PORT OF CENTRALIA
Established 1986

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Minutes
Regular Meeting of the
PORT OF CENTRALIA
November 17, 2021
Port of Centralia Administrative Office & Via Teleconference
3:00 PM

Attendees: Commissioners: Julie Shaffley, Peter Lahmann, Kyle Markstrom
Executive Director: Kyle Heaton; Director of Finance & Administration: Amy Graber
Public: Alicia Fox, Centralia-Chehalis Chamber of Commerce; Brian Dow; John Elmore and Jan Banevich
Teleconference: Matthias Smith, Laborers 252; Naomi Pavlicek, Washington & Northern Idaho District Council of Laborers #252; and two unknown callers

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

2) **Approval of Agenda:** Commissioner Shaffley made a motion to add an executive session to the agenda to discuss personnel matters. Commissioner Lahmann seconded the motion. The motion carried.

   Commissioner Lahmann said he would like to add for topics of discussion possibly updating the Commissioners' notepads and possibly phones, discussion of legal representation during the course of their normal duties, discussion on goals and attainment as in the four years as a Commissioner the Commissioners have not set goals, discussion on the Port becoming self-supporting which was one of the goals when it was first built, discussion about communication, and updating policies. He said that because of recent public records requests, he has been looking over the policies recently and some policies date back 15 years. The records policy references RCWs that are out of date. He said that it might be good to go back through and update them. Commissioner Shaffley stated that she would like to table those discussions for future discussions. Commissioner Lahmann replied that he could type the items up and email them to Kyle Heaton for distribution to the Commissioners so everyone could ponder them. Commissioner Shaffley thanked Commissioner Lahmann.

   Commissioner Lahmann made a motion to approve the agenda with the addition of the executive session for personnel matters as requested by Commissioner Shaffley. Commissioner Markstrom seconded the motion. The motion carried.

3) **Approval of Minutes:** Commissioner Lahmann made a motion to approve the November 3, 2021, regular meeting minutes. Commissioner Markstrom seconded the motion. The motion carried.

4) **Approval of Warrants:** Commissioner Markstrom made a motion to approve warrants 22158 through 22181 with an aggregate amount of $210,261.16. Commissioner Lahmann seconded the motion. The motion carried.

Commissioner Markstrom asked for a reminder on the services provided by Carney Badley Spellman. Kyle Heaton replied that Carney Badley Spellman is the firm that Dave Bever, the Port's general counsel, resides at. He said that those particular fees are entirely due to public records requests.

5) **New Business:**

a) **Executive Director Report:** Kyle Heaton reported that the asphalt has been patched at 3802 Galvin Road, completing the Port's portion of the work. He said that TriCor Braun took occupancy of the building last Friday and the Port is working with them to finish the final details. He estimated that the asphalt paving will probably cost around $3,000.

Kyle stated that the 1920 Gallagher Road demolition project is out to bid with bids due next week.

b) **Resolution No. 2021-07:** Commissioner Markstrom made a motion to approve Resolution No. 2021-07 Adopting the Final Budget and Setting the Property Tax Levy for 2022. Commissioner Lahmann seconded the motion. The motion carried.

Kyle Heaton said that the budget was reviewed in a public hearing earlier that day. The general levy amounts to 38.8 cents per $1,000.00 per assessed value, which is a $56,000.00, or 5.6%, increase from the previous year.

Commissioner Lahmann stated that he had concerns and thought that there should be two separate motions to adopt the budget and set the levy. He said that he is speaking against it because in the final budget there are estimated revenues of $25 million and total expenses of $8 million, so with rough numbers there is an excess of $16 million. He said that he has said before that he would like to work toward the Port being debt free and he doesn't think that adding more tax money on the taxpayers is the way to go.

Commissioner Shaffley asked Kyle Heaton to explain what would happen if the Port does not do a levy. Kyle Heaton explained that this is the regular levy. The 5.6% is the banked capacity that the Port has not taken in previous years. He said that while the budget shows revenues, the revenues are pending land sales that have not closed yet. While the Port believes those sales will close, it still has obligations to meet in the meantime, which are to the State of Washington, Powell Development, and constructing the roads in Park 3. He reminded the Commissioners that the Port is footing the entire bill for infrastructure there, aside from the WSDOT money Senator Braun was instrumental in securing, so these funds are tasked to that. They are going entirely into infrastructure.

Commissioner Lahmann replied that he does agree with that concept, but it has never been shown to him in black and white. He said that he has a problem with spending the constituents' money that way. He said that he asked a couple of years ago if the Port was putting money into that account. He said that he wants the Port to be self-supporting and paying the bills as it goes. He said that he suspects there is another $5-10 million of obligation sitting there in Centralia Station. If the money was going into a reserve account for future development, which he said he has been told in the past the Port doesn't have, he would be fine with it. But for right now, he doesn't know. He asked how the money would be delegated down.

Kyle Heaton replied that it would be tasked to infrastructure projects in Park 3. He said that it would be pointless to set up a reserve fund when you have obligations that outstrip what you have in contract revenue. He said that a reserve fund is something that the Port will be setting up, but it is a year or two away from being in that position. He stated that until that infrastructure is complete, the Port has obligations to WSDOT. He said that the Port of Centralia is the only one to cut taxes, which it did for three years around the Recession in 2008 and the Port did not take more than it needed. He said that the Port has a history of that and he is proud of that history. The Port is not taking more than it needs right now.

Commissioner Lahmann asked if the Port was working toward being self-supporting. Kyle Heaton replied that if Commissioner Lahmann looked at the Port's financial records, it would be obvious. Commissioner Shaffley agreed.

Commissioner Shaffley and Commissioner Markstrom voted in favor of approving Resolution No. 2021-07 Adopting the Final Budget and Setting the Property Tax Levy for 2022. Commissioner Lahmann opposed the motion. The motion carried.

c) **Resolution No. 2021-08:** Commissioner Markstrom made a motion to approve Resolution No. 2021-08 Setting the Industrial Development District Property Tax Levy for 2022. Commissioner Lahmann seconded the motion. The motion carried.

Kyle Heaton stated that the IDD tax, set at 37.5 cents per $1,000.00 of assessed value, is strictly devoted to Park 3 infrastructure. The levy will run this year and next year and then will be finished. The infrastructure will be completed by then and there will likely be other exciting things there as well.

Commissioner Lahmann said that he had the same concern. Because of the lack of information to him on it, he was still concerned about the timing of it. He suggested spending more money for a construction project manager for that project so the Port has somebody that is devoted to it and can keep a good eye on it. Commissioner Markstrom said that he thought the Port has done a good job of spending taxpayer dollars on that project and being a good steward of dollars without a project manager.

Commissioner Shaffley asked Kyle Heaton if there was a way to project the return on investment of Park 3 in relation to the returns on investment of Parks I and II. Kyle Heaton replied that part of the community relations section of the budget that was reviewed in the public hearing will go to economists that will prepare an economic impact study that will show what the return of investment will be. It will also show other things that will have an impact on business, such as utility rates, tax rates, revenue that the parks generate, and other things like that.

Commissioner Shaffley asked if Kyle Heaton had any idea what the return on investment is on Park I. Commissioner Markstrom interjected that he has dug into a lot of those numbers to satisfy his own curiosity. The properties within the Port of Centralia's industrial parks result in 16% of the property taxes paid. The Port collected roughly $2 million in property tax last year and 16% of that was paid for by the businesses located within the Port. He said that all of the businesses within the Port paid over $4 million in property tax, so it is a really good return on

investment if you look at those numbers. Commissioner Shaffley thanked Commissioner Markstrom for the information.

Commissioner Lahmann said that he wanted to set them at ease that he is not discounting the value of the Centralia Station project and thinks it is very valuable. He said that he was concerned about the timeline and that the project has been languishing for the nearly four years he has been a commissioner.

Commissioner Shaffley stated that she has to disagree with Commissioner Lahmann's claim that the Centralia Station project has been "languishing." She said that as a business owner, she is used to making a goal, making decisions, and following it and its easier being a private business owner. But working with other entities, such as the State, is slow and laborious and nothing is at a breakneck speed. All the Ts are crossed and the Is are dotted. She said that in the last year, as well, everything has come to a halt and everyone is reexamining. She stated that she thought the project was doing a great job and the public is excited and wants the project.

Commissioner Lahmann concurred that the project is going to be good when it is done. He said that the Lewis County Assessor had previously explained to him what Kyle Heaton had explained earlier about the tax valuation. He said that he just wants to see the project move. He stated that he could do a project of that size in three to four months, but by the time it would come to him all of the other stuff is done.

Commissioner Markstrom said that the permitting process has been frustrating to watch as a new Commissioner and that he appreciates Port staff for working through it and working with Port consultants to move the project along. Commissioner Shaffley said as well that while she would like to think that the Centralia Station project is the top priority in the permitting processes, it is not so it requires patience.

d) **Resolution No. 2021-09:** Commissioner Lahmann made a motion to approve Resolution No. 2021-09 to Designate a Representative to File and Serve as a Commissioner for the Lewis County Flood Control District No. 2. Commissioner Markstrom seconded the motion. The motion carried. Commissioner Shaffley will serve as the Port' representative to the Lewis County Flood Control District No. 2 Board.

Kyle Heaton reminded the Commissioners that the Lewis County Flood Control District No. 2 is predominantly IDD No. 3, except for about six parcels that are outside of its jurisdiction. Several years ago, the Board asked the Port to have a Commissioner be a member since the Port is the largest land owner in the district. As a volunteer organization, the District had no paid staff so the Port was asked to take over the administration and reporting for the District. He said that Commissioner Shaffley has represented the Port on the board in the past and has been asked to serve again. He also stated that it is election time for the District, which the County will handle. The only voters in the election are those who own land within the District. He said that the District has been a good partner with the Port and does a lot of maintenance work on the dike.

e) **Committee Reports:** Commissioner Markstrom reported that he attended the Mayors' Meeting and Jay Vander Stoep was there to discuss the work that is being done in the Chehalis flood basin.

6) **Good of the Order/Public Comment:** Alicia Fox with the Centralia-Chehalis Chamber of Commerce reported that the Chamber just finished its second hiring event. She said that it was well attended, and the Chamber will continue to try to serve the community with employment assistance. Commissioner Markstrom thanked her for that. Alicia Fox thanked Commissioner Markstrom for attending and said that the Chamber had a great response from the Port tenants. She said that as applicants entered the event, they were pulled aside to discuss what they might be interested in and were encouraged to talk to all of the businesses. She reported that there was a Business After Hours the next day at the Chamber office with all proceeds going toward the Rob Fuller Scholarship. She said that November 24 the Chamber would be handing out Choose Local Black Friday bags and the Peace on Earth Santa Parade will be on December 4. She then addressed Commissioner Lahmann and his comment that when he came on as Commissioner that he supported the Centralia Station project. She stated that before he came, he was telling people that he wanted to get rid of Kyle Heaton. Commissioner Lahmann responded um-hum. She said that she thinks that goes on all the time here. She said that she is watching this organization and she is disgusted with it and disgusted with Commissioner Lahmann. She said that when he said outright that he is running to get somebody fired and then he comes in and tries to micromanage, it's a really bad look.

   Jan Banevich, of Centralia, said that she had a statement to make on behalf of a group of people that would like to take this opportunity to publicly thank Commissioner Lahmann for responding to an invitation they sent to each Commissioner to leave the past behind and start anew by meeting with them to work on building a better relationship between the Port and the constituents who say that the other Commissioners lost sight of the reason they were elected to represent the citizen owners of the Port and their interests. She thanked Commissioner Lahmann again for representing them. She then asked Kyle Heaton why he had a copy of the deed to her house in his notebook. Kyle Heaton replied that this was public comment. Jan Banevich replied that she had a question that had not been answered. Commissioner Shaffley replied that the Commissioners have said before that public comment is not a time to go back and forth and have discussions. Jan Banevich asked if she would get an answer to her question because no one answers emails. Commissioner Shaffley said that they do answer their emails. Jan Banevich said not everybody and that she has not gotten one from Commissioner Shaffley. Commissioner Shaffley said that she is aware because she has been on vacation, but she will be responding to Jan Banevich.

   Brian Dow, of Centralia, said that he thought public disclosure requests could be done without naming and what he would consider was a grandstand at the last meeting accusing Commissioner Lahmann of numerous things. He said that he thought it should have been cut off and should not have been allowed to disparage any one of the Commissioners. He thought it was not appropriate and should have been stopped. He said that other people have made requests during public comment but to his knowledge have not torn into one of the Commissioners. He said that on top of that, he thinks that everyone should be wearing masks, which has been protocol for quite a while but hopefully not much longer.

7) **Adjourn to Executive Session:** Commissioner Markstrom made a motion to adjourn the meeting to executive session at 3:31 p.m to discuss personnel matters according to RCW 42.30.110(1)(g). Commissioner Lahmann seconded the motion. The motion carried. Commissioner Shaffley stated that executive session should last approximately ten minutes with possible decisions.

8) **Executive Session Extension:** Kyle Heaton announced at 3:41 p.m. that executive session will be an additional ten minutes.

9) **Reconvene:** Commissioner Shaffley reconvened the meeting at 3:48 p.m.

10) **Compensation Package:** Commissioner Markstrom made a motion to approve Executive Director Kyle Heaton's compensation package of $195,000 base salary with $26,500 contributed to deferred compensation as presented by Commissioner Shaffley. Commissioner Shaffley seconded the motion. Commissioner Lahmann opposed the motion. The motion carried.

11) **Adjourn:** Commissioner Markstrom made a motion to adjourn the meeting at 3:49 p.m. Commissioner Lahmann seconded the motion. The motion carried.

Peter Lahmann
COMMISSIONER

COMMISSIONER

Amy Graber

From: Paul Crowner <crowner@localaccess.com>
Sent: Sunday, November 14, 2021 1:35 PM
To: Amy Graber
Subject: Public Comment/Request for November 17th budget and/or regular meeting

If there was a way to ask a couple of questions, I'd love to hear the answers.

#1. Is there a way to get a detailed copy of the budget with line items spelled out, not just the one page summary? In other words, where the money is being spent, and where it comes from. It should be easily available to the public.

#2. Is the Port a sponsor or donor to the Eli Sports Network? Why? (Paul Beattie had some pretty harsh words about Commissioner Lahmann on social media, and I'd like to know why the Port spends money on a business that is so critical of one of the Commissioners.) Free speech is Beattie's right, but that doesn't necessarily mean the Port needs to support him. Beattie should be held accountable for his word and deeds.

Could these be read into the record and answered in the Public Comment section of the agendas?

Paul Crowner