, and operating expenses decreased by $375,000 over 2020, a 25% decrease. Excluding depreciation, the Port had income from operations of $81,000, a 122% increase over the previous year. He said that is covering all expenses; G&A at $81,000 over that. The net position, that is the assets less liabilities, has increased by $2 million over the previous year, which is a 7% increase. As of the end of 2021, the Port had long-term contract leases on account for just in excess of $1.8 million through 2027. He said that the Port looks very good and is still on the desired trajectory. He told the Commissioners that they were welcome to take the draft financial statements. He said that he did not expect there to be any significant changes in the final version except to possible changes in the notes. Commissioner Shaffley said that it sounded very good and that a 28% decrease in debt is amazing. Commissioner Markstrom said that he was sure that he would have questions at the next meeting and that he appreciated it.

b) **Small Works Project #22-05 Demolition & Disposal – 2904 Foron Road:** Commissioner Lahmann made a motion to approve Small Works Project #22-05 Demolition & Disposal – 2904 Foron Road with ANJ Demolition and Salvage in the amount of $35,358.40. Commissioner Shaffley seconded the motion. The motion carried.

Kyle Heaton stated that this property was the last residence in Park II. Commissioner Markstrom asked if the contractor had worked for the Port before. Kyle Heaton replied that the contractor had done 10 or 11 projects for the Port and has always completed them without any problems. While other contractors do the work with an excavator, ANJ demolishes the structures by hand and salvages the material to be sold on Craigslist.

c) **Real Estate Purchase – Foron Road Property:** Kyle Heaton said that the property was the subject of the earlier executive session and is the former northern pit of Dulin Construction that is approximately 37 acres for $515,887.16. He said that the Port has done its due diligence with its attorneys, has waived contingency, and is ready to close upon Commission approval.

Commissioner Shaffley made a motion to approve the Purchase and Sale Agreement between the Port of Centralia and Mark and Sarah Dulin for the property located at 3210 Foron Road. Commissioner Markstrom seconded the motion. Commissioner Lahmann opposed the motion. The motion carried.

Commissioner Lahmann stated that he was concerned the Port is paying 2.9-times the assessed value. He said that he knows the prices have gone up on real estate and there are some other things in the mix that he is not at liberty to say here but essentially when it is finished the Port is looking at two acres. He said that he thinks that is a lot of money to pay for two acres and he is not currently in support of the Agreement the way that it is written.

Commissioner Markstrom asked Kyle Heaton if he remembered what the dollar-per-square-foot was on this transaction on the two acres. Kyle Heaton replied that on the two-acre purchase it would be about $4.72 per square foot. Commissioner Markstrom asked if that was less than what the Port has sold. Kyle Heaton replied that the Port just sold two properties for $5.25 per square foot. Commissioner Markstrom said that the Port was paying wholesale on something that it would sell for retail at some point. Commissioner Lahmann said that he hoped so but he didn't think that two acres was much to build on.

Commissioner Shaffley said that there are businesses and corporations that are looking at the Port for smaller parcels. She said that she thought with the purchase price being much less than the going rate per square foot, and with other things the Port has going on that the Commissioners are not privy to say, that the purchase is a good complement for the Port. Commissioner Markstrom agreed.

Commissioner Lahmann said that he had previously sent the director a note asking for a list of the properties, including the sizes and the addresses, that the Port had for sale because he wanted to get in his mind what they are looking at here. He said that it was probably an oversight, but he did not receive the list. He said that he was concerned about obligating the taxpayers for future financial obligations. Commissioner Markstrom said that the Port was paying cash. Commissioner Lahmann agreed and asked what account the cash was coming from. Kyle Heaton and Commissioner Shaffley said that it was coming from the general fund. Commissioner

Lahmann asked if the Port happened to have $500,000 sitting in the general fund that is not earmarked for anything. Kyle Heaton replied that it was closer to $2 million. Commissioner Markstrom said that the Port has had a lot of recent transactions that it has sold, so the Port has that money available to reinvest in property that will add to the tax base of this community and bring in more tenants.

Commissioner Lahmann said that he was still averse to obligating future obligations until the Port has sold some of the stuff it already has. Commissioner Shaffley asked Commissioner Lahmann to explain what he meant by 'future obligations.' Commissioner Markstrom said that the Port was purchasing an asset, not a liability. He said that with inflation with that it currently is, he would rather have his personal money in real estate or things that are hedged against inflation versus having cash sitting somewhere just appreciating every day. He said that he thought it felt like a very good investment for the Port, and not in any way a liability.

Commissioner Lahmann said that he was looking at the plat map and asked if the Port had looked at other options. He said that Mark Dulin had another piece of property on the same side of the road a little further up and asked if the Port had looked at doing a property swap to make their other piece better. He said the Port have something in the deal. Commissioner Markstrom said the Port has listed its property for far more per square foot. Kyle Heaton said that Mark Dulin was retiring and had no interest in retaining any of that property. He added that Mark Dulin is in negotiations with someone for that property anyway.

d) **Committee Reports:** Commissioner Shaffley reported that she and the other two Commissioners attend the hydrogen symposium that was put on by the Economic Alliance of Lewis County, where it was announced that there was a partnership between TransAlta and Fortescue Future Industries for a hydrogen plant that will be producing green hydrogen. She said that they are expecting it to be completed in 2026 and TransAlta will be closed in 2025. There will be 140 positions at that time. Commissioner Markstrom said that there are about 120 currently. Commissioner Shaffley said that they are offering the positions for the new upper management from the people that are at TransAlta right now. She added that with the Centralia-Chehalis Chamber of Commerce, there is going to be a tour of the Fox Theater on May 19, 2022, from 5:00 to 7:00 pm. On June 21, 2022, there is going to be a hiring event at the Holiday Inn Express from 12:00 to 4:00 pm. Kyle Heaton said that several of the Port's tenants are participating. Commissioner Markstom said that several participated at the last hiring event as well.

Commissioner Lahmann reported that he attended two City Council meetings, two Lewis County Board of County Commissioners meetings, one Commissioners/Mayors meeting, and the hydrogen meeting. He said that he thought the hydrogen plant would be wonderful if it gets going to open up that area for further development. He said there are still a few things, like how are they going to come up with 300 megawatts of power, but he is sure they will figure it out. Commissioner Markstrom agreed that there were still things that need to be ironed out. Commissioner Lahmann said the coming Saturday there will be Armed Forces Day at Fort Lewis. Also, on June 4, 2022, at 2:00 p at the Lewis County Historical Museum, there will be a remembrance for the 82 Japanese Americans that were incurred in World War II. He said that they marched them all to the train station, loaded them on, and sent them to the prison camp for the rest of the war. He said that he thought it was not one of the finer times and he doesn't know who the speaker will be yet.

Commissioner Markstrom reported that he also attended the hydrogen summit with the other Commissioners and he seconds their thoughts on it. He said that the thought it was an exciting proposition for the area. New technology can seem kind of scary and there are a lot of unknowns, but he was excited to see what comes of it. He reported that he attended the Chehalis Basin land meeting with the flood control district, the tribes, engineers, architects, and others from the Cities and County to discuss options to mitigate flooding in the area. He said it was interesting to hear everyone's ideas and to get together to work on something fruitful together. He thanked Port staff for their work on the newsletter that was mailed out to all of the residents within the Port district. He added that it could also be found on the Port's Facebook page and under the newsletter section of the Port's website. He said that the Port would be redoing its website later this year since it is now outdated and clunky. He said that it was great when it was built but technology changes rapidly.

8) **Good of the Order/Public Comment:** Gary Odegaard, of Centralia, said that he came to the area when he was 22 to teach and to be close to Olympia to keep an eye on them. He said that he was curious if the Port could look at using Zoom for meetings to accommodate people with disabilities and those who leave the area for the winter. He recently attended a memorial service that had 67 people attend through Zoom. Commissioner Markstrom said that the public does have the option to call in and listen to the meetings. Gary Odegaard replied that he knew that, although he hasn't done it, but that is different. He said that at the previous meeting he had asked about the meeting audience being able to speak and ask questions throughout the meetings, not just at the end, and he would appreciate an answer at the next meeting. Commissioner Markstrom replied that he would be in touch. Gary Odegaard added that he was wondering where WinCo was and if something was happening with it, whoever it was. Commissioner Markstrom replied that the Port was expecting exciting news shortly and that most people will be very happy. Gary Odegaard said that he has people ask him what happened with WinCo or Fred Meyer.

Jan Banevich, of Centralia, commented that she was happy to see that there is going to be new legislative changes to the Open Public Meetings Act and thinks that it will be a big improvement for the public.

Scott Tennant, of Chehalis, said that he is a United Brotherhood of Carpenters member and his local is 96 out of Kennewick, Washington. He said that they are starting a nationwide tax fraud initiative. They had attempted to it several years ago because of rampant tax fraud within the construction industry where he spoke to Senator Braun and they had a bill in the House and a companion bill, but it failed in the House. He said that they are trying again because it is a nationwide problem that affects everybody. Tax fraud in the construction industry means that taxes aren't being paid, including federal and state taxes. He said that they find that any taxes not being paid usually leads to a clear indication of danger on the job. Safety standards are cut and people are injured or killed. He said that it was a big thing for the UBC and they are trying to do a nationwide thing. He said that he wanted to speak to the Commissioners about the initiative and had gone the day prior to speak to the Lewis County Boards of County Commissioners.

Brian Dow, of Centralia, said that he wanted to see if there was a simpler way to get answers on public records requests versus on their phone. He said that when he came in today he asked for a printout of the January budget that he had received. He said that it was on his phone and he wanted them to print it out. He said that what bothered him is that he had to email Amy to ask her if the Port

would do a written request in any kind of form other than on his phone. He said that it bothered him because he had to email her when she was sitting right there and she could have told him yes or no. He said that maybe it was something that the Port could think about improving. Commissioner Markstrom said that there is a push to move toward email as it is more ecofriendly and also provides a record of communication, but the Port can certainly look at that.

Paul Crowner, of Centralia, said that he wanted to add his congratulations about the hydrogen plant that movement that is coming along. He said that they are talking about putting it the TransAlta mining area, which should be in the Port district. He said that as he was reading the article in The Chronicle, he saw that it mentioned Twin Transit, City of Centralia, Lewis County Commissioners, and Port of Chehalis and where it would be located, but the Port of Centralia was missing from that article. He was wondering if the Port of Centralia could pat themselves on the back and say, "We're going to be a leader making sure this thing is done, because it will be on our property." Commissioner Shaffley said that TransAlta is not on Port property. Commissioner Markstrom said that the Port does not have any property out at TransAlta at all. Paul Crowner said that it was part of the Centralia School District. Commissioner Markstrom said that it was within the boundaries of the Port, but not on Port property, although all of the Commissioners are in support of that project.

Chad Taylor, of Chehalis and Centralia business owner, said that he wanted to give the Commissioners credit for doing a really good job over the last couple of months. He said that being on elected boards, he knows there are a lot of people that want to talk to the Commissioners about different things that go on at the Port and there are a lot of things they can't discuss with community members, such as executive-session type things that will be announced one day. He said that he doesn't get a chance to go on Facebook a lot, but he has received a lot of emails and telephone calls from people wanting to talk to him about what is going on at the Port, such as the executive director's salary or the Open Public Meetings Act and not getting stuff. He said that contrary to popular belief, he does not control what goes in the newspaper. He looks at the front page before it prints, but the editor controls the content. He said that they did a story on when the Port did the salary increases several months ago and he checked the reporter's notes to see what they looked into. He congratulated the Commissioners on doing a good job reviewing comparable areas in the community and other communities that actually do compare to the Port of Centralia. He said that in the area, there are amazing ports and he thinks both the Port of Chehalis and the Port of Centralia are great, but to compare the two is like apples and oranges. The assessed valuation in Chehalis is a lot different than the assessed valuation in Centralia. He told the Commissioners that the amount of money they bring in versus the amount of money Chehalis brings in is different, including the grants and the types of industry they acquire and attract. He understands that the Commissioners take a lot of heat from a small group of people, but he believes that the majority of people really appreciate the work that they do. He loves the questions that the Commissioners ask, and it is important to question vouchers and talk about them, because that is their job and that is what the Port is supposed to do. He thinks the Commissioners do a great job and he also thinks the public participation is great. He loves to see people at these meetings because most of the meetings he has attended nobody came. He said that he reviewed the comps and someone sent him the information that Jan Banevich put online the other day of all the different ports in the area, and he said the Commissioners are getting a good deal. The comps are a year or two old and he spoke to three comparable ports to the Port of Centralia and every single one pay $200,000, $190,000, $211,000, and $180,000, plus bonuses and all this other stuff. He said the Commissioners are getting a good deal and their assessed valuation is close. He said they did a great job.

Dawn Merchant, of Centralia, said that she appreciated receiving the newsletter and thanked the Commissioners for it. She said she was curious who was doing the printing for it and how much it costs, and if that was something they needed to do a records request on. She said that she personally has an issue with the director and she doesn't even know him personally. She said that this is her third meeting and he has never made eye contact with anyone in the room when he walks in. He keeps his back to the public and doesn't acknowledge that they are there as citizens of the Port. She said that it is really offensive and wonders why he can't acknowledge anybody in the room. She has a problem with that.

9) **Adjourn:** Commissioner Lahmann made a motion to adjourn the meeting at 3:42 p.m. Commissioner Shaffley seconded the motion. The motion carried.

COMMISSIONER

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