

Port of Kennewick Commission Chambers will be open to the public during Commission Meetings. However, the Port will continue to use GoToMeeting to provide remote access, and Commissioners and the Port team will attend remotely.

A GoToMeeting has been arranged to enable the public to listen and make public comments remotely.

To participate remotely, please call in at: 1-866-899-4679, Access Code: 647-173-533

Or, join on-line at the following link: <https://meet.goto.com/647173533>

AGENDA

Port of Kennewick

Regular Commission Business Meeting

Port of Kennewick Commission Chambers (via GoToMeeting)

350 Clover Island Drive, Suite 200, Kennewick Washington

July 26, 2022

2:00 p.m.

I. CALL TO ORDER

II. ANNOUNCEMENTS AND ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. APPROVAL OF AGENDA

V. PUBLIC COMMENT *(Please state your name for the public record)*

VI. CONSENT AGENDA

- A. Approval of Direct Deposit and ePayments Dated July 15, 2022
- B. Approval of Warrant Register Dated July 26, 2022
- C. Approval of Regular Commission Meeting Minutes July 12, 2022

VII. PRESENTATIONS

- A. CEO Employment Agreement Third Amendment and CEO Performance Review Process; Resolution 2022-19, Carolyn Lake and Ann Allen (**TIM**)
- B. Vista Field Hangars, CKJT Architects & Parametrix (**LARRY**)
- C. Conceptual Work Plan/Draft Budget Update 2023-2024 (**TIM**)

VIII. REPORTS, COMMENTS AND DISCUSSION ITEMS

- A. Vista Field
 - 1. Development Tours (**AMBER**)
- B. Oak Street
 - 1. Renewal by Anderson Lease; Resolution 2022-20 (**AMBER**)
- C. Redistricting Update (**LARRY/CAROLYN**)
- D. Maintenance Facility Progress Report (**AMBER/TIM**)
- E. Commission meetings (formal and informal meetings with groups or individuals)
- F. Non-Scheduled Items
(**LISA/BRIDGETTE/TANA/NICK/LARRY/AMBER/CAROLYN/TIM/KEN/TOM/SKIP**)

IX. PUBLIC COMMENT *(Please state your name for the public record)*

X. ADJOURNMENT

PLEASE SILENCE ALL NOISE MAKING DEVICES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

JULY 12, 2022 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Skip Novakovich called the Regular Commission Meeting to order at 2:00 p.m. via GoToMeeting Teleconference.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Skip Novakovich, President (via telephone)
Kenneth Hohenberg, Vice President (via telephone)
Thomas Moak, Secretary (via telephone)

Staff Members: Tim Arntzen, Chief Executive Officer (via telephone)
Tana Bader Inglima, Deputy Chief Executive Officer (via telephone)
Amber Hanchette, Director of Real Estate and Operations (via telephone)
Nick Kooiker, Chief Finance Officer (via telephone)
Larry Peterson, Director of Planning and Development (via telephone)
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant (via telephone)
Carolyn Lake, Port Counsel (via telephone)

PLEDGE OF ALLEGIANCE

Commissioner Novakovich led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

MOTION: Commissioner Hohenberg moved to approve the Agenda as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated July 1, 2022**
Direct Deposit and E-Payments totaling \$90,133.79
- B. Approval of Warrant Register Dated July 12, 2022**
Expense Fund Voucher Number 103950 through 103981 for a grand total of \$64,746.54
- C. Approval of Regular Commission Meeting Minutes June 28, 2022**
- D. CEO Goals Completed: COVID Economic Analysis & Laserfiche: Resolution 2022-18**

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JULY 12, 2022 MINUTES

DRAFT

MOTION: *Commissioner Hohenberg moved to approve the Consent Agenda as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

PRESENTATION

A. Conceptual Work Plan/Draft Budget 2023-2024

Mr. Arntzen briefly outlined the process of how the conceptual work plan and draft budget was developed by staff and encouraged the Commission to make comments during the presentation (*Exhibit A*).

Mr. Arntzen presented five projects for the Commission to consider curating, implementing, and operating:

- Vista Field Loan Repayments
- Vista Field
- Wine Village
- Clover Island
- Owner's Association for Vista Field and Columbia Gardens

Commissioner Hohenberg believes the Port should focus on our current projects for Vista Field and the Historic Kennewick Waterfront, which will create future opportunities throughout the district.

Commissioner Moak concurs with Commissioner Hohenberg and inquired what projects can be completed in this budget cycle.

Mr. Peterson gave a brief summary of the Port Mission Memo (*Exhibit B*), which touched on the history of Port projects and the transition to an economic development entity.

Mr. Kooiker indicated he would be presenting information on possible repayment of the Vista Field Loan at a future meeting.

Commissioner Moak believes auctioning off surplus land is a good idea, unless one could be a potential new development. Additionally, he would like to partner on projects that the Port would like to work on, not just help fund City projects.

Commissioner Novakovich believes we should be looking at properties for future development.

Commissioner Hohenberg would like to focus on projects already in our work plan. If there are opportunities that present themselves and makes sense to invest, it might be worth considering.

Mr. Arntzen outlined potential engineering projects for Vista Field and Clover Island:

- Vista Field Infrastructure, Phase II
- Vista Field Corporate Hangars Revitalization
- Clover Island Stage
- Port Maintenance Facility

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JULY 12, 2022 MINUTES

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Commissioner Moak expressed his concern for parking on the island and who will manage the events if we pursue a stage.

The consensus of the Commission is to explore Vista Field Infrastructure Phase II and the Vista Field Corporate Hangars Revitalization.

Mr. Arntzen outlined the possible projects for funding and construction:

- Vista Field Joint-Use Parking Areas
- Vista Field Corporate Hangars Revitalization
- Vista Field Infrastructure, Phase II
- Clover Island Stage (pending USACE approval)

Mr. Arntzen believes the Port alone does not have sufficient funding to complete the hangar rebuild and phase II infrastructure and will most likely need to partner with the City of Kennewick and Benton County. Regarding the stage on Clover Island, the Port did not complete all of the work on the shoreline restoration on that end of the island, and it would be prudent to inquire with USACE if there is further shoreline work that needs to be completed.

Mr. Arntzen outlined possible future funding projects:

- West Richland: Development Buildings/Amenities
- Kennewick: South of Southridge: Industrial Park
- Vista Field Parking Structure

Commissioner Hohenberg would like to stay focused on our work plan and review other areas that make sense for the Port to invest in.

Commissioner Moak stated these projects are not the highest priority and believes they would not be part of this biennium, but we should start to discuss the Vista Field parking.

Mr. Arntzen outlined the proposed budget with the caveat that some items could utilize the Rural Capital County Funding (RCCF) application and the need for partnerships.

Commissioner Moak believes this was a great discussion and looks forward to hearing more about the Vista Field Hangars.

Commissioner Hohenberg believes once we have the numbers, we will be able to see what projects we can move forward with.

Mr. Kooiker outlined the schedule for the draft work plan and budget:

- September 13, 2022: Draft Work Plan Presentation
- September 27, 2022: Work Plan Approval
- October 25, 2022: Draft Budget Workshop
- November 8, 2022: Final Budget Adoption

PORT OF KENNEWICK REGULAR COMMISSION MEETING

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Mr. Kooiker is planning on providing the Commission with a budget update, an analysis of the Vista Field debt, and RCCF analysis in the future.

Mr. Peterson stated based on today's discussion, he has a good idea of what needs to be addressed on September 13, 2022.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *CTUIR Partnership Statement*

Commissioner Novakovich read a statement from the Confederated Tribes of the Umatilla Indian Reservation Executive Director, Kat Brigham (*Exhibit C*).

B. *Commissioner Meetings (formal and informal meetings with groups or individuals)*

Commissioners reported on their respective committee meetings.

C. *Non-Scheduled Items*

Ms. Bader Inglima reported the 1135 shoreline restoration contractor was issued substantial completion by the USACE; however, because of the wet spring and unusually high-water levels has lead to some erosion along the lower bank. The USACE is working with their A&E designer and contractor to determine the best way to mitigate for that erosion and will likely add additional cobbles along the shoreline to cover the exposed geocell. Ms. Bader Inglima stated two educational panels, trash cans, and benches will be installed in early fall.

Ms. Bader Inglima reported that the summer newsletter has been mailed, emailed, and is available on our website as a digital flip book.

Ms. Bader Inglima stated Columbia Gardens hosted its second, Saturday Night Market and twice as many vendors showed up and there was a tremendous public turnout. David Phongsa, who organized the growing event, had vendors contacting him during the event about the August event. This event is bringing a great deal of positive attention to Kennewick's Historic Waterfront and Columbia Gardens. Also, the Port is working with Benton PUD to place artistic wraps on the utility boxes and those will be completed by our Phase II grand opening, which is on July 28th, at 2:00 p.m.

Mr. Peterson plans to present the Vista Field hangar reuse design/concept and landscaping elements for Commission consideration in the near future.

Mr. Peterson reported that JUB Engineering is working on the redistricting plan for approval this fall.

Ms. Hanchette reported the first land sale at Columbia Gardens closed on June 30, 2022 and has been recorded, and the CCR's have recorded as well.

PUBLIC COMMENTS

No comments were made.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JULY 12, 2022 MINUTES

DRAFT

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:18 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Skip Novakovich, President

Kenneth Hohenberg, Vice President

Thomas Moak, Secretary

PORT OF KENNEWICK

Resolution No. 2022-18

***A RESOLUTION OF THE PORT OF KENNEWICK
BOARD OF COMMISSIONERS FORMALIZING COMPLETION OF
GOALS #8 & #9 OF CEO'S 2021/22 GOALS AND OBJECTIVES***

WHEREAS, the Commission approved goals and objectives for the Port CEO, attached as Exhibit "A" and last modified on March 8, 2022; and

WHEREAS, the Dr. Patrick Jones of Eastern Washington University presented the COVID Economic Analysis on March 22, 2022, thus completing Goal #8 of the CEO's 2021/22 Goals and Objectives; and

WHEREAS, the staff presented the final paperless contract routing procedures, digital signatures and records management process utilizing Laserfiche and DocuSign on April 12, 2022, thus completing Goal #9 of the CEO's 2021/22 Goals and Objectives; and

WHEREAS, the Commission desires to formally accept as complete Goals #8 and #9 of the CEO's 2021/22 Goals and Objectives related to these items.

NOW, THEREFORE, BE IT HEREBY RESOLVED the Board of Commissioners of the Port of Kennewick hereby accepts as complete Goals #8 and #9 of the CEO's 2021/22 Goals and Objectives.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 12th day of July 2022.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: 
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SKIP NOVAKOVICH, *President*

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KENNETH HOHENBERG, *Vice President*

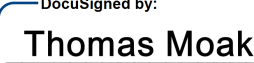
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THOMAS MOAK, *Secretary*

Exhibit "A"

EXHIBIT A		CEO 2021/22 Goals & Objectives (including update on 2019/20 ongoing goals)			
DATE:		July 12, 2022			
GOAL & OBJECTIVE		TACTICAL STEPS	ACTION	STATUS (checkmark = Completed)	COMMENTS
2019/2020 Goals and Objectives Carryover					
Vista Field	2019/20 GOAL	Sell one parcel or obtain one ground lease (does not include Arts Center Task Force).	Considered complete when presented to Commission.	25% complete	Unattainable until the Port has recorded lots to sell. This is scheduled for summer 2022.
	2				
2021/2022 Goals and Objectives					
Port Adminstration	2021/22 GOAL	Prepare "Back to Work" plan for Port staff in relation to the COVID-19 pandemic.	Considered complete when presented to Commission.	75% Complete	Working with Ann Allen to finalize back to work plan. Anticipate presenting to Commission in summer 2022.
	1				
Vista Field	2021/22 GOAL	Develop a Vista Hangar analysis to include lean renovation options (with RCCF partnership funds) and viability/potential for selling on a ground lease.	Considered complete when presented to Commission.	50% Complete	In progress. Anticipate presenting to Commission in summer 2022.
	2				
Kennewick Waterfront	2021/22 GOAL	Implement the identified Duffy's Pond tenant-improvements and algae mitigation plan.	Considered complete when presented to Commission.	40% Complete	Standing bar installed on tasting room patios. Food truck plaza fencing was bid (pulled project due to escalating material costs whereby bidders wouldn't hold pricing with material cost tripling). City permits finalized for restroom. Working with Palencia regarding design of demonstration vineyard. All algae mitigation prep work required by Port is complete. Chemical application is dependent upon City schedule.
	5				
Districtwide	2021/22 GOAL	Prepare a report which evaluates maintenance facility needs and possible alternatives.	Considered complete when presented to Commission.	10% Complete	Contracted with Energy Northwest to provide project management services. Port team is hoping for summer 2022 presentation to Commission.
	7				
Districtwide	2021/22 GOAL	Prepare a COVID-19 economic-impact outlook analysis, which obtains professional data, advice, and other indicators regarding potential economic and business impacts to the Port.	Considered complete when presented to Commission.	100% Complete	By consensus Commission approved this as a goal on 9/8/2020. Presentation scheduled for March 22nd Commission meeting. Completed 3/22/22
	8				
Districtwide	2021/22 GOAL	Complete Laserfiche training and implementation of procedures related to documentation, filing, paperless review, digital signature, and internal document workflow processing.	Considered complete when presented to Commission.	100% Complete	Port team has been trained for processing and paying invoices with Laserfiche. Records management programming has been completed. Paperless review process established. Digital signature process is completed using DocuSign. Contract routing procedures nearly complete, and plan on presenting at March 22nd Commission meeting. Completed 4/12/22
	9				

Conceptual Work Plan/Draft Budget 2023- 2024

Start of Process ~ flying at
~~40,000 feet~~ 30,000 feet



“Generally speaking, remain on the course charted years ago which focuses nearly all energy on the *Vista Field* and *Kennewick Waterfront redevelopment* projects. The next two years will be spent managing and maintaining those projects to assure they get off the ground.”

CONCEPTUAL WORK PLAN/BUDGET

Initial Thoughts:

- Recognize the amount and magnitude of ongoing work
- Prioritize exemplary finishes to projects in progress
- Recognize projects of district-wide benefit
- Be Transparent, Thoughtful & Judicious in new project selection
- Acknowledge success dependent upon forgoing some projects



Process for Evaluating Future Investment Opportunities

Overview

Consistent with the Port Mission and Goals described above, including the referenced resolution (No. 2014-31) describing Port objectives for budget and financing goals for future Port projects, the Port Commission adopts the following additional policy as part of the 2016 Comprehensive Scheme update. The Port intends to use this process to identify, evaluate, prioritize, and implement its most important future capital projects. The Port Commission recognizes the numerous opportunities regularly proposed for Port consideration must be balanced against available resources, including availability of staff and availability of financial resources. The main components of the Port's Capital Project Prioritization Policy are:

- *Project Identification – Projects will be identified through various sources, including:*
 - The adopted Comprehensive Scheme of Harbor Improvements
 - The adopted biennial budget and work plans
 - Discussions with jurisdictional partners and staff, and the public

- *Project Evaluation* – With the assistance of staff, the Port Commission will prioritize projects based on cost estimate evaluation, cost/benefit analysis, and public demand and other, less easily quantified factors, including jurisdiction priorities, emerging needs and opportunities, supplemental funding for projects partially funded, and public input received.

Organizational Considerations

Review will be conducted to evaluate if the project is consistent with the Port's mission and priorities established in the Comprehensive Scheme and associated documents adopted by reference. Additional considerations would also include:

- Does the project meet an identified need?
- Does the project support Port, community, and/or private-sector economic development objectives?
- Does the project serve multiple user groups?
- Does the project foster or enhance a public/private or public/public partnership?

Fiscal Considerations

Fiscal considerations will also be reviewed as part of determining whether the Port will invest in future opportunities:

- What are the costs of the project, including initial costs, maintenance costs, and lifecycle costs?
 - How were costs calculated and by whom (finance director, Certified Public Accountant, Certified Financial Planner, economic planner, or others)?
- Does the Port have the financial and organizational capacity to undertake and manage the project?
- Can the project leverage public or private resources with other partners and funds to maximize benefits?
- Does the project have a positive ROI?
- Would the project increase the tax base, increase revenues to the Port, contribute to the vitality of the community, and help attract regional and national tourism?

Social/Environmental/Legal Considerations

Social, environmental, and legal considerations will also be reviewed:

- Is the community involved and supportive of this project?
- If the project is not implemented, will a strategic opportunity be lost?
- Is the project appropriate for the proposed site's natural systems, topography, and/or neighboring land uses?
- Are there potential adverse impacts associated with the project?
- Does the project comply with all federal, state, or local government laws or regulations?

Project Design, Planning, and Readiness

Design, planning, and project readiness considerations will also be reviewed:

- Does the site or project require extraordinary or unique purchase cost, architectural/engineering, or other efforts or commitments of financial or staffing resources?
- Is the project ready (e.g., design completed and permits in hand)?
- Is there a reasonably foreseeable user for the project (i.e. "bird in hand")?

Project Evaluation

Initial project screening shall begin with staff providing a brief description of each project. The Port Commission shall then review, evaluate, and rank each project based on the above criteria. High-priority projects shall be incorporated into the draft work plan.

PROPOSED WORK PLAN/BUDGET The Five Pillars

I. CURATE, IMPLEMENT, OPERATE

a) ~~Vista Field Loan Repayments~~

b) Vista Field

c) Wine Village

d) Clover Island

e) Owner's Associations (Vista Field & Columbia Gardens)

PROPOSED WORK PLAN/BUDGET The Five Pillars

II. STREAMLINED SUPPORT & SHARPENING FOCUS

- a) Richland -- \$ for Richland priority project (City designs, permits, bids & builds)
- b) West Richland -- \$ for West Richland priority project (City designs, permits, bids & builds)
- c) Auction ALL surplus land **as approved by Commission resolution**

PROPOSED WORK PLAN/BUDGET The Five Pillars

III. PREPARATION FOR NEXT PHASE IMPROVEMENTS (A/E Work)

- a) Vista Field Infrastructure, Phase II
- b) Vista Field Corporate Hangars Revitalization
- c) Clover Island Stage
- d) Port Maintenance Facility

PROPOSED WORK PLAN/BUDGET The Five Pillars

IV. FUND AND CONSTRUCT

- a) Vista Field Joint-Use Parking Areas (contractual requirement of land sale)
- b) Vista Field Corporate Hangars Revitalization (lean)
- c) Vista Field Landscaping (Deschutes Gateway & Daybreak Commons)
- d) Vista Field Infrastructure, Phase II (creating additional saleable lots) provided City of Kennewick funding partnership
- e) Clover Island Stage/Parking Lot (pending USACE approval and any required stabilization)

PROPOSED WORK PLAN/BUDGET The Five Pillars

V. POSSIBLE FUTURE FUNDING

- a) West Richland: ~~Development Building~~/Amenities
- b) ~~Kennewick: South of Southridge: Industrial Park~~
- c) Vista Field Parking Structure

CONCEPTUAL WORK PLAN/BUDGET

Proposed Budget:

- | | |
|--|----------------------|
| • VF Hangars, Landscaping, Surface Parking | \$4,000,000 RCCF |
| • Vista Field Infrastructure, Phase II | \$2,000,000 CoK RCCF |
| • Richland | \$ |
| • West Richland | \$ |
| • Owners' Association(s) Seed Funding | \$ |
| • Port Maintenance Facility | \$ |
| • Clover Island Stage/Parking Lot | \$ |
| • VFDF Building Repair | \$ |

Questions:

1. Will City of Kennewick fund Vista Field Infrastructure?
2. Can a stage be built without further east end shoreline work?

Memorandum

To: Tim Arntzen, COE
From: Larry Peterson, Director of Planning & Development
Date: July 8, 2022
Re: Port Mission directs Port Actions including Budget & Workplan

DELICATE BALANCE - DISCUSSING POLICY

Attempting to condense major philosophical questions which have enormous implications on the Port's budget and bi-annual work plan has proven challenging. Complicating this matter further is the delicate presentation of policy matters in a way which highlights implications of choices available and refreshing memories as to why certain activities were initiated without crossing the line into making policy decisions. Stating prior policy decisions and the rationale for those decisions together with listing possible considerations for future decisions hopefully provides the policy makers (Commission) with useful information when deciding which activities to pursue and fund.

The Port of Kennewick's overall goal has been improving the economy and enhancing the quality of life. These words are printed in the port's guiding documents and repeated and reprinted time and time again. So, what the Port pursues and possibly more important, foregoes, should align with whatever the accepted mission is at that point in time. The Port intends to act as a catalyst (agent initiating reaction) for the economy in areas of unmet demand. This involves delicately "threading the needle" between bringing new opportunities forwards while avoiding competing directly or indirectly with the private sector.

HISTORY - PRIOR PURSUITS

Prior decades saw the Port and citizens support pursuit and development of land extensive agricultural uses to support the 100,000 of acres opened to crops with the provisions of irrigation water from the Columbia Basin Project following WWII. The Port was a major player in the establishments of the chemical plants and cold storage facilities in the east Kennewick and Finley areas in the 1960's and 1970's. Then the focus shifted to provision on low-cost industrial space to manufacturing firms and companies perfecting new endeavors based upon technologies created at/for the HANFORD site. Those prior efforts were aligned with the demand ... and more important the support of the tax paying community.... those were the right efforts at that time.

Manufacturing jobs remain important to the local and regional economy and the port is not negating that importance. The port has acknowledged that "others" (sister ports, municipalities, private sector) are meeting those needs for industrial lands & manufacturing space. The Port has concluded that yet another warehouse, which the private can and is constructing does not provide an unmet opportunity for economic growth and in fact would simply serve to compete with the private sector and the efforts of other public entities within the region. The port has also observed that the trends and economic conditions which resulted in a near universal pursuit of those manufacturing jobs in prior decades have changed to the point where manufacturing is

migrating to locations with lower labor costs (right to work states, developing countries) and 'relaxed' environmental laws. *The Port has directly experienced former tenants vacating port development buildings and relocating their manufacturing operations (ie jobs & investment) to right to work states and developing nations.*

Manufacturing opportunities still exist although fewer in number and with far greater competition and expectations. The Port of Kennewick has sought the path with brings new opportunities to the community and local economy, not just to be one more shovel ready site to see on the prospects multiple state tour.

CHANGING FOCUS – INDUSTRIAL to REDEVELOPMENT

Port districts are one, if not the nimblest public agencies in the State of Washington and ports have the legal ability to guide, not just follow the economic trends. Enabling legislation has evolved allowing ports to pursue redevelopment roles in addition to the traditional land extensive industrial activities. These changes were in response to industries leaving the region with little to now expectation of return where a new or reclaimed use of those former industrial sites were needed. *(example: Port of Bellingham lost the timber export industry but retained the contaminated waterfront land and sought similar reuse however after decades turned to mixed use redevelopment as a viable economic generator for their community)*

The Port of Kennewick has primarily directed actions for the last 25 years towards redevelopment activities and quality of life enhancements. Beyond the decades long efforts to plan for an expanded Clover Island the port's first major infill redevelopment project was the Spaulding Business Park (SBP) in Richland's Island View (Wye) area. The SBP project involved acquiring multiple parcels into one larger site, installation of infrastructure and implementation of design standards beyond city regulations. The result within the SBP boundary is 30+ acres and 220,000+sf of buildings on the tax rolls and over 450 jobs. The real question about positive impacts contemplates to what degree did the SBP influence development and redevelopment efforts on the surrounding 150+ acre area.

Overlapping the SBP the port was also pursuing more traditional industrial activities such as the Dickerson Industrial Park (SR-395 frontage now known as Southridge) and warehouse building expansion at Oak Street. Imagine if the Southridge area had developed as industrial sites as envisioned as recently as the port's 2002 marketing materials rather than the medical (Trio Hospital) and retail area that it has become. Possibly intentionally or possibly without realizing the port was turning into a redevelopment entity while still retaining the ability the pursue industrial development which was comfortably familiar.

The mid 2000's into 2012 saw further movement towards redevelopment projects with the acquisition of properties along Columbia Drive once the port acknowledged expanding Clover Island by filling the Columbia River was unrealistic. Expansion of the island's waterfront influence was however possibly by the acquisition of the nearshore properties on Columbia Drive. During this period the port was courted by the Badger Mountain South developer, and to a lesser extent

the City of Richland, to pursue a wine oriented industrial type of development. After consideration the port redouble efforts to support prior investments in the Island View area which involved completing infrastructure improvements within the SBP and supporting the City's efforts to enhance roadways (Fowler) in the area.

During this period did the port only pursue redevelopment activities? No. Concurrently while the SBP and Southridge areas were being sold to the private sector the port swapped land with the private sector in West Richland to catalyze development of wine industries on an industrial scale. The port swapped 11 acres of Van Giesen frontage for 15 acres of improved industrial ground on Keene Road in an effort to capture some of the production demand generated by the adjacent Red Mountain AVA while helping to avoid loss of prime vineyard lands if those production facilities had been constructed within the AVA.

This effort involved a world renown wine maker (*Randall Grahm*) stating his intention to corner the world's Riesling market from West Richland while standing amongst the sagebrush. A subsequent land lease with the port resulted in the construction of the Pacific Rim wine production facility followed a few years later by a doubling in size of the facility. This land swap also yielded the Black Heron Distillery and the Benton County Fire District #4 Station #430. Since that time further wine production facilities have located on Keene Road and yet the 11 acres fronting on Van Giesen, which the port previously owned, remains vacant. One conclusion being .. strategic efforts yield results.

Vista Field is far and away the port's most ambitious redevelopment project to date. Size alone dwarfs prior projects and when the new to market new urbanism development pattern is applied the sheer enormity of the effort comes into view. The Commission from the beginning of the EIS process in 2012, thru master planning in 2014 & 2015, design negotiations in 2016 & 2017 and design, bid and construction in 2018-2021 has continually stated Vista Field to be the port's #1 priority. Phase #1 infrastructure is complete, and land is now being marketed to the private sector to construct the buildings, all with the goal of creating the "place" the citizens envisioned back in 2014. The Vista Field redevelopment project is still in the infancy stage, and it seems apparent to many that significant attention and support will be necessary over the next several years for the potential of Vista Field to be realized.

FOCUS EVOLUTION - RATIONALE

So as the port has slowly evolved from traditional port industrial efforts in the 1990's to primarily being a redevelopment entity the Comprehensive Scheme of Development (Comp Scheme) was updated in 2016 to reflect this change of course and identity {2016 Comp Scheme references the word "redevelopment" 40+ times whereas "industrial" is mentioned less than 10 times}. So, the evolution from industrial to redevelopment focus occurred, but why might need to be addressed. Land holdings and building inventory of the port were considered along with the holdings of sister ports, municipalities, and the private sector to identify unmet needs or niches.

This seeking of an unmet demand is not because the port is afraid to compete head-to-head with other ports, cities or the private sector for certain users or tenant but rather the port tries to

avoid duplicating efforts of fellow government entities and takes great care to avoid competition with the private sector. Duplication of efforts with each port having a dock, rail spurs and warehouse serves only to dilute the value of each of those efforts and assets because the businesses simply seek the best site/deal within the region, not within the boundaries of a certain city or port district.

The Vista Field Airport is possibly the best regional example of duplication of efforts with taxpayer money. The aviation community had much love and support for the Vista Field Airport however upon analyzing the costs, benefits and opportunities through the EIS process it was difficult for even the aviation community to justify spending the amounts of taxpayer funds involved each year for the airport. It was a bold step by the port to ask the basic question “is this the best use of the public’s assets and taxes?”

Another consideration in this evolution are study and survey findings from organizations such as the Tri-City Regional Chamber and TRIDEC which identify the Tri-Cities scores high in 1st tier factors such as available land, energy rates, transportation networks and educated labor force and much lower on 2nd tier elements related to quality of life. The port’s projects for the last decade have been heavily focused on addressing this identified deficiency... quality of life.

Finally, over the last 5-7 years even the non-port projects which the port has provided funding are in-fill/redevelopment/new urbanism type projects. Columbia Park Trail improvements within Richland’s Island View checked all the boxes by including “road diet” revisions to reduce rather than expand vehicle travel lanes in an in-fill/redevelopment area and specifically enhancing the port’s prior SBP project. Projects such as Washington Street improvements or the committed Center Parkway involve transportation enhancements in in-fill locations which support land development of higher intensities. Whether Columbia Gardens, Vista Field or partner projects, of late the port has elected to only participate with in-fill/redevelopment projects and has foregone the decades prior pursuit of greenfield redevelopment.

REDEVELOPMENT -BENEFITS

Redevelopment efforts are undertaken not just to bring new life to a specific parcel but rather in a coordinated effort to reinvigorate a whole neighborhood. Island View in Richland and Bridge to Bridge are two examples of those neighborhoods. “Benefit beyond boundaries” is a phase used in the redevelopment game which is an abbreviate way to explain the intent is redevelopment on Parcel A catalyzes reinvestments by others on Parcels B & C which leads to further enhancement of Parcels D through Z. That is the intent of the Columbia Gardens, Willows and Cable Greens projects...to catalyze redevelopment of the Bridge-to-Bridge area.

Greenfield development to open more raw land for development is not simply a matter of using taxpayer dollars to compete with the private sector looking to do the same, but also competing with the private sector that has previously made investments in the community. In this way port involvement with greenfield development competes with the entire community. Efforts to enhance “what you’ve already got” rather than “forgetting about your current stuff cause one

must have that new thing” avoids abandonment of prior generation’s investments. The port’s redevelopment focus seeks to maximize the values of the community’s assets (existing roads & utilities have tremendous value) and the investments of current citizens and businesses, both which pay taxes, in many situations for decades.

Redevelopment provides that niche or narrow band of acceptable operation where the port can function as an economic catalyst without the perception of competing with the private sector. Columbia Gardens is an excellent example of this situation. Many times, the question has been posed of “why Columbia Gardens?” but never has the statement “how dare you compete with the private sector to purchase and redevelop that area” been uttered. Lacking statistics but utilizing recent memories one would see buildings across from Columbia Gardens being fixed up and new businesses opening; a complete trend reversal from just 8 years prior. Changing the value/investment trendline for a given area is the intent of the redevelopment efforts.

Those that created the laws enabling the creation of port districts knew economic development seeds take years of tending to bear fruit. Vineyards and alfalfa are great examples of these extremes with vineyards taking 4-5 years to yield a profitable crop whereas alfalfa can be planted in the spring and cut four times during the season. The alfalfa has a near instant return where the vineyard takes longer but has a much greater overall return. Both crops are needed but most don’t have the patience or financial ability to wait for the vineyard. Port districts were created to foster those economic development activities which take longer to sprout than the private sector can wait and for those activities which do not meet the private sector ROI expectations yet which overtime yield enormous community benefits. These redevelopment efforts take years to bear fruit and are sometimes difficult to explain to those with a 2-4 year focus, which is one of the reasons Port Commissioner terms are 6 years. Port districts are well suited to “play the long game.”

POLICY QUESTIONS – DIRECTING FUTURE ACTIONS

Below is a listing of some of the policy questions when answered should help establish, explain and justify future project pursuits. Order may or may not logically flow as the numbering is more intended as a point of reference while discussing. {it is acknowledged there is some editorial comment contained within the questions}

- 1) Does the Commission concur with the redevelopment focus identified in the 2016 Comp Scheme?**
 - 1a) If so, does the redevelopment focus mean the Commission intends to only pursue project(s) meeting the in-fill/redevelopment criteria and thus avoid involvement in greenfield activities?**
 - 1b) If not which types of industrial activities should the port resume pursuing?**
- 2) Is the Vista Field redevelopment project still the Commission's #1 priority?**
 - 2a) If so, does the Commission believe Vista Field requires additional attention (ie time & money) to realize the communities vision or does the Commission feel the project is sufficiently established to prosper without additional attention?**
 - 2b) If not what project/pursuit holds the new #1 position?**
- 3) Is the Historic Waterfront District redevelopment project the Commission's #2 priority?**
 - 3a) If so, how do the project needs fit with other projects both of higher and lower priority?**
 - 3b) If not what priority, if any, does this project receive?**
- 4) How important is avoiding competition with the private sector?**

Confederated Tribes *of the* Umatilla Indian Reservation

Board of Trustees



46411 Timine Way | Pendleton, OR 97801
(541) 276-3165 | phone
BoardofTrustees@ctuir.org | www.ctuir.org

Statement from Chair Kat Brigham on partnership with Port of Kennewick

On behalf of the Confederated Tribes of the Umatilla Indian Reservation (CTUIR), I'd like to applaud the work, coordination, and consultation the Port of Kennewick has extended to the CTUIR. We appreciate the strong working relationship we have with the Port of Kennewick (Port) and we recognize and respect the work the Port has done in preserving, protecting, and promoting the cultural and economic interests of its constituents and the CTUIR. This is important to our people.

As you know, the Port is located within the ceded, aboriginal and usual and accustomed lands of the *Weyiiletpuu* (Cayuse people), *Imatalamláma* (Umatilla people), and *Waliúlapam* (Walla Walla people) as recognized in our Treaty of 1855. Many tribal members from the CTUIR continue to work, reside, and exercise their reserved Treaty Rights in this area.

Next year, 2023, marks the 10th anniversary of our Memorandum of Understanding (MOU) and we have many small and large successes to be proud of including *Wiyákuktpa* (The Gathering Place) and the Clover Island shoreline restoration project. While the Vista Field development advances, we want to continue to look for ways we can partner and seek ways in which we can contribute to its success. Lastly, in supporting the Port's long-term goals we want to ensure the lands we hold of cultural significance are protected of its resources and its history in pursuit of a stronger future for us all.

We look forward to continuing to work closely with the Port of Kennewick.



AGENDA REPORT

TO: Port Commission

FROM: Carolyn Lake and Ann Allen

MEETING DATE: July 26, 2022

AGENDA ITEM: Chief Executive Officer's (CEO) Employment Agreement and Evaluation Process, Resolution 2022-19

I. REFERENCE(S): Resolution #2022-19, which:

- Adopts Third Amendment to Employment Agreement between the Port of Kennewick and Tim Arntzen (**Attachment 1**)
- Revises Commission Rules of Policy and Procedure at Section 15 (**Attachment 2**), to approve a Committee CEO Evaluation Process, to include:
 - **Exhibit A**- Committee Process, and
 - **Exhibit B** – CEO Annual Evaluation Form; and
- Rescinds Resolutions 2019-24, 2017-27, and 2017-16

II. RELATED HISTORY:

November 15, 2013- CEO Employment Agreement
March 24, 2017 – CEO exercises Longevity Extension Option
Resolution #2017-16, Creation of Committee Evaluation Process
Resolution #2017-27, Updating CEO Employment Agreement
Resolution #2019-24, Reversion of Committee Evaluation Process
Resolution #2020-30, Approving Renewal of CEO Longevity Agreement

III. FISCAL IMPACT: \$0

IV. DISCUSSION:

A. Mr. Arntzen has proposed that his Employment Agreement be amended in two ways. See **Attachment 1** to proposed Resolution 2022-19. First, a clause is proposed to be added to ensure that amendments to the Employment Agreement do not result in diminution of his benefit levels. To address this concern, the following additional section at Part 4 of the Agreement is provided for the Commissioner's review and consideration.

- 4.9 It is understood that the Employee shall not receive a reduction to benefits provided pursuant to his employment agreement due to the adoption of any subsequent amendment or modification of this Agreement. It is recognized that there may be a reduction in benefits provided pursuant to this Agreement should such reduction be mandated by law.

B. Second, Mr. Arntzen has requested that the indemnification provisions of the Employment Agreement be clarified in keeping with applicable law. The Port is defined as a local governmental entity/municipal corporation and is within the coverage of RCW 4.96.041 which states that whenever an action or proceeding for damages is brought against any officer or employee arising from his actions while performing duties in good faith, that officer or employee may request that the Port authorize the defense of the action or proceeding at the expense of the Port. The Port must apply a process as set by ordinance or resolution and find that the officer or employee's actions were in good faith and within the scope of his or her official duties. In that case, the request shall be granted. To address this request, the following underlined language has been added to Section 7 and is provided for review and consideration by the Commission.

7. **Employer Responsibility:**

To the maximum extent permitted by law, Employer shall defend, indemnify, and hold Employee harmless from and against any and all claims, demands, suits, action or proceedings of any kind of nature arising out of the performance-by Employee of the Employee's duties and responsibilities as Chief Executive Officer of the Employer.

In addition, whenever an action or proceeding for damages is brought against the Employee, the Employer shall defend, indemnify, and hold the Employee harmless to the maximum extent permitted by the law for any liability incurred by the Employee in his capacity as an officer or employee of the Port acting in good faith. If the Employee personally incurs direct or indirect costs in order to respond to any such action, suit, proceeding, or claim, the Employer shall promptly reimburse the Employee upon written demand setting out such costs. Further, any amounts paid by the Employee in settlement or as a result of a judgement shall be reimbursed by the Employer unless the Employer shall establish that the Employee did not act in good faith and in the best interests of the Port in carrying out his duties.

To the extent of any conflict between this agreement and any other policy or procedure of the Port, this Agreement shall prevail. The obligations of the Employer to indemnify and hold the Employee harmless shall survive the termination of this Agreement or expiration of the employment relationship. Therefore, the obligation to indemnify the Employee applies whether the individual is currently or was previously employed by the Port of Kennewick at the time facts giving rise to such a matter arose.

C. Since 2019, each Commissioner has reviewed the CEO's performance individually. The process has proven to be difficult to apply both in terms of complexity and efficiency. Therefore, it is proposed that the Commission Rules of Procedure be amended at Section 15 to re-instate the committee CEO evaluation process previously used by the Commission. See **Attachment 2** to proposed Resolution 2022-19. That committee would consist of one Commissioner serving a two-year term (to be appointed); the Chief Financial Officer (CFO) (in-house Human Resources staff person); and the Port's Legal Counsel. The revised Section 15 includes establishing the Committee Evaluation Process (**Exhibit A**) and Annual Evaluation Form (**Exhibit B**), both of which are provided for the Commission's review and consideration.

D. The proposed adoption of the Third Amendment to the CEO Agreement negates the following previous amendments to the CEO Agreement, which accordingly are proposed to be rescinded: (a) First Amendment dated December 12, 2017, as referenced in Resolution 2017-27; and (b) Second Amendment dated November 26, 2019, as referenced in Resolution 2019-24. and (c) Reversion of the Committee Evaluation Process approved by Resolution 2019-24.

E. Further, the proposed amendment to Section 15 of the Commission Rules of Procedure overtakes the previous amendments to that Section accomplished by Resolutions 2017-16 and 2019-24, which accordingly are proposed to be rescinded.

IV. ACTION REQUESTED OF COMMISSION:

MOTION: I move approval of Resolution 2022-19 which:

- ✓ approves the Third Amendment to the CEO's existing Agreement,
- ✓ revises Section 15 of the Commission Rules of Policy and Procedure,
- ✓ rescinds Resolutions 2019-24, 2017-27, and 2017-16; and hereby ratify and approve all action by port officers and employees in furtherance hereof.

PORT OF KENNEWICK

RESOLUTION No. 2022-19

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK REVISING THE CHIEF EXECUTIVE OFFICER (CEO) EMPLOYMENT AGREEMENT AND PERFORMANCE EVALUATION PROCESS

WHEREAS, the Chief Executive Officer's (CEO) current Employment Agreement (CEO Agreement) is in need of amendment to clarify the effect of subsequent benefit amendments; to more clearly delineate terms of indemnification; and to update the current individualized method used to review CEO's performance; and

WHEREAS, revising and amending the CEO Agreement in these areas will provide for greater clarity; and

WHEREAS, re-instituting the former CEO committee performance evaluation process consisting of one Commissioner serving a two-year term, the Chief Financial Officer (CFO), and Port Attorney will promote a more efficient and less complicated review process, and

WHEREAS, returning to the Committee Evaluation Process for CEO performance evaluations is accomplished by revising the Commission Rules of Policy and Procedure, Section 15, which in turn also adopts Exhibit A - the Committee Evaluation Process and Exhibit B, the CEO Annual Evaluation Form; and

WHEREAS, the Port CFO has reviewed the proposed documents and finds them in order.

NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners take the following actions:

1. The Port of Kennewick Board of Commissioners hereby approve and adopt the Third Amendment to the CEO Employment Agreement to (a) add a new Section 4.9 to clarify the effect of future amendments, (b) modify Section 7 to address indemnification, and (c) to acknowledge the change in title from "Executive Director" to the current title of "Chief Executive Officer", all as set as set forth in **Attachment 1** – Third Amendment to Employment Agreement.
2. The Port of Kennewick Board of Commissioners hereby revise Commission Rules of Policy and Procedure at Section 15 to reinstate the Committee CEO Evaluation Process, all as set as set forth in **Attachment 2** which incorporates **Exhibit A**- CEO Evaluation Committee Process and **Exhibit B** – CEO Annual Evaluation Form.
3. The Port of Kennewick Board of Commissioners hereby rescind Resolutions 2019-24, 2017-27 and 2017-16 upon adoption of this Resolution; and
4. The Port of Kennewick Board of Commissioners hereby ratify and approve all action by port officers and employees in furtherance hereof.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 26th day of July 2022.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: _____

SKIP NOVAKOVICH, President

By: _____

KENNETH HOHENBERG, Vice President

By: _____

THOMAS MOAK, Secretary

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This Third Amendment dated July 26, 2022 amends that certain Employment Agreement entered into on November 15, 2013 by and between the PORT OF KENNEWICK, a Washington public port district, (the "Employer" or the "Port"), and TIM ARNTZEN (the "Employee" or "Chief Executive Officer"), as amended March 24, 2017 by the CEO's extension of the Longevity Agreement through December 31, 2020 (via memo); as amended by the First Amendment dated December 12, 2017 as referenced in Resolution 2017-27; as amended by Second Amendment dated November 26, 2019 (without Resolution); as amended by Resolution 2019-24 dated September 24, 2019; and as amended by Resolution 2020-30 dated December 8, 2020 which further extended the Longevity Agreement through December 31, 2025, ("CEO Agreement").

The Port and Chief Executive Officer wish to update and further amend the CEO Agreement as follows:

1. A new Section 4.9 is added to the CEO Agreement as follows:

4.9 It is understood that the Employee shall not receive a reduction to benefits provided pursuant to his employment agreement due to the adoption of any subsequent amendment or modification of this agreement. It is recognized that there may be a reduction in benefits provided pursuant to this Agreement should such reduction be mandated by law.

2. Section 7 of the CEO Agreement is amended to add the additional language underlined below as follows:

Employer Responsibility:

To the maximum extent permitted by law, Employer shall defend, indemnify, and hold Employee harmless from and against any and all claims, demands, suits, action or proceedings of any kind of nature arising out of the performance-by Employee of the Employee's duties and responsibilities as Chief Executive Officer of the Employer.

In addition, whenever an action or proceeding for damages is brought against the Employee, the Employer shall defend, indemnify, and hold the Employee harmless to the maximum extent permitted by the law for any liability incurred by the Employee in his capacity as an officer or employee of the Port acting in good faith. If the Employee personally incurs direct or indirect costs in order to respond to any such action, suit, proceeding, or claim, the Employer shall promptly reimburse the Employee upon written demand setting out such costs. Further, any amounts paid by the Employee in settlement or as a result of a judgement shall be reimbursed by the Employer

unless the Employer shall establish that the Employee did not act in good faith and in the best interests of the Port in carrying out his duties.

To the extent of any conflict between this agreement and any other policy or procedure of the Port, this Agreement shall prevail. The obligations of the Employer to indemnify and hold the Employee harmless shall survive the termination of this Agreement or expiration of the employment relationship. Therefore, the obligation to indemnify the Employee applies whether the individual is currently or was previously employed by the Port of Kennewick at the time facts giving rise to such a matter arose.

3. The CEO Agreement is revised throughout to replace all references to “Executive Director” with the updated title of “Chief Executive Officer”.
4. The following previous amendments to the CEO Agreement are rescinded: (a) First Amendment dated December 12, 2017 as referenced in Resolution 2017-27; (b) Creation of Committee Evaluation Process approved by Resolution 2017-16, Second Amendment dated November 26, 2019, as referenced in Resolution 2019-24; and (c) Reversion of the Committee Evaluation Process approved by Resolution 2019-24.
5. All other provisions except those previous amendments expressly referenced herein and not rescinded and as amended herein remain in full force and effect.

EMPLOYER:

EMPLOYEE:

PORT OF KENNEWICK


A Washington state public port district

By: _____

Skip Novakovich, Commission President

By: _____

Tim Arntzen, Chief Executive Officer

	PORT OF KENNEWICK	
	Port Commission Rules of Policy and Procedure	
	CHIEF EXECUTIVE OFFICER (CEO) EVALUATION	Section 15.0
	Adopted by the Commission on July 26, 2022 Resolution 2022-19	Replaces Section 15, adopted February 22, 2011 and as amended by Resolution 2016-01, adopted January 12, 2016 and Replaces Resolution 2017-16, adopted October 10, 2017 Replaces Resolution 2017-27, adopted December 12, 2017

15. CEO EVALUATION

15.1 CEO Evaluation Committee

- 15.1.1 The Port Commission shall appoint a CEO Evaluation Committee made up of the Port's Chief Financial Officer, Port Attorney, and one Commissioner to serve a 2-year term. Each member shall be unbiased.
- 15.1.2 The CEO Evaluation Committee will develop the CEO's goals and objectives for Port Commission review and approval. The goals and objectives developed by the Committee shall be specific, measurable, attainable, realistic, timely and in alignment with the Port's mission, budget, work plan, and comprehensive scheme of development.
- 15.1.3 The CEO Evaluation Committee has developed a procedure for evaluating the CEO's performance, which is attached hereto as **Exhibit "A"**, and the CEO Evaluation Committee has created the Chief Executive Officer Performance Evaluation Form Revised 2022, which is attached hereto as **Exhibit "B"**.
- 15.1.4 On an annual basis, the CEO Evaluation Committee will conduct CEO's performance evaluation.

- 15.1.5 On an annual basis, the CEO Evaluation Committee will present the results of its evaluation of the CEO's performance to the Port Commission for review and approval. Such results may include, among other things, recommendation for salary adjustment in accordance with CEO's employment agreement.
- 15.1.5 The CEO Evaluation Committee may use assistance from other staff members or consultants as necessary and appropriate.
- 15.1.6 The Port Commission shall address CEO performance issues as they arise by timely referring them to the CEO Evaluation Committee. The CEO Evaluation Committee will develop a procedure for handling performance issues that may arise between annual evaluations. As part of that procedure, any performance related item must be communicated to the CEO in writing within 14 business days following the date any such alleged action or inaction occurred. If the CEO Evaluation Committee fails to notify the CEO of a matter of which the Commission members are aware, the performance related item shall not be relied upon or addressed in a performance review. Prior to issuing such a written notice, the CEO Evaluation Committee shall undertake an appropriate inquiry, which generally will include discussion with the CEO, in accordance with applicable laws, policies and contracts. Once notified, the CEO shall be provided a reasonable period of time to cure the concern or deficiency.

RESOLUTION 2022-19
EXHIBIT “A” TO SECTION 15,
COMMISSION RULES OF PROCEDURES

1. CEO EVALUATION PROCESS

1.1 CEO Evaluation Committee

1.1.1 *COMMITTEE AUTHORITY:* Resolution 2022-19 authorized the creation of the CEO Evaluation Committee (Committee). Furthermore, it established the members of the Committee are: Port’s Chief Financial Officer; Port Attorney; and one Commissioner to be appointed by the Commission.

1.1.2 *COMMISSION DIRECTION:* The Commission direction for the Committee is as follows:

- Develop a process for evaluating CEO’s performance.
- Perform the CEO evaluation using the Chief Executive Officer Performance Evaluation Form revised 2022.
- Develop the CEO’s goals and objectives for Commission review and approval.
- Present the CEO evaluation to the Commission for review and approval annually. This will include a recommendation for salary adjustment in accordance with CEO’s employment agreement.
- Use assistance from other staff members or consultants as necessary and appropriate.
- Develop a process for handling performance issues as they arise between annual evaluations if performance issues are brought forth by the Port Commission.

1.1.3 *COMMITTEE MEETINGS:* The Committee will meet at least annually, conducting its first meeting for CEO’s performance review no later than September 15th. The Commission typically will need to approve the CEO’s evaluation at their first meeting in November, so the ideal time to present to Commission is at one of the October meetings. The deadline for final Commission approval is November 15th.

1.1.4 *CHANGES TO THIS PROCESS:* Changes to this process must be approved by the majority of the Committee members, and with the consent of the CEO, which consent shall not be unreasonably withheld.

1.2 CEO Annual Evaluation Process

- 1.2.1 The Committee will evaluate the goals & objectives set by the Commission as part of the evaluation process.
- 1.2.2 The Committee will also consider additional work either directed or performed for the Port's benefit that was not included in the initial goals and objectives approved by Commission.
- 1.2.3 The Committee will also consider the overall operational success at the Port (including but not limited to: marina and building occupancy, land sales, property maintenance, contract management, financial oversight, strategic alliances/partnerships, communications, positive publicity, brand reputation, and strategic leadership including personnel management and development).
- 1.2.4 The Committee will include resolved or unresolved performance issues addressed by the Commission in the CEO's evaluation.
- 1.2.5 The Committee will present the CEO evaluation to the CEO and allow the CEO to draft a formal response before the evaluation is presented to the Commission.
- 1.2.6 The Committee will present the evaluation to the Commission as allowed by law.
- 1.2.7 The Committee will provide the Commission a CEO performance recommendation of "unsatisfactory," "satisfactory," "above satisfactory," or "exceptional" in accordance with the CEO Employment Agreement.

Performance Appraisal Ratings:

- Exceptional – The individual is making a significant contribution to the organization. This person constantly accepts responsibilities beyond those of the job held and continuously exceeds expectations regarding completion of work assignments. There are few areas regarding performance of job responsibilities in which he/she could improve.
- Above Satisfactory – The individual is a steady and consistent performer and carries out duties in a fully responsible and effective manner. Meets and occasionally exceeds expectations regarding job responsibilities and completion of work assignments. Even though present performance is acceptable, there may be areas regarding performance of job responsibilities in which the person should improve.

- Satisfactory – The individual generally meets standards or expectations. It is expected that with the appropriate improvement plan, performance will reach a fully satisfactory level within a specified time period.
- Unsatisfactory – The individual generally does not meet standards or expectations. It is expected that with the appropriate improvement plan, performance will reach a satisfactory level within a reasonable specified time period in keeping with part 10 of the CEO's employment agreement and prior to the imposition of any disciplinary action.

1.2.8 The Committee shall maintain confidentiality around its deliberations and evaluation results.

1.3 CEO Goals and Objectives

- 1.3.1 In order to promote creativity & collaboration, the CEO can recommend goals and objectives for the Committee's consideration.
- 1.3.2 The Committee will review the CEO's recommended goals and objectives in order to determine if the goals are specific, measurable, attainable, realistic, timely and in alignment with the Port's mission, budget, work plan, and comprehensive scheme of development.
- 1.3.3 The Committee will involve the CEO during the goal setting process in order to allow feedback. In addition, this ensures the goals are specific, measurable, attainable, realistic, timely and in alignment with the Port's mission, budget, work plan, and comprehensive scheme of development.
- 1.3.4 The Committee will also consider one goal that is open to allow flexibility (example: Identify and present additional mutually beneficial or ROI partnering opportunities to Commissioners).
- 1.3.5 The CEO and committee will work to the best of their abilities to reach agreement on goals and objectives before presenting to the Commission for approval.
- 1.3.6 The Committee will present the final goals and objectives to the Commission for approval.
- 1.3.7 The Committee, with CEO feedback, may also present to the Commission recommendations on amending the goals and objectives (example: Commission directive change, or goal may be modified due to budget changes).

- 1.3.8 The Committee will perform review of the CEO goals and objectives and present this update to the Commission at least annually for the evaluation process.

1.4 Performance Issues Process

- 1.4.1 The Port Attorney will perform legal review of the performance related item and gather information or documents. Port Attorney may use assistance from other staff members or consultants as deemed appropriate and within the approved budget.
- 1.4.2 The Port Attorney will present to the Committee the performance related items and findings.
- 1.4.3 If the Committee determines the performance related item is a finding that needs Commission discussion, the Committee will add the performance item to the agenda for the Commission to discuss as allowed in executive session, upon consent from the CEO.
- 1.4.4 Performance evaluations shall be made a part of the CEO's personnel file. The CEO has the right to review this file and to make a written request that information and documentation be removed that the CEO believes is inaccurate, incredible, unsubstantiated, or unwarranted. Upon review, the Employer shall remove all information identified by the CEO which is found to be inaccurate, not credible, or unsubstantiated, or where any discipline was not warranted.

RESOLUTION 2022-19
EXHIBIT “B” TO SECTION 15,
COMMISSION RULES OF PROCEDURES

ANNUAL PERFORMANCE EVALUATION

CEO Evaluation Committee Evaluations of the CEO’s Performance

IMPORTANT DUTIES & EXPECTATIONS	PERFORMANCE APPRAISAL		COMMENTS/EXAMPLES:
	Met	Not met	Attach pages/documentation as needed
I. Vision and Purpose: A. Assists the Commission in defining its shared vision. Communicates that direction to the organization. B. Collaborates with the Commission to advance the Port’s vision and purpose. C. Advocates the vision by strategic resource allocation toward attainment.			Click or tap here to enter text.
II. Strategic Agility: Is proactive; anticipates future trends, benefits, and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.			
III. Operating Plans/Financial Plans: A. Develops, maintains, and implements strategic plans and operational goals that effectively brings the Port’s vision to fruition. B. Administers the Port’s financial affairs consistent with state law and adopted policies, budget, and financial guidelines.			

<p>IV. Integrity: Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty, and fairness.</p>			
<p>V. Political and Institutional Sensitivity:</p> <ul style="list-style-type: none"> A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends, and plans a course of action; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains Commission concurrence prior to publicly stating position. B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions. C. Leads the Port in building effective relationships with tenants, customers, and community. 			
<p>VI. Knowledge/Decision Quality:</p> <ul style="list-style-type: none"> A. Knows how successful public ports work; knowledgeable in current and possible future practices, trends, and information affecting port management, the port industry, and our Port; knows the competition; is aware of how strategies and tactics work in the marketplace. 			

<p>B. Makes good decisions based on analysis, wisdom, experience, and judgment; most solutions and suggestions turn out to be correct when judged over time.</p>			
<p>VII. Leadership/Management:</p> <p>A. Demonstrates an entrepreneurial spirit by identifying ways to generate revenue, investment capital and maximizes the financial potential of existing port assets.</p> <p>B. Rallies support behind the vision and strategic plan; can inspire and motivate staff and community.</p> <p>C. Creates an environment where employees at all levels contribute their knowledge, skills, abilities, and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>D. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p>			

VIII. Initiative/ Courage/ Adaptability: A. Self-starting ability. Promptly takes hold and follows through with minimum direction. B. Willingness to state opinions and reasons without concern about the popularity of the views. Forthrightness in dealing with Commission, customers, suppliers, and others in the organization. C. Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.			
IX. Loyalty: Understanding and accepting of goals and policies of the organization. Willingness to support organization and management.			
X. Communications: Effectiveness of exchanging significant information throughout all levels of the organization; with clients, vendors, and the public.			

PERFORMANCE APPRAISAL OVERALL RATING				
The CEO's performance for the year 2022 is found to be:	Exceptional	Above Satisfactory	Satisfactory	Unsatisfactory

Additional Evaluator Comments:

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CEO Evaluation Committee Signatures:

Commissioner

Date _____

Chief Financial Officer

Date _____

Port Attorney

Date _____

CEO Comments:

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CEO Signature:

Tim Arntzen

Date _____

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into on this date by and between the PORT OF KENNEWICK, a Washington municipal corporation, by its Board of Commissioners (the "Employer", the "Port" or "Board"), and TIM ARNTZEN (the "Employee" or "Executive Director"), collectively referred to as the "Parties".

1. **Employment.** Employer hereby continues the employment of Employee and Employee hereby accepts continuing employment as Executive Director of the Port of Kennewick upon the terms and conditions set forth herein.

2. **Effective Date.** This Agreement shall be effective November 15, 2013.

3. **Duties.** The Employee is employed as Executive Director of the Port of Kennewick under the direction of the Board of Commissioners. As Executive Director of the Port, Employee shall be responsible for and perform all acts and duties incident thereto, including, but not limited to the following:

- 3.1 The Employee shall serve as the chief administrative officer and the chief executive officer of the Port of Kennewick; and
- 3.2 The Employee shall perform for the Board all duties and responsibilities of an executive director of a public port generally imposed by or implied from the laws of the State of Washington, including, but not limited to, Chapter 53 of the Revised Code of Washington, the written policies, rules and regulations of the Board, the applicable portions of the Washington Administrative Code, and other customs and practices which may be applicable to public ports; and
- 3.3 Employee shall perform all duties and responsibilities of the Executive Director of the Port as set forth in the job description for the position as now or hereafter adopted by the Commission; and
- 3.4 The Employee shall perform such other duties and responsibilities as may from time to time be assigned or delegated to the Employee by the Board; and
- 3.5 Subject to Board policy and applicable law, the Employee is hereby authorized to organize, reorganize, hire, discipline, terminate and arrange the staff and employees of the Port in the manner that in his judgment best serves the interests of the Port; and
- 3.6 Employee's employment is full-time exempt service, and Employee shall devote full attention and best efforts to performing the duties of the Executive Director.

3.6.1 Except as set forth herein, the Parties acknowledge that providing the services of the Executive Director, as needed by the Employer, is of

Employment Agreement 2013
Executive Director

Initials LA / TA
Port Commission/ Tim Arntzen

primary importance and that the actual amount of time spent by Employee to provide such services is not limited to the hours or days upon which the business office of the Port is open for business and may include participation in or presence at Port and community activities and matters relating to the best interests of the Port beyond the normal business day, including emergency situations. In like manner, less than a normal eight (8) hour day may, at times, be sufficient. The Executive Director shall organize his time and perform his duties in light of this subparagraph.

3.6.2 The Employee may undertake other personal consulting or private business activities so long as they do not detract from or conflict with his responsibilities as the public spokesperson for and Executive Director of the Port. Prior to engaging in any such activities, the Employee shall receive the consent of the Employer, which shall be liberally granted.

4. **Compensation and Benefits.** The Employee will receive the following salary and benefits:

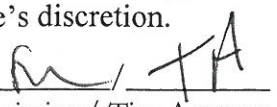
4.1 The base annual salary of the Employee shall be \$141,431 plus \$8,484 towards deferred compensation plan of employees choice starting January 1, 2014, which base amount shall be subject to annual adjustment as follows:

4.1.1 Provided Employee's performance is deemed "satisfactory" by the Employer as provided in Section 6 of this Agreement, then, effective each January 1 following the date of the performance review, Employee shall be entitled to a cost of living increase in an amount equal to 2% of his then current salary and a step increase in an amount equal to 2% of his then current salary directed at the Employee's discretion to be paid out as salary or allocated to the Employee's Deferred Compensation account. If Employee directs part of his salary to be allocated to the Employee's Deferred Compensation account, it is subject to the IRS cap limits. If the IRS cap amount is reached, the Employee may use part of his salary to supplement the Employee's matching portion requirement by the Port's Policies and Procedures Handbook approved by the Commission or apply it toward another allowable deferred compensation plan.

4.1.2 Provided Employee's performance is deemed "above satisfactory" by the Employer, the Employee shall receive 14 PTO days in addition to 4.1.1 above. This PTO can be accrued in addition to Port approved policy, cashed out, taken or a combination of the three at Employee's discretion.

4.1.3 Provided Employee's performance is deemed "exceptional" by the Employer, Employee will receive an additional 7 PTO days in addition to 4.1.1 and 4.1.2. This PTO can be accrued in addition to Port approved policy, taken or a combination of the two at Employee's discretion.

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- 4.1.4 The annual salary shall be paid in equal monthly installments in accordance with the rules of the Board governing payment to other employees of the Port.
- 4.1.5 The salary adjustment provisions of Section 4.1.1 above shall be subject to available budget, recognizing that staff salaries shall be a priority budget item.
- 4.1.6 The Employer shall establish annual Executive Director goals for the Employee commensurate with those as set forth in Exhibit "A" attached hereto. The Employee may be considered for merit pay and other recognition at the Employer's discretion.
- 4.2 The same medical, dental, life insurances, PTO and all other benefits provided to employees of the Port with premiums paid at the same rate as such employees; provided, the Employee shall be entitled to life insurance in the amount of two times the Employee's annual salary. The Employee may select the carrier to provide said coverage (currently NY Life, Richland, Washington).
- 4.3 Paid holidays recognized by the State of Washington and the Board.
- 4.4 Longevity compensation as set forth in the "Longevity Compensation Agreement," Exhibit "B" to this agreement.
- 4.5 Employee shall receive an automobile insurance allowance of \$80 per month.
- 4.6 Phased retirement as set forth in the "Phased Retirement Plan," Exhibit "C" to this agreement.
- 4.7 Leave without pay: The Employee may utilize up to 30 days of annual leave without pay for either personal or professional reasons, so long as the Employee's absence does not cause undue disruption with the Employer. At least one-half of the Employee's annual paid leave (PTO) must be exhausted before leave without pay may be exercised. Leave without pay must be charged in minimum increments of one day. The Employer shall encourage top level employees to utilize unpaid leave as a means of budgetary constraint. The Employee shall discuss any proposed leave without pay with the Employer prior to utilizing any such leave.
- 4.8 Professional Development Leave: The Employee shall also be entitled to 10 additional days of paid leave to pursue professional development activities which may include opportunities for training, coaching, workshops, seminars, conferences, institutes, lectures, and meetings; participation in professional and technical associations and for the opportunity to pursue unique professional

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development, community outreach, and/or specialized school or training opportunities. The Commission President shall approve the leave subject to scheduling, staffing, and budget considerations, and on the condition that the leave enhances the Employee's personal and professional performance, facilitates the acquisition of new skills and abilities, and enhances the Employee's learning through education, service, research, or related pursuits. After returning to work, the Employee must present what has been gained during the leave by providing the Commission with a presentation, report, or some other agreed upon mechanism.

5. **Washington State Department of Retirement or Approved Policy Retirement:** If the employee's performance is deemed "satisfactory" by the Employer as provided in Section 6 of this Agreement, then, effective each January 1 following the date of the performance review; Employer shall make an additional annual 1% contribution into Employee's Deferred Compensation account. "Additional" shall mean an amount in addition to the normal Employer contribution provided by the Port's Policies and Procedures Handbook approved by the Commission.
6. **Evaluation.** The Employer shall provide Employee with a written performance review based on the evaluation form attached hereto as Exhibit D, no later than November 15th of each year.
7. **Employer Responsibility.** To the maximum extent permitted by law, Employer shall defend, indemnify, and hold Employee harmless from and against any and all claims, demands, suits, action or proceedings of any kind of nature arising out of the performance by Employee of the Employee's duties and responsibilities as Executive Director of the Employer.
8. **Termination.** The purpose of this Section is to provide a prompt and equitable procedure for all disciplinary action, which may include reprimand, suspension and termination actions. Notwithstanding any other provision of this Agreement, disciplinary action of whatever nature shall not be arbitrary, unreasonable or retaliatory.
 - 8.1 The burden of proof shall be on the Employer to demonstrate a clear basis for any disciplinary action.
 - 8.2 Notwithstanding any other provision of this Agreement, no Employee activity or action outside the defined scope of employment shall provide a basis for disciplinary action.
 - 8.3 Disciplinary action shall be fully documented in writing and shall follow the policy of progressive discipline, pursuant to the port Policy and Procedures Manual.

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During the period of this Employment Agreement, the Port shall have the right to terminate the Employee only as follows:

- 8.4 For Cause. Termination of the Executive Director's employment for cause shall become effective fourteen (14) days after a written notice of intent to terminate is received by the Executive Director, which notice shall specify the reason or reasons for termination. Employer may, at the time of giving such notice, suspend or direct the Executive Director to immediately cease performing all or any part of the Executive Director's duties. Such suspension shall be with pay pending final resolution of any termination for cause. Cause shall be defined as and strictly limited to:
- 8.4.1 The continued or repeated intentional failure of the Executive Director to substantially perform his duties and obligations to the Port, which failure continues after written notice to the Executive Director; or
 - 8.4.2 Theft, fraud, dishonesty provided that such activity is toward or involving the Port (other than the failure resulting from illness, sickness or physical or mental incapacity)
 - 8.4.3 Conviction of any felony crime.
 - 8.4.4 A finding or decision of any court or government agency of a willful and intentional violation of any court order or order or directive of a governmental agency relating to the Executive Director's duties or responsibilities as the Port's Executive Director, or when such violation is contrary to any directive by the Port Commission or no reasonable basis can be inferred from which the Executive Director believed he was directed or authorized by the Board of Commissioners to perform such acts constituting the violation.
- 8.5 Performance-Based Cause. The Employer shall have the right to terminate Employee's employment if the Employee's performance, as measured in annual performance evaluations, consistently fails to meet the fundamental evaluation criteria as established in the written performance evaluation form attached hereto as Exhibit "D." For the purpose of this Agreement the term "consistently" shall mean three (3) out of five (5) years performance reviews where the Employee's performance is deemed "unsatisfactory".
- 8.5.1 Termination of the Executive Director's employment for Performance-Based Cause shall be effective fourteen (14) days after receipt by the Executive Director of written notice of termination stating that such termination is for Performance-Based Cause.
 - 8.5.2 Employer may, at the time of giving such notice, suspend or direct the

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Executive Director to immediately cease performing all or any part of the Executive Director's duties.

9. **Severance Pay.**

9.1 If Employer terminates Employee for cause as defined above there shall be no severance pay. Employee shall receive all other earned or accrued benefits through the effective date of termination.

9.2 If Employer terminates Employee for performance based cause as defined above, Employer shall make a severance payment computed as follows:

9.2.1 Pay Employee his salary in a lump sum amount equal to twelve (12) month's salary following the date of termination, together with any earned benefits at time of termination; and

9.2.2 Reimburse Employee for the cost of acquiring health benefits for Employee and his family through COBRA for a period of one (1) year from the date of termination unless Employee becomes employed during said one-year period and receives comparable insurances benefits.

9.3 The payment of severance pay is subject to applicable law.

10. **Corrective Action.** Prior to the imposition of disciplinary action, the Employee shall have the opportunity to undertake corrective action, which shall be reasonable under the circumstances, and which may include, but is not limited to, monetary restitution, compliance with a commitment not to repeat any misconduct or to correct the matters set forth in the notice of discipline. The Employer shall designate a reasonable time period for compliance with the terms of the corrective action. Any subsequent failure to perform the required act or otherwise comply with the corrective action shall immediately subject the Employee to the implementation of the underlying discipline without additional opportunity for corrective action.

11. **Attorneys' Fees and Costs.** In the event it is necessary for either Party to utilize the services of an attorney to enforce any of the terms of this Agreement, the Party which shall substantially prevail shall be entitled to compensation for its reasonable attorneys' fees and costs. In the event of litigation regarding any of the terms of this Agreement, the substantially prevailing Party shall be entitled, in addition to other relief, to such reasonable attorneys' fees and costs as determined by the court.

12. **Dispute Resolution.** In the event of any claims or disputes arising out of this agreement, including whether any termination is properly for cause, or whether any performance review was accurate, the parties hereby agree to submit the same to binding arbitration pursuant to RCW Chapter 7.04A, as supplemented herein, at a location to be mutually agreed upon in Benton

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County, Washington. In the event the parties are unable to promptly agree upon an arbitrator, the same shall be selected by the presiding judge for the Benton County Superior Court at the request of either party, after seven (7) days written notice to all other effected parties. The mandatory arbitration rules (MAR) as implemented in Benton County Superior Court, shall be binding as to procedure. The substantially prevailing party in any such dispute shall be entitled to recover a reasonable attorney fee. The foregoing notwithstanding, the parties agree that mediation should precede arbitration, and, if the arbitrator selected believes that good faith mediation has not occurred, the arbitrator, in the arbitrator's sole discretion can adjourn the arbitrator proceedings until such time as mediation has been contemplated. Cost of mediation may be assessed by the arbitrator. If any claim or dispute arises related to whether any disciplinary action is proper, the Employee may waive dispute resolution and file a claim in a court of competent jurisdiction.

A finding to support discipline must be based only on the evidence presented at the arbitration hearing. If the arbitrator does not find that the disciplinary action was based on proper cause, the discipline imposed shall be annulled and, if appropriate, damages may be awarded to the Employee. If the arbitrator concludes that proper cause for a disciplinary action has been established but that a different penalty than that proposed would be more appropriate, the arbitrator shall determine a different penalty, which may be more or less severe, with supporting reasons. The decision of the arbitrator shall be binding upon the parties, provided that either party may appeal to an appropriate court of law.

13. Resignation. If Employee resigns his employment other than for Good Reason (as defined below), the Employer shall have no liability to Employee except to pay Employee's base compensation and any accrued benefits through his last day worked, and Employee shall not be entitled to receive severance or other benefits. If Employee resigns his employment for Good Reason, he shall be entitled to receive all accrued but unpaid salary and benefits through the date of termination plus severance (as defined above). Resignation for "Good Reason" shall mean a resignation based upon a material diminution of base salary; a material diminution in the Employee's authority, duties or responsibilities; an elimination of the Employee's position; a requirement that the Employee report to an officer or employee instead of directly to the board of commissioners; a material diminution in the budget over which the Employee retains authority; a material change in geographic location at which the employee must perform his services; or any other action or inaction which constitutes a material breach of the terms of this Agreement. The Employee must provide notice to the Employer of the occurrence of "Good Reason" for resignation within 90 days of the initial existence of such reason, and the Employer must be given 30 days to remedy the situation.

14. Succession. The conditions, covenants and agreements of this Agreement shall be binding upon the heirs, legal representatives, successors and assigns of all Parties hereto.

15. Conflict. This Agreement is intended to operate as a supplement to the provisions of the Employer's Personnel Manual. However, If there is an irreconcilable conflict between any of the provisions of this Employment Agreement and:

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15.1 Employer's policies as adopted by the Board; or

15.2 The Longevity Compensation Agreement,

the provisions of this Agreement shall prevail.

16. **Severability.** In the event of any of the provisions of the Agreement should violate any law, regulation or regulatory order, consent directive or similar restrictions or agreement, such provision shall be deemed void and of no effect. In such case, the remainder of the provisions of this Agreement shall not be affected. Each term or provision of this Agreement shall be valid and enforceable only to the fullest extent permitted by law. In the event a provision of this Agreement is void and of no effect, as set out herein, neither Party shall have any rights against the other as a result of such determination.


17. **Entire Agreement.** This Agreement contains the entire agreement of the Parties hereto, and except for any agreements stated in writing to survive the execution and delivery of this contract, supersedes all of their previous understandings and agreements written and oral, with respect to the Employer's employment of Employee.


DATED this 15 day of November, 2013.


EMPLOYER:


EMPLOYEE:

PORT OF KENNEWICK
A Washington Municipal Corporation

By: 
Skip Novakovich, President

By: 
Tim Arntzen

By: 
Don Barnes, Vice President

By: 
Gene Wagner, Secretary

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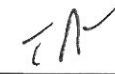
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EXHIBIT "A"

EXHIBIT "B" TO EMPLOYMENT AGREEMENT

LONGEVITY COMPENSATION AGREEMENT

A. **Investment of Longevity Compensation.** The Employer shall deposit \$8,500 (subject to adjustment beginning January 1, 2012 as set forth below) each calendar year for five consecutive years commencing January 1, 2011; and thereafter on the first business day of each thereafter through January 2015, into an approved interest bearing tax exempt trust account for the benefit of the Employee to be accounted for in an individual manner. Said yearly Longevity Compensation investments, plus the earning on those investments while in an approved trust account, shall constitute the entirety of the "Longevity Compensation" under this Agreement. Each annual contribution, commencing with the contribution of January 1, 2012, shall be increased by 3% annually. The Longevity Compensation shall be deposited into a fund of Employer's choice, as permitted by law, or as a salary payout, when earned, as permitted by law. Investment management decisions for the funds deposited into the trust are directed by the trustee or Employer. Employee can express their opinion on investments, but cannot direct the investment. The Employer will receive all statements and deal directly with investment broker or financial institution.

B. **Vesting, Election, and Distribution on Service Date.** Provided that the Employee remains employed by the Employer until December 31, 2015 (hereinafter the "Service Date") all of the Longevity Compensation shall thereupon become fully vested to the Employee and shall be paid to the Employee on or before the 90th day immediately following separation from service at the discretion of the Employer in a single lump sum adjusted for required tax payments under Section E herein, if such be due at that time. Both Employee and Employer elect to defer current and all subsequent years compensation stated in section "A" above until the distribution date which is defined within this agreement.

Distribution of the Longevity Compensation cannot be distributed any earlier than the above stated date; however, IRS allows exceptions for the Longevity Compensation distribution. Distributed of the following events cannot be any earlier than on or before the 90th day immediately following the triggering event for the following allowable IRS exceptions:

1. The date the employee becomes disabled;
2. The employee's death;
3. To the extent allowed by the IRS if a change in the ownership or effective control of the organization;
4. When an unforeseeable emergency occurs. An unforeseeable emergency is a severe financial hardship to the employee resulting from an illness or accident of the employee or the employee's spouse, beneficiary, or dependent; loss of employee's property due to casualty; or other similar extraordinary and unforeseeable circumstances arising from events beyond the employee's control. Unforeseeable emergencies are subject to IRS guidelines and are

determined based on the relevant facts and circumstances of each case. The amounts distributed for the emergency must not exceed the amounts reasonably necessary to satisfy the emergency plus amounts to pay taxes reasonably anticipated as a result of the distribution. Other IRS requirements may apply.

C. **Termination of Employment Prior To Service Date.** If, prior to the Service Date, the Employee should voluntarily terminate his employment with the Employer, or be terminated by the Employer for cause as defined in the parties Employment Agreement, the entire Longevity Compensation may be forfeited to the Employer, and the Employer shall then have no further obligation under this Agreement. If the Employer terminates the Employee for reasons other than for cause, a ratable portion of the Longevity Compensation shall become immediately vested and shall be distributed to the Employee in a single lump sum as soon as practicable after such termination. The ratable portion due the Employee shall be the full amount invested by the Port at the time of termination of employment from the inception date specified in paragraph A of this Agreement to the month of the Employee's separation of employment plus the inclusion of all account earnings to the date of separation. However, if employee terminates employment on January 1st, he shall not receive the current year annual amount allocation as described in section A above.

D. **Death.** In the event that the Employee dies while employed by Employer prior to the Service Date of this Agreement, the entirety of the agreed Longevity Compensation amount, plus earnings to date of death, shall become fully vested and shall be paid in a single lump sum either to the estate or to the designated beneficiary of the Employee on or before the 90th day immediately following the Employee's death at the discretion of the Employer in a single lump sum adjusted for required tax payments under Section E herein, if such be due at that time. It is the employee's responsibility to inform the Port of the designated beneficiary and/or estate. If designated beneficiary and/or estate are not named, the Port will retain funds in trust account until notification under Washington State Laws.

E. **Taxes.** If applicable, the Employer shall withhold income and payroll taxes from the final Longevity Compensation payment to the extent required by State or Federal law at the time of the disbursement. The Employer's and Employee share of FICA or other employment taxes with respect to the Longevity Compensation due shall be paid by the Employer out of the Employer's separate funds, and shall not reduce the amount of Longevity Compensation payable to the Employee under this Agreement.

F. **Meaning of Terms.** For purposes of this Agreement:

(1) The Employee's employment shall be deemed to have been "terminated" when the Employee ceases to be classified as an active employee under the Employer's normal employment practices, and the Employee does not continue to perform substantial ongoing services for the Employer in the capacity of an independent contractor; or

(2) The Employee shall be deemed to have "voluntarily" terminated employment (as opposed to having been terminated by the Employer) if the Employee resigns,

quits, or otherwise terminates employment without the Employer having taken any action to request an end to the Employment Agreement; or

G. **Supplement to Normal Compensation.** The Longevity Compensation provided under this Agreement shall be considered as an income supplement to the normal salary, wages, or other benefits of the Employee, and this Agreement shall not limit the amount of salary, wages, or other benefits that could or would be paid to the Employee in the absence of this Agreement. Whether the vesting or payment of the Longevity Compensation under this Agreement causes the Employee to accrue or receive additional benefits or contributions under any pension, or other plan, shall be determined solely in accordance with the terms of such other plan.

H. **No Employment Contract.** Nothing contained in this Agreement shall be deemed to constitute an employment contract between Employee and Employer, or to give the Employee any special right to be retained in the employment of Employer, or to enlarge or diminish the Employer's right to terminate Employee's employment

I. **General Assets of the Employer.** Prior to the payment of Longevity Compensation to the Employee, the amounts invested by the Employer in the approved trust account, or otherwise set aside, or segregated to satisfy the Employer's obligations under this Agreement, shall remain the sole property of the Employer, and the Employee shall have no claim against the Employer for the funds except as a general creditor under this Agreement. Notwithstanding the foregoing, the Employer's obligation to pay the Longevity Compensation within the scope of this Agreement shall be limited to the total amount of the five (5) yearly principal contributions, plus any earnings on those investments, and the Employer shall not be liable for any losses or shrinkage in the value of the Longevity Compensation reserve account resulting from investment losses over the term of the Agreement, should such occur.

J. **No transferability.** The Employee shall have no right to commute, sell, transfer, pledge, or otherwise convey or encumber the right to receive deferred compensation, other than allowed under Section "D" herein, or to a designated beneficiary upon the death of Employee. The Longevity Compensation shall not be subject to attachment, garnishment or execution, or be transferable in any event until fully earned, or as otherwise required by law.

K. **Applicable Law.** This agreement shall be governed by and construed in accordance with the laws of the state of Washington.

L. **Binding Effect.** This Agreement shall be binding on and shall inure to the benefit of any successor of the Employer and to the personal representatives of the Employee.

M. **Entire Agreement.** This Agreement shall constitute the entire Agreement between the parties involved and any understanding or representation relating to the Longevity Compensation package shall not be binding upon either party except to the extent incorporated in this Agreement.

N. **Renewal.** If Employee is employed by the Employer at the termination of this Longevity Agreement, the Employee shall have the option to enter into a new Longevity Agreement for an additional five year term. The terms of the new Longevity Agreement shall be identical to the terms of the current agreement, except that the term shall extend from January 1, 2016 through December 31, 2020; and the initial Employer deposit shall be \$10,000.

EXHIBIT "C" TO EMPLOYMENT AGREEMENT

PHASED RETIREMENT

At any time while this Agreement is in effect, and upon 90 days advance, written notice to the Employer, Employee may elect to participate in Phased Retirement as described below. The chief advantages of continued association between the Employer and the Employee, on a reduced participation level include the following:

For the Employer:

- retention of trained and qualified personnel, especially for positions that are difficult to fill, such as Executive Director
- continued benefit from the Employee's accumulated experience and skills
- benefit of the Employee's willingness to serve as a mentor
- assistance with effective succession process
- reduced costs achieved through lower salary and benefits expenses, made possible by employees shifting from full-time to part-time status

For the Employee:

- Allow a gradual phase-in to full retirement
- Provide an opportunity for continued association with the Employer

Phased Retirement Status

Phased Retirement Status shall be provided to the Employee if:

1. The Employee has been employed by the Employer for 15 or more years; and
2. The Employee may enter into a two-year Phased Retirement status as follows:
 - a) Year 1: 75% FTE Employee; and
 - b) Year 2: 55% FTE Employee; or the PERS definition of one full service credit.
3. For the first year of Phased Retirement, the Employee shall be employed as Executive Director, at 75% FTE and shall perform the duties of the Executive Director as set forth in this Employment Agreement. Additionally, the Employee shall assist the Employer in performing a job search to assist the Employer in selecting a successor for the job of Executive Director.
4. For the second and final year of Phased Retirement, the Employee shall be employed as Director of Special Projects, at 55% FTE and shall perform the following duties:
 - a. Assist the then current Executive Director in learning his or her role and acting as a mentor; and
 - b. Shall perform other assignments as assigned by the then current Executive Director.
5. During each year of Phased Retirement, the Employee shall:
 - a) Be paid the appropriate pro-rata portion of his total compensation that he was entitled to receive for full-time employment at the time of resignation for each year of Phased Retirement;

- b) Be eligible to receive proportionate salary and merit pay increases;
 - c) Continue to be subject to performance reviews and annual evaluations;
 - d) Receive full medical insurance, state and Employer-sponsored employee benefit and voluntary retirement programs and all other benefits, allowances and compensation that he was entitled to receive for full-time employment at the time of resignation,
 - e) Continue to accrue longevity pay, if otherwise applicable; and
 - f) Receive a pro-rata share of contributions to deferred compensation.
6. Upon successful completion of the first and second years of Phased Retirement, the Employee may, by mutual agreement of the parties, transition to the position of Port Ambassador in accordance with the terms and conditions of the Ambassador Program.
- a) In the event that the foregoing option is exercised, the parties shall enter into an "Ambassador Agreement" that shall set forth the compensation, reimbursement, insurance and other benefits agreed upon by the parties.
 - b) As Port Ambassador, the Employee shall no longer be an employee of the Port and shall become an independent contractor.
 - c) Such appointment shall be irrevocable for a two year period, except in the event that the Employee engages in conduct set forth in Section 7 hereof, at which time the appointment may be terminated as provided therein.

EXHIBIT "D"

2014 ANNUAL PERFORMANCE REVIEW

INDIVIDUAL COMMISSIONER EVALUATION OF EXECUTIVE DIRECTOR

IMPORTANT DUTIES/EXPECTATIONS	PERFORMANCE APPRAISAL		APPRAISER'S COMMENTS
	Met	Not met	
<ul style="list-style-type: none"> ➤ Attach extra papers as necessary ➤ Factors should be reviewed in terms of quality, quantity and timeliness 			
<p>I. <u>Vision and Purpose</u></p> <p>Collaborates with the Commission to advance the Port's vision and purpose. Leads senior staff to develop a concise vision. Advocates the vision by strategic resource allocation toward attainment.</p>			
<p>II. <u>Strategic Agility</u></p> <p>Is proactive; anticipates future trends, benefits and consequences; has broad knowledge and perspective; can objectively state possibilities and probabilities.</p>			
<p>III. <u>Operating Plans</u></p> <p>A. Develops, maintains and implements strategic plans and operational goals that effectively brings the Port's vision to fruition.</p> <p>B. Critical performance elements are monitored to help assure effective and efficient operations and to identify opportunities for policies and procedures improvement.</p>			
<p>IV. <u>Integrity</u></p> <p>Sets the tone for the Port by exemplifying consistent values and high ethical awareness, honesty and fairness.</p>			

	Met	Not met	
<p>V. <u>Financial Stewardship</u></p> <p>A. Maximizes the Port's ability to serve and expand the public purpose while maintaining taxation stability.</p> <p>B. Administers the Port's financial affairs consistent with state law and adopted policies, budget and financial guidelines.</p>			
<p>VI. <u>Political and Institutional Sensitivity</u></p> <p>A. Maneuvers through complex political and institutional situations effectively; anticipates potentially negative reactions, recommends and plans a course of action accordingly; views politics as a necessary part of organizational and public sector life and works to be effective within that reality. Unless otherwise not practical, obtains commission concurrence prior to publicly stating position.</p> <p>B. Develops solutions to complex issues that challenge the Port's ability to recognize its vision and purpose. Demonstrates sensitivity to resource availability when developing solutions.</p>			
<p>VII. <u>Stakeholder Relations</u></p> <p>A. Leads the Port in building effective relationships with tenants, customers and community.</p> <p>B. Effective relations are maintained with other governmental officials, community leaders, citizens, news media, etc., to resolve problems and complaints; to coordinate functions, to gain and provide information and to assemble outside assistance for Port activities.</p>			

	Met	Not met	
<p>VIII. <u>Priority Setting</u></p> <p>Spends time and the time of others on what is important; can quickly sense what will help or hinder accomplishing a goal; eliminates obstacles; creates focus.</p>			
<p>IX. <u>Knowledge</u></p> <p>A. Knows how successful public ports work; knowledgeable in current and possible future practices, trends and information affecting port management, the port industry and our Port; knows the competition; is aware of how strategies and tactics work in the marketplace.</p> <p>B. Maintains a favorable presence within the region, state and industry that results in an increased knowledge of initiatives, trends, practices and legislation that may affect the Port.</p>			
<p>X. <u>Decision Quality</u></p> <p>Makes good decisions based on analysis, wisdom, experience and judgment; most solutions and suggestions turn out to be correct when judged over time.</p>			
<p>XI. <u>Entrepreneurial</u></p> <p>A. Demonstrates an entrepreneurial spirit by identifying ways to generate revenue, investment capital and maximizes the financial potential of existing port assets.</p> <p>B. Brings recommended opportunities to the Commission's attention. Recommendations include financial projections, as well as potential public opinion concerns (risk/reward analysis).</p>			

	Met	Not met	
<p>XII. <u>Leadership/Management</u></p> <p>A. Rallies support behind the vision and strategic plan; makes the vision sharable by everyone; can inspire and motivate staff and community.</p> <p>B. Creates an environment where employees at all levels contribute their knowledge, skills, abilities and ideas in a way that maximizes their potential. Employee potential is not limited by divisional walls or job title. Appropriately delegates to others. Is a good judge of talent; hires the best people available inside or outside the organization.</p> <p>C. Creates a climate in which people want to do and can do their best; can motivate team or project members; empowers others; invites input and shares ownership and visibility. Makes each person feel his/her work is important.</p> <p>D. Assists the Commission in defining its shared vision. Communicates that direction to the organization. Advises the Commission on challenges and threats to the Port's ability to be successful.</p> <p>E. Effectively manages staff relations consistent with port policies.</p> <p>F. Manages the administration and operations of the Port consistent with the delegation of authority as adopted and/or modified by the Board of Commissioners.</p>			
<p>XIII. <u>Initiative</u></p> <p>Self-starting ability. Promptly takes hold and follows through with minimum direction.</p>			

	Met	Not met	
<p>XIV. <u>Courage</u></p> <p>Willingness to state opinions and reasons without concern about the popularity of the views. Forthrightness in dealing with customers, suppliers, and others in the organization.</p>			
<p>XV. <u>Persuasiveness</u></p> <p>Ability to sell a sound course of action. Persuasive ability in oral and written presentations.</p>			
<p>XVI. <u>Adaptability</u></p> <p>Ability to adjust to changing conditions or unusual assignments. Flexibility in undertaking a variety of assignments, acceptance of decisions which go counter to own opinion.</p>			
<p>XVII. <u>Stamina</u></p> <p>Physical vigor. Ability to stand up under heavy requirements including foreign or domestic travel.</p>			
<p>XVIII. <u>Ambition</u></p> <p>Desire to get ahead and willingness to make sacrifices necessary for progress.</p>			
<p>XIX. <u>Loyalty</u></p> <p>Understanding and acceptance of goals and policies of the organization. Willingness to support organization and management.</p>			
<p>XX. <u>Communications</u></p> <p>Intent and effectiveness in exchanging significant information to all levels in the organization, to clients, vendors, and the public.</p>			

	Met	Not met	
XXI. <u>Listening</u> Interest and ability to receive and process information accurately. Able to overcome personal biases or defensiveness in so doing.			

Commissioner Comments: _____

MEMO

DATE: 3/24/17
TO: Personnel File – Tim Arntzen
FROM: Nick Kooiker
RE: Employment Agreement

Exhibit "B", section N of Tim Arntzen's employment agreement dated 11/15/13 states: "If employee is employed by the Employer at the termination of this Longevity Agreement, the Employee shall have the option to enter into a new Longevity Agreement for an additional five year term. The terms of the new Longevity Agreement shall be identical to the terms of the current agreement, except that the term shall extend from January 1, 2016 through December 31, 2020; and the initial employer deposit shall be \$10,000"

Tim provided me verbal notice that he would like to exercise this option on 1/25/16, and written notice on 2/24/17.



Nick Kooiker



Tim Arntzen

PORT OF KENNEWICK

Resolution No. 2017-16

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A REVISED SECTION 15 OF THE PORT COMMISSION RULES OF POLICY AND PROCEDURE COVERING THE CHIEF EXECUTIVE OFFICER EVALUATION PROCESS

WHEREAS, the Port Commission conducts an annual evaluation of the Port's Chief Executive Officer's performance pursuant to a form currently identified in the CEO's employment agreement; and

WHEREAS, the Port Commission and CEO have determined that the policy and procedure for the Chief Executive Officer's performance evaluation should be updated to be more efficient and effective, and consistent with current trends.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick appoint the Port's Chief Financial Officer, Port Attorney, and DON BARNES to the CEO Evaluation Committee; and

BE IT FURTHER HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick adopts the attached revised Section 15.0 of the Port Commission Rules of Policy and Procedure; and instructs the CEO Evaluation Committee to take all action necessary to implement such Policy and Procedure.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 10th day of October, 2017.

PORT OF KENNEWICK BOARD OF COMMISSIONERS

By: _____


SKIP NOVAKOVICH, President

By: _____

THOMAS MOAK, Vice President

By: _____

DON BARNES, Secretary

	PORT OF KENNEWICK	
	Port Commission Rules of Policy and Procedure	
	CHIEF EXECUTIVE OFFICER EVALUATION	Section 15.0
	Adopted by the Commission on October 10, 2017 Resolution 2017-16	Replaces Section 15, adopted February 22, 2011

15. CEO EVALUATION

15.1 CEO Evaluation Committee

- 15.1.1 The Port Commission shall appoint a CEO Evaluation Committee made up of the Port's Chief Financial Officer, Port Attorney, and one Commissioner to serve a 2-year term.
- 15.1.2 The CEO Evaluation Committee will develop the CEO's goals and objectives for Port Commission review and approval. The goals and objectives developed by the Committee shall be specific, measurable, attainable, realistic, timely and in alignment with the Port's mission, budget, work plan, and comprehensive scheme of development.
- 15.1.3 The CEO Evaluation Committee will develop a procedure for evaluating the CEO's performance.
- 15.1.4 On an annual basis, the CEO Evaluation Committee will conduct CEO's performance evaluation.
- 15.1.5 On an annual basis, the CEO Evaluation Committee will present the results of its evaluation of the CEO's performance to the Port Commission for review and approval. Such results may include, among other things, recommendation for salary adjustment in accordance with CEO's employment agreement.
- 15.1.5 The CEO Evaluation Committee may use assistance from other staff members or consultants as necessary and appropriate.
- 15.1.6 The Port Commission shall address CEO performance issues as they arise by timely referring them to the CEO Evaluation Committee. The CEO Evaluation Committee will develop a procedure for handling performance issues that may arise between annual evaluations.

PORT OF KENNEWICK

Resolution No. 2017-27

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK RELATED TO UPDATING THE
EVALUATION PROCESS SET FORTH IN THE CEO'S EMPLOYMENT AGREEMENT**

WHEREAS, since 2006 the Port of Kennewick has had an employment agreement with its Chief Executive Officer (CEO); and

WHEREAS, the Commission desires to update the evaluation process set forth in the CEO's November 15, 2013 Employment Agreement; and

WHEREAS, adoption of the updated annual evaluation process does not establish a new or different salary for the CEO; and

WHEREAS, the update includes the following revisions:

Paragraph 6, "Evaluation", shall be amended to read:

- On or before December 15 of each year, the Employer shall provide Employee with a written performance review based on the CEO Evaluation Committee Process adopted by the Commission.
- The annual evaluation process will revert to the original Paragraph 6 language and use of the Exhibit D format such time as the Port Commission determines to discontinue using the CEO Evaluation Committee Process.

Paragraph 8.5, "Performance-Based Cause," shall be amended to read:

The Employer shall have the right to terminate Employee's employment if the Employee's performance, as measured in annual performance evaluations, consistently fails to meet the fundamental evaluation criteria as established in Paragraph 6. For the purpose of this Agreement the term "consistently" shall mean three (3) out of five (5) years performance reviews where the Employee's performance is deemed "unsatisfactory".

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Port of Kennewick Board of Commissioners hereby approves the revisions above to the CEO's November 15, 2013 Employment Agreement.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 28th day of November, 2017.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***



SKIP NOVAKOVICH, President



THOMAS MOAK, Vice President



DON BARNES, Secretary

PORT OF KENNEWICK

Resolution No. 2019-24

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK AMENDING RESOLUTION 2017-27 AND
UPDATING THE EVALUATION PROCESS SET FORTH IN THE CEO'S
EMPLOYMENT AGREEMENT**

WHEREAS, since 2006 the Port of Kennewick has had an employment agreement with its Chief Executive Officer (CEO) and several updates have been made over the years; and

WHEREAS, on October 10, 2017, Resolution 2017-16 approved revision of Section 15.0 of the Port Commission Rules of Policy and Procedure for the CEO Evaluation Process, including the formation of the CEO Evaluation Committee; and

WHEREAS, on November 28, 2017, Resolution 2017-27 was approved revising Paragraph 6 and Paragraph 8.5 of the November 15, 2013 Employment Agreement; and

WHEREAS, on August 13, 2019, Resolution 2019-16 was presented to the Board of Commissioners to appoint a new committee member to the CEO Evaluation Committee, and said resolution was not approved; and

WHEREAS, in lieu of Resolution 2019-16, Commissioner Barnes made a motion that the CEO Annual Evaluation Process revert to the original paragraph 6 language and use of the Exhibit D format that existed prior to Resolution 2017-27, and Commissioner Moak seconded; and

WHEREAS, after discussion the Commission voted 2-1 for approval of Commissioner Barnes' motion, with Commissioner Novakovich voting against the motion.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Port of Kennewick Board of Commissioners hereby approves reversion to the November 15, 2013 Employment Agreement paragraph 6 language and to use the Exhibit D format that existed prior to Resolution 2017-27.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 24th day of September, 2019.

By:


THOMAS MOAK, *President*

By:


DON BARNES, *Vice President*

By:


SKIP NOVAKOVICH, *Secretary*

PORT OF KENNEWICK

Resolution No. 2020-30

***A RESOLUTION OF THE PORT OF KENNEWICK
BOARD OF COMMISSIONERS
APPROVING THE RENEWAL OF THE CEO'S LONGEVITY AGREEMENT***

WHEREAS, the Chief Executive Officer's Employment Agreement includes a Longevity Agreement. The Longevity Agreement was renewed in 2015 for a second five-year term ending December 31, 2020. In order to maintain stability in the key position of CEO for the Port, the Port has utilized a retention agreement; and

WHEREAS, on November 30, 2020, the Chief Executive Officer requested the Commission renew the longevity provision contained in his employment agreement.

NOW, THEREFORE, BE IT HEREBY RESOLVED the Board of Commissioners of the Port of Kennewick hereby approves renewing the CEO's Longevity Agreement for a five-year term ending December 31, 2025.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 8th day of December, 2020.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: 
DON BARNES, *President*

By: 
SKIP NOVAKOVICH, *Vice President*

By: 
THOMAS MOAK, *Secretary*



Conceptual Work Plan/Draft Budget 2023- 2024

Start of Process ~ flying at
40,000-feet **30,000 feet**



“Generally speaking, remain on the course charted years ago which focuses nearly all energy on the *Vista Field* and *Kennewick Waterfront redevelopment* projects. The next two years will be spent managing and maintaining those projects to assure they get off the ground.”



CONCEPTUAL WORK PLAN/BUDGET

Initial Thoughts:

- Recognize the amount and magnitude of ongoing work
- Prioritize exemplary finishes to projects in progress
- Recognize projects of district-wide benefit
- Be Transparent, Thoughtful & Judicious in new project selection
- Acknowledge success dependent upon forgoing some projects

Process for Evaluating Future Investment Opportunities

Overview

Consistent with the Port Mission and Goals described above, including the referenced resolution (No. 2014-31) describing Port objectives for budget and financing goals for future Port projects, the Port Commission adopts the following additional policy as part of the 2016 Comprehensive Scheme update. The Port intends to use this process to identify, evaluate, prioritize, and implement its most important future capital projects. The Port Commission recognizes the numerous opportunities regularly proposed for Port consideration must be balanced against available resources, including availability of staff and availability of financial resources. The main components of the Port's Capital Project Prioritization Policy are:

- *Project Identification – Projects will be identified through various sources, including:*
 - The adopted Comprehensive Scheme of Harbor Improvements
 - The adopted biennial budget and work plans
 - Discussions with jurisdictional partners and staff, and the public

- *Project Evaluation* – With the assistance of staff, the Port Commission will prioritize projects based on cost estimate evaluation, cost/benefit analysis, and public demand and other, less easily quantified factors, including jurisdiction priorities, emerging needs and opportunities, supplemental funding for projects partially funded, and public input received.

Organizational Considerations

Review will be conducted to evaluate if the project is consistent with the Port's mission and priorities established in the Comprehensive Scheme and associated documents adopted by reference. Additional considerations would also include:

- Does the project meet an identified need?
- Does the project support Port, community, and/or private-sector economic development objectives?
- Does the project serve multiple user groups?
- Does the project foster or enhance a public/private or public/public partnership?

Fiscal Considerations

Fiscal considerations will also be reviewed as part of determining whether the Port will invest in future opportunities:

- What are the costs of the project, including initial costs, maintenance costs, and lifecycle costs?
 - How were costs calculated and by whom (finance director, Certified Public Accountant, Certified Financial Planner, economic planner, or others)?
- Does the Port have the financial and organizational capacity to undertake and manage the project?
- Can the project leverage public or private resources with other partners and funds to maximize benefits?
- Does the project have a positive ROI?
- Would the project increase the tax base, increase revenues to the Port, contribute to the vitality of the community, and help attract regional and national tourism?

Social/Environmental/Legal Considerations

Social, environmental, and legal considerations will also be reviewed:

- Is the community involved and supportive of this project?
- If the project is not implemented, will a strategic opportunity be lost?
- Is the project appropriate for the proposed site's natural systems, topography, and/or neighboring land uses?
- Are there potential adverse impacts associated with the project?
- Does the project comply with all federal, state, or local government laws or regulations?

Project Design, Planning, and Readiness

Design, planning, and project readiness considerations will also be reviewed:

- Does the site or project require extraordinary or unique purchase cost, architectural/engineering, or other efforts or commitments of financial or staffing resources?
- Is the project ready (e.g., design completed and permits in hand)?
- Is there a reasonably foreseeable user for the project (i.e. "bird in hand")?

Project Evaluation

Initial project screening shall begin with staff providing a brief description of each project. The Port Commission shall then review, evaluate, and rank each project based on the above criteria. High-priority projects shall be incorporated into the draft work plan.

PROPOSED WORK PLAN/BUDGET The Five Pillars

I. CURATE, IMPLEMENT, OPERATE

a) ~~Vista Field Loan Repayments~~

b) Vista Field

c) Wine Village

d) Clover Island

e) Owner's Associations (Vista Field & Columbia Gardens)

PROPOSED WORK PLAN/BUDGET The Five Pillars

II. STREAMLINED SUPPORT & SHARPENING FOCUS

- a) Richland -- \$ for Richland priority project (City designs, permits, bids & builds)
- b) West Richland -- \$ for West Richland priority project (City designs, permits, bids & builds)
- c) Auction ALL surplus land **as approved by Commission resolution**

PROPOSED WORK PLAN/BUDGET The Five Pillars

III. PREPARATION FOR NEXT PHASE IMPROVEMENTS (A/E Work)

- a) Vista Field Infrastructure, Phase II
- b) Vista Field Corporate Hangars Revitalization
- c) Clover Island Stage
- d) Port Maintenance Facility

PROPOSED WORK PLAN/BUDGET The Five Pillars

IV. FUND AND CONSTRUCT

- a) Vista Field Joint-Use Parking Areas (contractual requirement of land sale)
- b) Vista Field Corporate Hangars Revitalization (lean)
- c) Vista Field Landscaping (Deschutes Gateway & Daybreak Commons)
- d) Vista Field Infrastructure, Phase II (creating additional saleable lots) provided City of Kennewick funding partnership
- e) Clover Island Stage/Parking Lot (pending USACE approval and any required stabilization)

PROPOSED WORK PLAN/BUDGET The Five Pillars

V. POSSIBLE FUTURE FUNDING

- a) West Richland: ~~Development Building~~/Amenities
- b) ~~Kennewick: South of Southridge: Industrial Park~~
- c) Vista Field Parking Structure



CONCEPTUAL WORK PLAN/BUDGET

Proposed Budget:

- | | |
|--|----------------------|
| • VF Hangars, Landscaping, Surface Parking | \$4,000,000 RCCF |
| • Vista Field Infrastructure, Phase II | \$2,000,000 CoK RCCF |
| • Richland | \$ |
| • West Richland | \$ |
| • Owners' Association(s) Seed Funding | \$ |
| • Port Maintenance Facility | \$ |
| • Clover Island Stage/Parking Lot | \$ |
| • VFDF Building Repair | \$ |

Questions:

1. Will City of Kennewick fund Vista Field Infrastructure?
2. Can a stage be built without further east end shoreline work?



VISTA FIELD SITE TOURS

For real estate agents, builders, title companies, and bankers.

July 19, 21, 26 & 28
8:30 to 9:30 A.M.

RSVP: Amber@PortofKennewick.org

**Meet at the South Entrance:
6600 W. Deschutes Avenue, Kennewick**

509.586.1186 | VistaField.com

Proposal Submission Checklist

Offers to purchase Port of Kennewick property will be submitted by the prospective purchaser to Port staff in writing and dated through a Letter of Intent (LOI). A valid offer must be signed upon submission and contain all information set forth below. Non-complying offers will be returned without processing¹.

Additional due diligence may be requested of potential buyer and/or builder. The Port of Kennewick Commission reserves the right to reject any and all proposals at its discretion.

What Should I Include in My Letter of Intent?

- ☐ Identify the full legal name of the offering party and be executed by the offering party or its authorized representative.
- ☐ Identify the party to use and occupy the property, if different from the offering party.
- ☐ Legally describe the property subject to the offer.
- ☐ Indicate the total offer price (not less than Port of Kennewick Commission-approved pricing).
- ☐ Indicate any terms for payment of purchase price.
- ☐ Identify any proposed contingencies.
- ☐ Identify a proposed closing date.
- ☐ Detail the proposed use of the property and timing for any construction or development.
- ☐ Identify the size and type of building to be erected, if applicable.
- ☐ Include rough sketches, design precedents and/or illustrations.
- ☐ Include schematic designs: Specific site design and layout, with setbacks at 1" = 20' scale, preliminary elevations at 1/8" = 1'0" scale, roof forms (building massing).

Buyer Background²

A buyer wishing to build in Vista Field shall provide background information and the proposed development concept for the parcel.

A buyer shall address the following:

- ☐ Financial capability, as evidenced by a letter of credit or other acceptable means, as confirmation of its ability to complete its proposed development, including a description of funding sources for property acquisition and construction of infrastructure and facilities.
- ☐ A list of the buyer's key personnel anticipated to participate in the development, including a summary of their relevant experience.
- ☐ A list of design team members, including the principal or builder, and a licensed architect.
- ☐ Relevant experience with similar development projects, including:
 - a. Project name, location, and description.
 - b. Color images or other graphics depicting the project.
 - c. Total project budget and budget per phase (if applicable).
 - d. Budget funding sources – equity partner, development lender, permanent lender, etc.
 - e. The total duration of project development and details regarding whether the project schedule was met.
 - f. Brief description of the development process.
 - g. Consultants and contractors utilized and the role of each.
 - h. Major tenants (if applicable).
- ☐ A list and a short description of all litigation and/or claims that the buyer (or any entity or individual named in the buyer's proposal) is currently or in the last 10 years was a named party (if any), including a description of how the litigation and/or claim was resolved.
- ☐ A list of past community, charitable and/or civic contributions.
- ☐ A minimum of three references, one of which shall be a financial institution.

Builder Experience²

A builder wishing to construct in Vista Field shall submit a Statement of Qualifications describing the builder's experience and the proposed development concept for the parcel.

In describing its **experience**, the builder shall address the following:

- ☐ Demonstrated experience with municipal planning and permitting processes.
- ☐ Demonstrated experience with "New Urbanism," Smart Growth," "Green Building," or similar development principles (if any).
- ☐ Relevant experience with similar development projects, including:
 - a. Project name, location, and description.
 - b. Color images or other graphics depicting the project.
 - c. Total project budget and budget per phase (if applicable).
 - d. Budget funding sources – equity partner, development lender, permanent lender, etc.
 - e. Total duration of project development and details regarding whether the project schedule was met.
 - f. Brief description of the development process.
 - g. Consultants and contractors utilized and the role of each.
 - h. Major tenants (if applicable).
- ☐ A list and a short description of all litigation and/or claims that the builder (or any entity or individual named in the builder's proposal) is currently or in the last 10 years was a named party (if any), including a description of how the litigation and/or claim was resolved.
- ☐ A minimum of three references, one of which shall be a financial institution.



AGENDA REPORT

TO: Port of Kennewick Commission
FROM: Amber Hanchette, Director Real Estate & Operations
MEETING DATE: July 26, 2022
AGENDA ITEM: Renewal By Andersen – Lease Renewal

REFERENCE: Resolution 2022-20 and Commercial Lease Agreement

BACKGROUND:

Renewal By Andersen has been an Oak Street Industrial Park tenant in good standing since 2015.

Key parameters of the negotiated lease are:

- Lease includes 12,740 square feet of office and industrial space for warehousing and office;
- Location – 1426 E. 3rd Ave Development Building A, Suite A110, Development Building C, Suite C101 & C102, Development Building D, Bay 5;
- Lease rate has an annual rent escalation of approximately 3%.
- A continued lease commitment until December 31, 2025;
- Tenant responsibility for separately metered electricity, water & sewer as applicable;
- According to Port of Kennewick Policies and Procedures, POK-CEO-DOA, 1.2.2, adopted by Resolution 2015-29; *Leases in which the total monthly rental amount exceeds \$5,000.00 per month (excluding LET, utilities, and other ancillary items.)*

#####

Motion: *I move approval of Resolution 2022-20, approving a lease renewal with Renewal By Andersen, and further authorize the Chief Executive Officer to execute all documents and agreements and that all action by port officers and employees in furtherance hereof is ratified and approved*

PORT OF KENNEWICK

Resolution No. 2022-20

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A LEASE AGREEMENT WITH RENEWAL BY ANDERSEN

WHEREAS, the Port of Kennewick (POK) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

WHEREAS, a three year lease one year lease for 12,740 square feet of office and industrial warehouse space has been negotiated by Port staff with Renewal By Andersen at the Oak Street Industrial Development Park; and

WHEREAS, the Port Commission has called a regularly scheduled public meeting with notice of such meeting given as provided by law and such public meeting was held at such time and on said date; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Lease Agreement and find it is in proper form and it is in the Port's best interest; and

WHEREAS, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick approves a 42-month lease with Renewal By Andersen as presented and authorizes the Port's Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

BE IT FURTHER RESOLVED that all action by port officers and employees in furtherance hereof is ratified and approved; and further that the port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 26th day of July, 2022.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: _____
SKIP NOVAKOVICH, President

By: _____
KENNETH HOHENBERG, Vice President

By: _____
THOMAS MOAK, Secretary

COMMERCIAL PROPERTY LEASE AGREEMENT

BETWEEN
PORT OF KENNEWICK,
LANDLORD

AND

Renewal by Andersen,
TENANT

OAK STREET INDUSTRIAL PARK

**1426 E. 3rd Ave, A110, Kennewick
1426 E. 3rd Ave C101, Kennewick
1426 E. 3rd Ave C102, Kennewick
1328 E. 3rd Ave, Bay 5, Kennewick**

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**PORT OF KENNEWICK LEASE AGREEMENT
(Commercial Property)**

Landlord hereby leases to Tenant and Tenant hereby leases and accepts from Landlord the premises hereinafter described on the terms and conditions set forth in this Lease Agreement, hereinafter called "this Lease".

BASIC LEASE PROVISIONS

The following Basic Lease Provisions are hereby incorporated herewith as part of this Lease:

- A. Lease Date: July 1, 2022
- B. Landlord: Port of Kennewick,
a Washington municipal corporation
- C. Tenant: RENEWAL BY ANDERSEN
- D. Premises: The Premises shall mean the real property located at:

1426 E. 3rd Ave C101, Kennewick, WA 99336 (DB-C)
1426 E. 3rd Ave C102, Kennewick, WA 99336 (DB-C)
1426 E. 3rd Ave A110, Kennewick, WA 99336 (DB-A)
1328 E. 3rd Ave Bay 5, Kennewick, WA 99336 (DB-D)

as described on Exhibit "A" attached hereto and incorporated
herein by reference, and any improvements located thereon.
- E. Permitted Use: Check all that apply:

 Light manufacturing;
 X Wholesale receiving/shipping;
 X Administrative offices
 X Other: (Describe)
Remodel Contractor
- F. Term: Commencing on the Lease Commencement Date and terminating
on the Expiration Date.
- G. Lease Commencement Date: The date which is the earlier of (a) July 1, 2022, and (b) the date
Tenant begins using the Premises for any reason.
- H. Expiration Date: December 31, 2025

I. Base Monthly Rent Calculation:

Year 1 (July 1, 2022 – December 31, 2022):

C101 – warehouse & office	.46 psf	2,950 sf
C102 – warehouse & office	.46 psf	2,915 sf
A110 – warehouse & office	.46 psf	5,675 sf
DB-D Bay 5 – warehouse	.46 psf	1200 sf

Year 2 (January 1, 2023 – December 31, 2023):

C101 – warehouse & office	.47 psf	2,950 sf
C102 – warehouse & office	.47 psf	2,915 sf
A110 – warehouse & office	.47 psf	5,675 sf
DB-D Bay 5 – warehouse	.47 psf	1,200 sf

Year 3 (January 1, 2024 – December 31, 2024):

C101 – warehouse & office	.48 psf	2,950 sf
C102 – warehouse & office	.48 psf	2,915 sf
A110 – warehouse & office	.48 psf	5,675 sf
DB-D Bay 5 – warehouse	.48 psf	1,200 sf

J. Base Monthly Rent (not including LET):

Year 1: (July 1, 2022 – December 31, 2022):

C101 – warehouse & office	\$1,357.00
C102 – warehouse & office	\$1,340.90
A110 – warehouse & office	\$2,610.50
DB-D Bay 5 – warehouse	<u>\$ 552.00</u>
	\$5,860.40

Year 2: (January 1, 2023 – December 31, 2023):

C101 – warehouse & office	\$1,386.50
C102 – warehouse & office	\$1,370.05
A110 – warehouse & office	\$2,667.25
DB-D Bay 5 – warehouse	<u>\$ 564.00</u>
	\$5,987.80

Year 3 (January 1, 2024 – December 31, 2024):

C101 – warehouse & office	\$1,416.00
C102 – warehouse & office	\$1,399.20
A110 – warehouse & office	\$2,724.00
DB-D Bay 5 – warehouse	<u>\$ 576.00</u>
	\$6,115.20

Utilities Paid Directly to Utility Provider

K. Leasehold Tax (LET):

Current Washington State Leasehold Tax shall be added to Base Rent. Current effective rate is 12.84%.

L. Total Monthly Rent (includes LET):

Year 1: \$6,612.87

Year 2: \$6,756.63
Year 3: \$6,900.39

- N. Monthly Utilities: See Article 7 of Lease.
- M. Rent Due Date: The Lease Commencement Date and the first day of each month thereafter.
- N. Financial Security: Check all that apply:
- X **increase deposit on file to \$13,800.78;**
- Corporate surety bond;
- X Personal Guaranty as set forth in Exhibit B;
- Other financial security: (Describe)
- O. Landlord's Address for Notices and Rent Payments:
Port of Kennewick
350 Clover Island Drive, Suite 200
Kennewick, WA 99336
- P. Tenant's Address for Notices:
Renewal by Andersen
7433 5th Ave S.
Seattle, WA 98108
(206) 777-0137
Alex Gonzalez
Alex@RBAWA.com
- S. Exhibits: Exhibit "A" Legal Description of Premises
Exhibit "B" Personal Guaranty Form

ARTICLE 1

PREMISES

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord the Premises, which Premises are more particularly described in the Basic Lease provisions above.

ARTICLE 2

USE OF PREMISES

Tenant shall occupy and use the Premises for such uses as described in the Basic Lease provisions above. Tenant may not use the Premises for any other business purpose except as may be authorized in writing by Landlord at Landlord's sole discretion. No smoking shall be allowed within any portion of the Premises and within twenty-five (25) feet of all entryways.

ARTICLE 3

TERM

The Term hereof shall commence on the Lease Commencement Date defined in the Basic Lease Provisions and shall terminate on the Expiration Date defined in the Basic Lease Provisions, unless earlier terminated.

If Tenant timely exercises this option, then the Lease shall continue in effect on the same terms and conditions, except that rent shall be adjusted in the manner provided in Article 4 below and there shall be no further renewal options. Tenant's right to the renewal term shall be contingent upon Tenant not being in default hereunder at the time of notice of intent is given or at any time thereafter prior to the beginning of the renewal term.

ARTICLE 4

RENT

On or before the first day of each month of this Lease, Tenant shall pay to Landlord the Total Monthly Rent and all other assessment, charges, and fees as provided in this Article 4 and as otherwise set forth in this Lease, at the Landlord's address set forth in the Basic Lease Provisions.

(a) Late Fee.

If any sums payable by Tenant to Landlord under this Lease are not received by the fifteenth (15th) day of the month in which they are due, Tenant shall pay Landlord an additional amount for the cost of collecting and handling such late payment as a late fee in an amount equal to the greater of (i) Fifty Dollars (\$50.00), or (ii) five percent (5%) of the overdue amount.

(b) Interest.

In addition to any applicable late fees, 12% APR interest (1% per month), shall be applied to the total unpaid balances calculated from the original due date to the date of payment.

(c) Non-Sufficient Funds (NSF).

If a Tenant check is returned by the bank for any reason, Tenant shall pay a NSF fee of Fifty Dollars (\$50) for administrative costs related to collecting and handling such returned check. The Tenant shall also pay any associated bank fees charged to the Port related to the returned check. Landlord may require, at Landlord's sole discretion that Tenant's future payments be made by cash, cashier's check or money order.

Landlord and Tenant hereby agree that these charges represent a fair and reasonable estimate of what the Landlord might incur by reason of Tenant's late or NSF payment. These fees are due and payable with the current rent payment. Landlord's acceptance of any late charge, interest or NSF fee shall not be deemed an extension of the date rent is due or prevent Landlord from exercising any other rights or remedies under this Lease.

The Landlord reserves the right to revise its policy regarding late payment, interest and NSF check charges without notice to Tenant.

ARTICLE 5 **FINANCIAL SECURITY**

In compliance with the requirements of the state law, Tenant agrees that it will secure the performance of the rental portion of this Lease by providing a Personal Guaranty in the form as set forth in Exhibit "B" and one or more of the following: 1) a deposit in the amount set forth in the Basic Lease Provisions, or 2) procuring and maintaining, during the term of this Lease, a corporate surety bond ("Bond"), or 3) by providing other financial security satisfactory to Landlord.

The Bond shall be in a form and issued by a surety company acceptable to Landlord and shall comply with the requirements of Washington law. Tenant shall obtain such Bond and forward evidence thereof to Landlord within fourteen (14) days of execution of this Lease, but in no event later than the Lease Commencement Date. Failure to comply with this requirement shall be grounds for immediate termination of this Lease without notice by Landlord. Such Bond shall be kept in effect during the term of this Lease; failure to comply with this requirement shall render Tenant in default. The Bond shall be increased to reflect any increases in Rent.

Upon any default by Tenant of its obligations under this Lease, Landlord may collect on the Bond to offset the Tenant's liability to Landlord. Collection on the Bond shall not relieve Tenant of liability, shall not limit any of Landlord's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

ARTICLE 6 **TAXES & ASSESSMENTS**

6.1 Property Taxes.

Landlord will pay property tax on Premise's real property and any building or structure that is permanently attached to the real property.

6.2 Personal Property Taxes

Tenant shall pay when due all license fees, public charges, taxes and assessments on the Tenant-owned trade fixtures, furniture, other fixtures, equipment, inventory and all other personal property of or being used by Tenant in the Premises, whether or not owned by Tenant.

6.3 Additional Taxes/Assessments: Leasehold Excise Tax (LET)

Tenant shall also pay: (a) all special taxes and assessments (including irrigation assessments) or license fees now or hereafter levied, assessed or imposed by law or ordinance, by reason of Tenant's use of the Premises; (b) all business and occupation tax and any tax, assessment, levy or charge assessed on the Rent paid under this Lease; (c) the statutory leasehold excise tax imposed in connection with the Rent due hereunder or otherwise due as a consequence of this Lease; and (d) any excise, transaction, sales, privilege, or other tax (other than net income and/or estate taxes) now or in the future imposed by the city, county, state or any other government or governmental agency upon Landlord and attributable to or measured by the Rent or other charges or prorations payable by Tenant pursuant to this Lease.

ARTICLE 7 **UTILITIES**

Landlord shall pay all assessments, charges and/or fees for sewer and common area maintenance. Landlord shall pay water assessments if water is not separately metered to the Premises. Tenant shall be solely responsible for payment of all separately metered electrical and water assessments charged to the Premises. Tenant shall pay all such charges directly to utility provider when due. Tenant shall be solely responsible for all separately metered electrical and water assessments which may, during the Lease Term, be assessed, levied, charged, confirmed or imposed i) on the Premises or any part thereof, ii) on improvements now or hereafter comprising a part thereof, and iii) on the use or occupancy of the Premises. Tenant shall pay all such assessments, charges and/or fees when due.

DB-A Suite A110: Electricity Meters Assigned to Tenant:	<u>250802</u>
DB-A Suite A110: Water Meters Assigned to Tenant:	<u>74521135</u>
DB-C Suite C101: Electricity Meters Assigned to Tenant:	<u>250754</u>
DB-C Suite C102: Electricity Meters Assigned to Tenant:	<u>231725</u>
DB-C Suite C101 Water Meters Assigned to Tenant:	<u>75131776</u>
DB-C Suite C102 Water Meters Assigned to Tenant:	<u>32240148</u>
DB-D Bay 5 Electricity Meter Assigned to Tenant:	<u>159412</u>

At Tenant's own expense, tenant may have a maximum of one (1) 30 yard waste disposal container placed in a designated area as allowed by Landlord. Tenant must keep container closed and secured at all times. Debris (including broken glass) shall not be allowed around container or as a result of tenant operations.

Tenant shall be solely responsible to Landlord for the payment of all assessments, charges and/or fees pertaining to the Premises, including but not limited to, water assessments, charges for public utilities, license and permit fees which may, during the Lease Term, be assessed, levied, charged, confirmed or imposed i) on the Premises or any part thereof, ii) on improvements now or hereafter

comprising a part thereof, and iii) on the use or occupancy of the Premises. Tenant shall pay all such assessments, charges and/or fees to Landlord when due.

Interruptions: There shall be no abatement of rent and Landlord shall not be liable for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Landlord's reasonable control or in cooperation with governmental request or directions.

ARTICLE 8 **INSURANCE**

8.1 Insurance

Tenant, at its own expense, shall provide and keep in force all insurance deemed appropriate for the purposes that the Premises are to be used and with companies reasonably acceptable to Landlord, including but not limited to the following:

(a) Commercial General Liability Insurance

Commercial General Liability (CGL) insurance for the benefit of Landlord and Tenant jointly against liability for bodily injury and property damage for a combined single limit of not less than One Million Dollars (\$1,000,000) for any one occurrence for this location, including coverage for contractual liability and personal injury, with a \$2,000,000 aggregate limit;. Landlord reserves the right to require higher liability limits and/or to change insurance requirements at any time during the term of the lease with thirty (30) days' notice to Tenant.

(b) Statutory Workers' Compensation

Statutory Workers' Compensation, including at least \$250,000 Employer's Contingent Liability (Stop Gap) coverage in Tenant's commercial general liability insurance;

(c) Automobile Liability Insurance

Automobile Liability Insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000, including all owned, non-owned and hired vehicles and covering claims for damages because of bodily injury or death of any person or property damage arising out of ownership, maintenance or use of any motor vehicle; and

(d) Property Insurance

Property insurance covering all leasehold improvements to the Premises, furniture, fixtures, equipment, inventory and other personal property located on the Premises (and, at Landlord's election, on all buildings and other improvements now or hereafter existing at the Premises) in an amount of not less than one hundred percent (100%) insurable replacement value minimum co-insurance of 80%, "Special Form—Causes of Loss", with Flood Insurance if Landlord reasonably deems such insurance to be necessary or desirable, and replacement cost coverage to protect against loss of owned or rented equipment and tools brought onto or used at the Property by Tenant.

8.2 Requirements

The foregoing insurance requirements shall be placed with an insurance company or companies admitted to do business in the State of Washington and shall have an A.M. Best's rating of A-/ or better. Tenant shall furnish Landlord with a copy of the certificate of such policies before the Commencement Date of this Lease and, upon request by Landlord, shall provide proof satisfactory to Landlord that all such policies are in full force and effect. Tenant's liability insurance policies shall list Landlord as an additional insured and Tenant's property insurance policies shall reflect Landlord as a loss-payee as its interests may appear, and all of Tenant's insurance policies shall be primary and non-contributing with any insurance carried by Landlord. Such policies shall not be cancelable or materially altered without forty-five (45) days' prior written notice to Landlord. In addition, the policies shall provide for ten (10) days' written notice to Landlord in the event of cancellation for non-payment of premium. Tenant's failure to deliver the policies or certificates to Landlord as required above shall constitute an event of default pursuant to Article 24 hereof.

8.3 Mutual Waiver of Subrogation

Each party hereby waives, and each party shall cause their respective property insurance policy or policies to include a waiver of such carrier's entire right of recovery (i.e., subrogation) against the other party, and the officers, directors, agents, representatives, employees, successors and assigns of the other party, for all claims which are covered or would be covered by the property insurance required to be carried hereunder or which is actually carried by the waiving party.

8.4 Destruction or Condemnation.

8.4.1 Damage and Repair. If the Premises are partially damaged but not rendered untenantable, by fire or other insured casualty, then Landlord shall diligently restore the Premises and this Lease shall not terminate. The Premises shall not be deemed untenantable if less than twenty-five percent (25%) of the Premises are damaged. Landlord shall have no obligation to restore the Premises if insurance proceeds are not available to pay the entire cost of such restoration. If insurance proceeds are available to Landlord but are not sufficient to pay the entire cost of restoring the Premises, then Landlord may elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such casualty.

If the Premises are entirely destroyed, or partially damaged and rendered untenantable, by fire or other casualty, Landlord may, at its option: (a) terminate this Lease as provided herein, or (b) restore the Premises to their previous condition. If, within 60 days after receipt by Landlord from Tenant of written notice that Tenant deems the Premises untenantable, Landlord fails to notify Tenant of its election to restore the Premises, or if Landlord is unable to restore the Premises within six (6) months of the date of the casualty event, then Tenant may elect to terminate the Lease.

If Landlord restores the Premises under this Article 8.4.1, Landlord shall proceed with reasonable diligence to complete the work, and the base monthly rent shall be abated in the same proportion as the untenantable portion of the Premises bears to the whole Premises, provided that there shall be a rent abatement only if the damage or destruction of the Premises did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's officers, contractors, licensees, subtenants, agents, servants, employees, guests, invitees or visitors. Provided, Landlord complies with its obligations under this Article, no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises. Landlord will not carry insurance of any kind for the protection of Tenant or any improvements paid for by Tenant or on Tenant's furniture or

on any fixtures, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord shall not be obligated to repair any damage thereto or replace the same unless the damage is caused by Landlord's negligence or willful misconduct.

8.4.2 If the Premises are made untenable by eminent domain, or conveyed under a threat of condemnation, this Lease shall automatically terminate as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises and all Rents and other payments shall be paid to that date. In case of taking of a part of the Premises that does not render the Premises untenable, then this Lease shall continue in full force and effect and the base monthly rental shall be equitably reduced based on the proportion by which the floor area of any structures is reduced, such reduction in Rent to be effective as of the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises and Tenant shall make no claim for the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses or damages resulting from interruption in its business, provided that in no event shall Tenant's claim reduce Landlord's award.

ARTICLE 9

ACCEPTANCE AND CARE OF PREMISES

Tenant has inspected the Premises and accepts the Premises "AS IS" in its present condition and acknowledges that Landlord is not responsible to provide, and has made no representations or warranties that it will provide, any improvements to the Premises whatsoever, except as set forth in Article 10, Alterations and Improvements, below. Tenant shall, at its sole cost, keep the Premises in as good working order, cleanliness, repair, and condition, as that which existed at the Lease Commencement Date. In the event that Tenant fails to comply with the obligations set forth in this **Article 9**, Landlord may, but shall not be obligated to, perform any such obligation on behalf of, and for the account of Tenant, and Tenant shall reimburse Landlord for all costs and expenses paid or incurred on behalf of Tenant in connection with performing the obligations set forth herein. Tenant expressly waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

ARTICLE 10

ALTERATIONS AND IMPROVEMENTS

Tenant shall not make any alterations, additions, renovations or improvements to the Premises without first obtaining the written consent of Landlord. All alterations, additions, renovations and improvements made shall be at the sole cost and expense of Tenant and shall become a part of the real property and belong to Landlord and shall remain in and be surrendered with the Premises as a part thereof at the termination of this Lease. Tenant further agrees to indemnify, defend, and hold Landlord harmless from, and against, any and all damages, injuries, losses, liens, costs or expenses (including attorneys' fees) incurred, claimed or arising out of said work.

Upon lease termination notice for C101 or C102, by either party, Tenant shall employ at its own expense a Washington State licensed, bonded and insured contractor to obtain all required permits and to reconstruct all walls where wall penetrations have been constructed by Tenant between warehouses and/or offices. All such work shall be completed within 30 days. Tenant shall be required to return the premises to the same condition as when entered into lease including but not limited to wall construction, paint, materials, and meeting all applicable building and fire codes.

ARTICLE 11

ACCIDENTS AND INDEMNIFICATION

Tenant shall indemnify Landlord and hold it harmless from and against, and shall defend with counsel acceptable to Landlord, any and all suits, actions, damages, claims, liability, and expense in connection with loss of life, bodily or personal injury, or property damage arising from or out of any occurrence in, upon, at or from the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, invitees, licensees, or concessionaires; provided that Tenant shall not be liable to Landlord to the extent such damages, liability, claims or expenses are caused by or result from the negligence or intentional misconduct of Landlord.

Tenant hereby expressly waives claims against Landlord, and Landlord shall not be responsible or liable at any time, for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining property, unless and only to the extent due to Landlord's gross negligence or intentional misconduct, and in no event shall Landlord be liable for Tenant's consequential damages. Tenant shall use and enjoy the Premises and improvements at its own risk, and hereby releases Landlord, to the full extent permitted by law and except as expressly provided above, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

Solely for the purpose of effectuating the indemnification obligations under this Lease, and not for the benefit of any third parties (including but not limited to employees of Tenant), Tenant specifically and expressly waives any immunity that may be granted it under the Washington State Industrial Insurance Act, Title 51 RCW. Furthermore, the indemnification obligations under this Lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts. Tenant shall cause Contractors and their subcontractors and material suppliers to execute similar waivers of industrial insurance immunity. The parties, by their execution hereof, acknowledge that the foregoing provisions of this **Article 11** have been specifically and mutually negotiated between the parties.

ARTICLE 12

COMPLIANCE WITH LAWS

Tenant shall comply fully at its sole expense with all federal and state laws and local or city ordinances (including all applicable zoning ordinances) now or hereafter in force with respect to the Premises and Tenant's activities therein. Tenant warrants and represents to Landlord that Tenant shall use the Premises only for lawful purposes.

ARTICLE 13

MAINTENANCE

Tenant shall keep the premises in a neat, clean, and sanitary condition at all times. Tenant shall keep all improvements to the Premises in good condition.

13.1 Janitorial: Tenant will provide janitorial service inside the Premises, restrooms and window washing on inside of windows.

13.2 Landscaping and Common Area Sweeping: Landlord, at its cost, will provide

landscaping care and common area repairs, maintenance, and sweeping outside the building.

13.3 **Other Maintenance and Repairs:** Landlord will maintain exterior of building (except for overhead and/or sliding doors, if any), roof, foundation, and electrical (except for lightbulbs and light fixture ballasts), heating and plumbing, in a good state of repair. Tenant shall pay the reasonable cost of repairs of all damage caused by Tenant, its agents, servants, employees, or invitees within ten (10) days of receipt of an invoice stating the repairs performed and the cost thereof. Tenant shall be responsible for all minor plumbing repairs and maintenance including but not limited to plumbing line blockages and minor leaks. Tenant shall be responsible to replace all light bulbs and light fixture ballasts located in Tenant's leased space. Tenant shall be responsible for the maintenance and repair of all overhead and/or sliding doors located in Tenant's Premises. Landlord shall be responsible for maintenance of lighting in Tenant's shared Premises. Landlord shall be responsible for testing and maintaining interior fire sprinkler systems, smoke detectors, fire extinguishers and alarm systems.

13.4 **HVAC:** HVAC and all mechanical systems shall be in satisfactory operating condition and will be maintained by Landlord during the term of the Lease.

ARTICLE 14

LANDLORD'S ACCESS

Landlord shall have the right to inspect the Premises at all reasonable times and enter the same for purposes of cleaning, repairing, inspecting, altering, exhibiting, or improving the Premises, but nothing contained in this Lease shall be construed so as to impose any obligation on Landlord to make any repairs, alterations or improvements not otherwise expressly set forth elsewhere herein.

The Landlord reserves the right to grant easements and other land uses on the Premises to others when the easement or other land uses will not unduly interfere with the use of the Premises by Tenant.

ARTICLE 15

SIGNS AND ADVERTISING

Tenant shall not inscribe, post, place, or in any manner display any sign, notice, picture, poster or any advertising matter whatsoever anywhere in or about the Premises, without first obtaining Landlord's written consent thereto.

ARTICLE 16

WASTE AND UNLAWFUL USE

Tenant shall not commit or suffer any waste upon the Premises, or make or suffer any nuisance, undue or unseemly noise, or otherwise, and will not do or permit to be done in or about the Premises anything which is illegal, unlawful, or dangerous, or which will increase Landlord's insurance rates upon the Premises.

ARTICLE 17

SUCCESSORS

All the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors, marital communities and assigns. Any assignment or subletting of the Premises or any interest in this

Lease shall not relieve Tenant of primary responsibility for the performance of the terms and payment of the sums to be paid by Tenant hereunder.

ARTICLE 18 **HAZARDOUS MATERIALS**

Tenant shall not dispose of or otherwise allow the release of any hazardous waste or materials in, on, or under the Premises, or any adjacent property. Tenant represents and warrants to Landlord that Tenant's intended use of the Premises does not involve the use, production, or disposal of any hazardous waste or materials. As used herein, "**hazardous waste or materials**" includes any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) by any federal, state, or local statute, regulation, rule or ordinance now or hereafter in effect. In the event Tenant brings or uses hazardous waste or materials on the Premises in violation of this **Article 18**, Tenant shall, at its sole cost, properly dispose of all such hazardous waste or materials. Tenant shall be responsible for complying with all federal, state and local laws and regulations in regard to the handling of and disposing of hazardous waste or materials, and agrees to indemnify, defend, and hold Landlord harmless from and against all losses, costs, and expenses (including but not limited to site cleanup, investigation, and remediation costs and attorneys fees and costs related thereto) arising from a breach by Tenant of its obligations under this **Article 18**.

ARTICLE 19 **ASSIGNMENT AND SUBLETTING**

Tenant shall not transfer, dispose, assign, mortgage, or hypothecate this Lease, in whole or in part, or permit the use of the Premises by any person or persons other than Tenant, or sublet the Premises, or any part thereof (any of which, a "**Transfer**") without the prior written consent of Landlord in each instance, which may be given, withheld, or conditioned in Landlord's sole discretion. In no event shall Tenant be released or relieved of any liability hereunder due to any Transfer whether or not consented to by Landlord.

Landlord shall have the right to transfer, dispose, assign, mortgage, or hypothecate this Lease, in whole or in part without the prior written consent of the Tenant. See also Landlord rights to terminate this Lease as set forth in **Article 23** below.

ARTICLE 20 **SURRENDER OF POSSESSION**

20.1 Surrender

At the expiration of the tenancy created hereunder, whether by lapse of time or otherwise, Tenant shall surrender the Premises in substantially the as good condition or better as they were at the Lease Commencement Date, and shall remove all of its personal property, furniture, non-permanent fixtures installed by or for Tenant, Tenant's equipment, and all cabling and wiring installed by or for Tenant. Tenant's obligations shall include the repair of any damage occasioned by the installation, maintenance or removal of Tenant's personal property, furniture, non-permanent fixtures installed by or for Tenant, and Tenant's equipment.

20.2 Removal of Property

In the event of any entry in, or taking possession of, the Premises or upon the termination of this Lease, Landlord shall have the right, but not the obligation, to remove from the Premises all personal property remaining on the Premises, and may store the same in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the Tenant thereof, with the right to sell such stored property, as per applicable statutory requirements. The proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof, with the balance, if any, to be paid to Tenant.

20.3 Holding Over

If Tenant fails to surrender the Premises at the expiration or earlier termination of this Lease, occupancy of the Premises after the termination or expiration shall be that of a tenancy at sufferance. Tenant's occupancy of the Premises during the holdover shall be subject to all the terms and provisions of this Lease and Tenant shall pay an amount due on the first of each month of the holdover period, without reduction for partial months during the holdover, equal to 150% of the greater of: (1) the monthly Total Monthly Rent (including Leasehold Tax), and any other charge due, for the monthly period immediately preceding the holdover; or (2) the fair market value for gross monthly rental for the Premises as reasonably determined by Landlord. No holdover by Tenant or payment by Tenant after the expiration or early termination of this Lease shall be construed to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Landlord is unable to deliver possession of the Premises to a new tenant, or to perform improvements for a new tenant, as a result of Tenant's holdover, Tenant shall be liable to Landlord for all damages, including, without limitation, consequential damages, that Landlord suffers from Tenant's holdover. Nothing herein shall be construed as Landlord's consent to such holding over. During the holdover Tenant shall remain responsible for payment of all utilities, taxes, and other assessments, charges and/or fees due under this Lease.

ARTICLE 21 **NOTICES**

All notices, requests and demands to be made hereunder shall be in writing at the address set forth in the Basic Lease Provisions, as applicable, by any of the following means: (a) personal service (including service by recognized overnight delivery/courier service, such as UPS or FEDEX); or (b) registered or certified first class mail, return receipt requested. Such addresses may be changed by written notice to the other party given in the same manner provided above. Any notice, request, or demand sent pursuant to clause (a) of this Article 21 shall be deemed received upon such personal delivery or service (or the date of refusal, if personal service or delivery is refused), and if sent pursuant to clause (b), shall be deemed received three (3) days following deposit in the mails.

ARTICLE 22 **LIENS AND ENCUMBRANCES**

Tenant shall keep the Premises free and clear of any liens and encumbrances arising out of the use and occupancy of the Premises by Tenant. Should Tenant fail to discharge any lien of the nature described in this Article 22 Landlord may, at Landlord's election, pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title and the cost thereof shall be immediately due from Tenant as rent under this Lease.

ARTICLE 23

LANDLORD'S TERMINATION RIGHT

Notwithstanding anything to the contrary elsewhere in the Lease, in the event that Landlord elects to use the Land and/or Premises for industrial development or other public or port-related purposes, Landlord shall have the right to terminate this Lease by providing sixty (60) days' written notice. If Landlord elects to terminate the Lease early as provided herein, the early termination date chosen by Landlord shall operate as if that date is the Expiration Date set forth in the Basic Lease Provisions. The parties recognize that the foregoing early termination right is important to Landlord and that any delay caused by the failure of Tenant to vacate the Premises pursuant to this **Article 23** when required can cause irreparable harm to the Landlord and future tenants. Therefore, Landlord and Tenant agree that time is of the essence of this **Article 23** and that if any dispute arises between Landlord and Tenant with respect to the provisions of this **Article 23**, any other provisions of this Lease notwithstanding, Tenant will vacate the Premises on or before the early termination date selected by Landlord, and Tenant shall be deemed to have waived any rights in law or equity to possession of the Premises.

In the event of the insolvency or bankruptcy of the Tenant, Landlord may, at Landlord's option, immediately take full possession of the premises to the exclusion of all persons. Exercising such option shall not alleviate Tenant's obligations under this Lease and Landlord shall have the right to seek all remedies set forth in this Lease.

ARTICLE 24

DEFAULT AND REMEDIES

24.1 Default

The occurrence of any one or more of the following events shall constitute a material breach and default of this Lease (each, an "**Event of Default**"):

- (a) Any failure by Tenant to pay Rent and Leasehold Tax when due, or any other assessment, charge and/or fee when due;
- (b) Any failure by Tenant to obtain and keep in full force and affect the insurance coverage(s) required hereunder to be carried by Tenant;
- (c) Any failure to immediately remedy an emergency condition that poses a significant risk of injury or damage;
- (d) Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease; or
- (e) Tenant bankruptcy

24.2 Remedies.

(a) Re-entry and Termination

Upon and during the continuance of an Event of Default, Landlord, in addition to any other remedies available to Landlord at law or in equity, at Landlord's option, may without further notice or demand of any kind to Tenant or any other person:

1. Declare the Lease Term ended and reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim to the Premises; or

2. Without declaring this Lease ended, reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and collect any unpaid Rent, Leasehold Tax, and other charges, which have become payable, or which may thereafter become payable; or
3. Even though Landlord may have reentered the Premises, thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

(b) Express Termination Required

If Landlord re-enters the Premises under the provisions of this Article, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any Rent, Leasehold Tax, or other assessments, charges and/or fees thereafter accruing, or to have terminated Tenant's liability for damages under any of the provisions of this Lease, by any such re-entry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that Landlord had elected to terminate this Lease. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes of Washington State and surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease.

(c) Damages

If Landlord elects to terminate this Lease pursuant to the provisions of this Article, Landlord may recover from Tenant as damages, the following:

1. The worth at the time of award of any unpaid Rent, Leasehold Tax, and other assessments, charges and/or fees which had been earned at the time of such termination; plus
2. The worth at the time of award of the amount by which the unpaid Rent, Leasehold Tax, and other charges which would have been earned after termination until the time of award exceeds the amount of such loss Tenant proves could have been reasonably avoided; plus
3. The worth at the time of award of the amount by which the unpaid Rent, Leasehold Tax, and other assessments, charges and/or fees due for the balance of the Lease Term after the time of award exceeds the amount of such loss that Tenant proves could be reasonably avoided; plus
4. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to any costs or expenses incurred by Landlord in (i) retaking possession of the Premises, including reasonable attorneys' fees, (ii) maintaining or preserving the Premises after the occurrence of an Event of Default, (iii) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (iv) leasing commissions, and (v) any other costs necessary or appropriate to relet the Premises; plus

5. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted by the laws of Washington State.

(d) Definitions

As used in **Paragraphs 24.2(c)1** and **24.2(c)2** above, the "worth at the time of award" is computed by allowing interest at the rate of twelve percent (12%) per annum compounded monthly. As used in **Paragraph 24.2(c)3** above, the "**worth at the time of award**" is computed by discounting such amount at the discount rate of the Federal Reserve Bank situated nearest to the location of the Property at the time of award plus one (1) percentage point.

(e) No Waiver

The waiver by Landlord of any breach of any term, covenant or condition herein contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach of the same or any other term, covenant or condition of this Lease. The subsequent acceptance of Rent, Leasehold Tax, and other charges due hereunder shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular amount so accepted regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such amount. No covenant, term, or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver shall be in writing and signed by Landlord.

24.3 [Interest](#)

Any sum accruing to Landlord under the terms and provisions of this Lease which shall not be paid when due shall bear interest at the interest rate provided herein from the date the same becomes due and payable by the terms and provisions of this Lease until paid, unless otherwise specifically provided in this Lease. The interest rate which shall apply shall be the lesser of (i) twelve percent (12%) per annum (1% per month), or (ii) the highest rate allowed by applicable law.

ARTICLE 25
ATTORNEYS' FEES AND COSTS

If either party hereto shall file any action or bring any proceeding against the other party arising out of this Lease or for the declaration of any rights hereunder, the prevailing party therein shall be entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party as determined by the court. If either party ("secondary party") without its fault is made a party to litigation instituted by or against the other party (the "primary party"), the primary party shall pay to the secondary party all costs and expenses, including reasonable attorneys' fees, incurred by the secondary party in connection therewith.

ARTICLE 26
MISCELLANEOUS

26.1 [Miscellaneous Provisions](#)

The following miscellaneous provisions shall apply to this Lease:

- (a) Time is of the essence hereof.

(b) If any portion of this Lease shall be deemed void, illegal or unenforceable, the balance of this Lease shall not be affected thereby.

(c) This Lease shall be interpreted according to the laws of the State of Washington. The parties agree that the Superior Court of the State of Washington for Benton County shall have sole jurisdiction over any question, claim, loss or injury arising hereunder.

(d) Tenant acknowledges that, except as expressly set forth in this Lease, that neither Landlord nor any other person has made any representation or warranty with respect to the Premises.

(e) This Lease shall be binding upon the heirs, executors, administrators, successors, and assigns of both parties hereto, except as otherwise provided for herein;

(f) Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Tenant in the conduct of its business or otherwise.

(g) The paragraph and section headings hereof are for convenience only and shall not be used to expand or interpret the meaning of any part of this Lease.

(h) Landlord shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God.

(i) This Lease and the Exhibits, Riders, and/or Addenda, if any, attached hereto, constitute the entire agreement between the parties. This Lease covers in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning this Lease and all preliminary negotiations, inducements, representations, and agreements of whatsoever kind or nature are merged herein, and there are not oral agreements or implied covenants. Both parties represent they have had the opportunity to seek legal counsel prior to signing this Lease. All Exhibits, Riders, or Addenda mentioned in this Lease are incorporated herein by reference. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties. The captions and section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of any section.

Tenant and Landlord hereby represent and warrant that they have not employed any broker with regard to this Lease and that they have no knowledge of any broker being instrumental in bringing about this Lease transaction. Each party shall indemnify the other against any expense as a result of any claim for brokerage or other commissions made by any broker, finder, or agent, whether or not meritorious, employed by them or claiming by, through or under them. Tenant acknowledges that Landlord shall not be liable for any representations of Landlord's leasing agent or other agents of Landlord regarding this Lease transaction except for the representations and covenants of Landlord expressly set forth in this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.


PORT OF KENNEWICK

By: _____
Title: Tim Arntzen, Chief Executive Officer

Reviewed:

By: _____
Title: Nick Kooiker, Port CFO

RENEWAL BY ANDERSEN OF TRI-CITIES

By: 
Kathryn Marriott (Jul 5, 2022 08:35 PDT)
Title: KATHRYN MARRIOTT
Its: PRESIDENT

Approved as to form:

By: _____
Title: Taudd Hume, Port Legal Counsel

**WAIVED DUE TO COVID19
OFFICE CLOSURE**

STATE OF WASHINGTON

COUNTY OF _____

ss.

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of Port of Kennewick, a Washington municipal corporation, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 201__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing at _____

My appointment expires _____

STATE OF WASHINGTON

COUNTY OF BENTON

ss.

I certify that I know or have satisfactory evidence that Tim Arntzen is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Chief Executive Officer of Port of Kennewick, a municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 201__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington of _____, residing at _____

My appointment expires _____

EXHIBIT "B"

PERSONAL GUARANTY TO THE PORT OF KENNEWICK

TO GUARANTEE PERFORMANCE OF LEASE

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, as personal guarantor, is firmly bound unto the Port of Kennewick, a municipal corporation, in the sum of all monthly rent, plus leasehold tax, and any other assessments, charges and/or fees due as per Lease Agreement dated July 1, 2022.

The conditions of this obligation are as follows:

WHEREAS, Kathryn Marriott entered into a lease with the PORT OF KENNEWICK for land as described in Exhibit "A", located in Benton County, Washington, which Lease provides for the payment of monthly rent, leasehold tax, and other assessments, charges and/or fees; and

WHEREAS, the laws of the State of Washington require a bond to the Port District in accordance with the terms of RCW 53.08.085, for a minimum of one year's rent; and

WHEREAS, this guaranty incorporates the Lease hereinabove referred to;

NOW THEREFORE, the undersigned agrees that in place of such bond called for under RCW 53.08.085, he/she/they agree to be personally liable and guarantee the payment of all sums due from him/her/them to the Port of Kennewick.

DATED this 5th day of July, 2022.

GUARANTORS:


Kathryn Marriott (Jul 5, 2022 08:35 PDT)

Name: KATHRYN MARRIOTT

LEASE CANCELLATION AND TERMINATION AGREEMENT

This LEASE CANCELLATION AND TERMINATION AGREEMENT (this "Agreement") is entered into this _1st__ day of July, 2022 (the "Effective Date") by and between THE PORT OF KENNEWICK (as "Landlord"), a Washington municipal corporation, and RENEWAL BY ANDERSEN, a Washington corporation (as "Tenant"), who are collectively referred to herein as the "Parties."

RECITALS

WHEREAS, on or about January 1, 2021, the Parties entered into a 2-year lease (the "Lease") concerning the use of real property and improvements located at 1426 E. 3rd Ave, C101 & C102, Kennewick, WA 99336 (Development Building C Suite C101 & C102), and further amended the Lease on or about November 1, 2021 to include real property and improvements located at 1328 E. 3rd Ave, Bay 5, Kennewick (Development Building D) (collectively, the "Property"); and

WHEREAS, the Tenant is now desiring to lease additional space from Landlord, and the Parties desire to terminate the Lease, and its amendments, and place the Property and other premise leased by Tenant under one lease agreement, which shall be facilitated by using a separate and subsequent lease agreement; and

NOW THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Recitals Incorporated. The foregoing recitals are incorporated herein by reference into this Agreement as though set forth at length.
2. Lease Termination. The term of the Lease is modified hereby and shall expire upon the execution by the Parties, and the commencement of, a subsequent lease which incorporates and includes the Property (the "Termination Date"). Upon the execution and commencement of such a lease, the Parties agree that the terms and provisions of this Lease shall terminate.
3. Compliance with Obligations. Tenant shall be responsible for all obligations of Tenant under the Lease through and including the Termination Date, including, without limitation, Tenant's obligation to pay monthly rent, any applicable additional rent, utility charges and all other amounts and charges owing under the Lease.
4. Mutual Release. By this Agreement, effective on the Termination Date and so long as neither party shall be in default under its obligations hereunder, each party hereto releases the other party hereto from all claims, demands, damages, rights, liabilities, and causes of action of any nature whatsoever, whether at law or equity, known or unknown, suspected or unsuspected, which are related

or in any manner incidental to the Lease or the Premises and which first arise out of transactions and occurrences from and after the Termination Date. Each party waives and relinquishes any right or benefit which it has or may have under applicable law regarding waiver of unknown claims to the full extent that it may lawfully waive such rights and benefits. This Agreement shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any additional or different facts. Notwithstanding the foregoing to the contrary, this Mutual Release is not intended to release or offset actions by either party for claims arising as a result of (i) a breach of the Lease and occurring on or before the Termination Date, (ii) a breach of this Agreement, or (iii) transactions and occurrences on or before the Termination Date.

5. Consultation With Counsel. In executing this Agreement, each party hereto acknowledges that they have consulted with and received the advice of counsel and that the Parties have executed this Agreement after independent investigation and without fraud, duress, or undue influence.

7. Authority of Tenant. Tenant represents and warrants that (i) it is the owner and holder of the Tenant's interest in the Lease and that it has the power, right and authority to execute this Agreement and to carry out the intent hereof, (ii) the execution and delivery of this Agreement shall not violate any agreement, contract, security agreement, lease or indenture to which Tenant is a party or by which it is bound or requires the consent of any party to any of the foregoing and (iii) the Premises, including all improvements and betterments thereto, are unencumbered, free of any security interests, liens, chattel mortgages, leases, lease purchase agreements or any other security or financing devices and, all such installations have been fully paid for.

8. Attorney Fees. If any party initiates legal proceedings to enforce its rights under this Agreement, the substantially prevailing party shall be entitled to reimbursement of its reasonable attorney fees, costs, expenses and disbursements from the other party.

9. Final and Complete Expression. This Agreement is the final and complete expression of the Parties. This Agreement may not be modified, interpreted, amended, waived or revoked orally, but only by a writing signed by the Parties hereto.

10. Severability. If any provision in this Agreement is deemed invalid, then the remaining provisions thereof will continue in full force and effect and will be construed as if the invalid provision had not been a part of this Agreement.

11. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same document.


[Remainder of page left intentionally blank. Signature page to follow.]

Dated as of the Effective Date first written above.

PORT OF KENNEWICK

RENEWAL BY ANDERSEN OF WASHINGTON

By: _____
Tim Arntzen, Port CEO

By: 
Kathryn Marriott (Jul 5, 2022 08:35 PDT)
Kathryn Marriott, President

Reviewed:

By: _____
Nice Kooiker, Port CFO

Approved as to form:

By: _____
Taud Hume, Port Legal Counsel

WAIVED DUE TO COVID

STATE OF WASHINGTON

ss.

COUNTY OF _____

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of Port of Kennewick, a Washington municipal corporation, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2022.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing at _____

My appointment expires _____

STATE OF WASHINGTON

ss.

COUNTY OF BENTON

I certify that I know or have satisfactory evidence that Tim Arntzen is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Chief Executive Officer of Port of Kennewick, a municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2022.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington of _____,
residing at _____

My appointment expires _____

Maintenance Facility Study Report

Prepared for

Port of Kennewick
350 N. Clover Island Drive #200
Kennewick, WA 99336

By

Energy Northwest
345 Hills Street
Richland WA
Date: 06-16-2022

Port of Kennewick Assessment Report

Background

The Port of Kennewick (POK) was established in 1915. Over time, the Port has purchased property and constructed facilities to foster economic development throughout the Port district. Some of the facilities are used by the Port for offices and operations, others are leased out to businesses in various stages of growth. The facilities and main development areas that require close attention by the Facilities maintenance crew are Vista Field, Vista Field Development Facilities A & B, Clover Island, Columbia Gardens, Willows, Cable Greens, Oak Street Industrial Park and Plymouth Island which is close to the Oregon border.

Currently the maintenance department is working out of several buildings on different properties all owned by the Port of Kennewick. The five buildings are a shop, office building, the Development building #3 spaces 2 and 6, and the Butler building. The maintenance crew stores products and equipment in the outdoor laydown yard, located at the Oak Street Industrial Park in East Kennewick. The Port also has a temporary maintenance storage area housing mainly landscape related tools and equipment in an old building on Vista Field and near Vista Field Development Facilities (VFDF).

The maintenance department has three full time employees and is looking to hire one more full-time person. Year-round the Port contracts with the Department of Corrections and Coyote Ridge Correctional Institute to provide two, 5 to 7 person work crews about four times a week.

In the near future, the Port is looking to purchase additional tool trucks which will be used by the facility employees. At that time, the tool trucks will need to be stationed at the maintenance facility overnight to prevent vandalism as each truck will have its own truck mounted toolbox.

The goal of the POK is to combine the different storage and maintenance areas. This will help streamline the workflow process and make more efficient use of the facilities. The maintenance crew is also looking for a better solution to store and inventory materials and equipment.

Current Facilities

Shop Building:

The shop building is a single story, slab on grade, wood construction with plywood finish interior walls and metal siding exterior walls. The building is approximately 2,600 square feet (SF) and was constructed in 1980. There is a covered area on one side of the building used for storage of excess materials. The building



has two oversized swing doors through which larger equipment and materials are brought in. Currently one of the oversized doors is not functional. The interior main area is used for staging and repair of equipment and also woodworking. There are two separate rooms, one housing electrical and mechanical tools and replacement parts; the other has a small amount of chemical storage. The mezzanine above the electrical and mechanical tool storage is used to store outdoor patio and seasonal furnishings. There is an outdoor covered shed and carport. The covered shed is open and prone to illegal use. The building does not have a restroom, so the employees have to walk to the office building, which has one functioning restroom. The roof of the building is old and in need of constant repair and maintenance.

Office Building:

The office building is a single-story slab on grade metal building. The building is approximately 1,150 square feet in size. It has several smaller rooms, one restroom that is out of service, and one functional restroom. The interior walls are finished with gypsum wall board and wood cladding in places. The Port



stores paints and other materials that require storage at room temperature. This is the only building that is always heated or cooled.

Development Building 3 (DB-3) Spaces 2 and 6:

The DB-3 building is a single-story slab on grade building with metal siding. It has several bays divided by gypsum finished walls. Each bay is accessed by a man door and an overhead door. The Port uses two separate bays in this building, each is approximately 1,200 square feet. Space 2 houses small tools such as rakes, trimmers, ladders, and other tools used primarily for landscaping maintenance work.

Space 2 is also used by the Department of Correction (DOC) provided crew. It has a couple of tables and chairs for the crew leaders to dispatch instructions. On occasion the crew uses this area to have lunch. The Port leases two portable restrooms as the DOC crew requires separate restroom facilities from the ones the Port employees use. The DOC crew also requires a separate area where they can have lunch, conduct the morning briefing, and plan for the workday. Currently the crew loads up the tools for the day before dispatching to the work site.

Space 6 houses two trailers. One trailer carries a high-pressure washer and the other is for a riding lawn mower. These must be stored indoors to avoid damage and vandalism.



Butler Building:

The Butler facility is a slab on grade wood framed pole building built in 1978. It is a single story building approximately 1,944 square feet and sits on 1.58 acres. There is a small well house west of the existing storage building. The Butler building has no utilities with the exception of power. Due to the year, it was built, it is safe to assume that the building includes construction materials that contain hazardous



components. It is recommended that the Port orders a hazardous analysis report before any remodel or demolition is started. The building is not secure. Maintenance has been limited and the building would need quite a lot of work to bring it to a functional storage facility.

Outdoor Storage Yard:

The outdoor storage yard is approximately 7,000 square feet and houses three trailers and excess material that does not require protection from the weather. Currently the yard is fenced with a swing gate. Vehicles drive in and out through the single gate. The tools, equipment, or trailers are taken out for the day's tasks and brought back in by the end of the day. The shape of the area is not efficient for the use. It is difficult to drive in and maneuver around vehicles with trailers.

Vista Field Maintenance Satellite Shop:

The satellite maintenance shop is currently housed in an old existing metal building on Vista Field. The metal building was previously used as an airplane storage hangar. This building is scheduled to be demolished and is a temporary solution for satellite maintenance storage. The usage is primarily for storage of landscape tools, chemicals to maintain the manmade stream on the property, a small amount of fertilizer, and weed control chemicals.



The main activities out of this satellite shop are maintaining the Vista Field landscaping and a manmade stream which requires extra attention during spring and summer. As the Vista Field redevelopment project opens to the public there will be more demand for maintenance including snow removal during winter months. Once the Port transitions this property to the private sector, the maintenance facility and work would be transferred from the Port to a future property management entity. Even though the Port will not need the satellite maintenance shop in the future, the new property management company would require one. Therefore, investing in a permanent satellite facility could be attractive when transferring the Port's Vista Field maintenance responsibilities to the private sector.

Summary of Existing Facilities

Current Facilities	Square Footage
Lot Size	183,387.00
Office	1,152.00
Shop	2,268.00
DB-3 2&6 (1200 SF each)	2,400.00
Butler	1,944.00
Total Interior SF	7,764.00
Storage yard	7,000.00

Note: The Vista Field satellite shop square footage (not known) is not included above.

Current Challenges

Main Maintenance Facility:

- This primary maintenance shop is prone to break-ins and vandalism due to location. Better visibility would help alleviate this issue.
- The storage area is not large enough, so other facilities house stored supplies. Better storage inventory and shelving organization is desired.
- The shop has several leaks and requires constant repair. It is of an older construction so hazardous construction material analysis and perhaps abatement would be required before any modification occurs.
- Maintenance facility, office and storage areas are too spread-out causing inefficiencies.
- Additional workbenches are needed. The Port will build additional benches.
- Lack of utilities/restrooms. They are in the office building nearby.
- Chemical storage ventilation needs to be improved, also vehicle ventilation needs to be added.
- Current drive through: one door is broken and hard to repair. An automatic rollup door is desired.
- Disconnected from office area. An office and a couple of workstations are needed. Currently employees work out of trucks.
- Department of Corrections work crews require separated areas and their own restroom accommodations. There is no room for this at the facility, so they are located away in another building.
- Washington State Energy Codes often require cost prohibitive requirements on building remodels, which makes building a new facility more attractive.

Satellite Facility:

- The temporary facility is scheduled for demolition. A more permanent structure is desired.
- There are no utilities.
- Room is needed for the small bobcat tractor or gator tractor, small tools, equipment, and chemical storage.

Site and Facility Needs and Solutions

Location: There are a couple options for improving the maintenance facility operations. Expand existing facility or build a new facility on one of the Port's available sites.

Existing Facility Expansion:

Expanding the existing facility would require upgrading utilities in the existing shop and bringing in new potable water and sewer lines to service new restrooms. Expanding the shop would allow for additional vehicle/trailer storage, additional storage room, and a restroom. Structural analysis of the existing building and potential for the expansion would first be required. It would also require mechanical and electrical systems to be upgraded. The building has extensive water damage which could potentially require full replacement of some of the structural members. The size of the remodel would require full building code and energy code upgrades, which can be quite costly. The existing office would also require an extensive remodel. One of the potential uses could be for the correctional crew to be stationed here. The office to be used as an office is too large as the Port maintenance staff only requires one office and a couple of shared workstations.

New Facility:

The Port has a property located on South Oak Street, referred to internally as the Butler property, which is a good candidate for the new maintenance shop. This location has utilities under the street including city water, power, and sewer. Potable well water and power are located on the lot. The lot is approximately 68,824 square feet in size. The lot is adjacent to a main street which provides good visibility that will potentially alleviate vandalism and theft. There is an existing pole building on the lot approximately 1944 square feet in size and described above as Butler building. This building can remain or be demolished. The final design of the new facility and its orientation might further determine the intention of this building. The advantage of demolishing the building would be a better use of the lot and new building orientation as well as more options for site circulation.

Main Maintenance Facility requirements specifications:

- Civil
 - Potable well water, and power lines, both currently on site.
 - Connections from street: city water and sanitary sewer. Storm drainage on site.
 - Parking, outdoor concrete or asphalt paved wash/maintenance vehicle pad.
 - Minor site clearing and grading, site is fairly level.
 - Paving for handicap access parking and front parking, gravel roads are sufficient, irrigation and minor landscaping.
 - Chain link fences and gates.
- Architectural
 - Life and safety analysis, building code compliance, energy code compliance.
 - Cold formed metal framing, hollow metal doors and frames, door hardware, anodized aluminum windows, overhead automatic coiling doors, hardware, thermal and moisture protection, joint sealants, metal wall and roof panels, glazing.
 - Further design and code analysis might require addition fire protection.
 - Non-structural metal framing, gypsum wall boards, acoustical ceiling panels.

- Finishes, work benches, shelving, metal lockers, special equipment, restroom accessories.
- Structural
 - Foundation, concrete slab on grade, structural steel and pre-engineered metal building system.
- Mechanical
 - Plumbing, plumbing insulations, fire suppression as required per building and local codes, piping, plumbing fixtures.
 - Heating and ventilation, HVAC equipment, ductwork, testing and balancing, ductwork insulation, energy management and digital controls.
- Electrical
 - Basic requirements for electrical, telecommunication, safety, security, and other information technologies.
 - Switchboards, panels, power distribution, switches, circuit breakers, lighting, specialty power requirements.
 - Smoke detection.
- Postconstruction Needs
 - Furnishing, tools and equipment.
- Operational Needs
 - Inventory system, operational procedures and streamlining the operations

Refer to the attached room/area data sheets highlighting further needs and requirements to design such places.

Room or Area Name	~Width FT	~Length FT	Area SF
Indoor parking (4 stalls) vehicle maint. area	23	60	1380
Indoor drive through trailer parking	30	60	1800
Wood/Maintenance shop (3 benches)	53	30	1590
Staging area access to main maint.	14	24	336
Paint storage	14	16	224
Plumbing and Elec parts room	12	24	288
Chemical storage	8	16	128
Breakout area workstations	16	22	352
Office	13	10	130
Restrooms	8	16	128
Mechanical/Elec room	8	22	176
CO Breakout room	16	16	256
CO Small tool storage	13	14	182

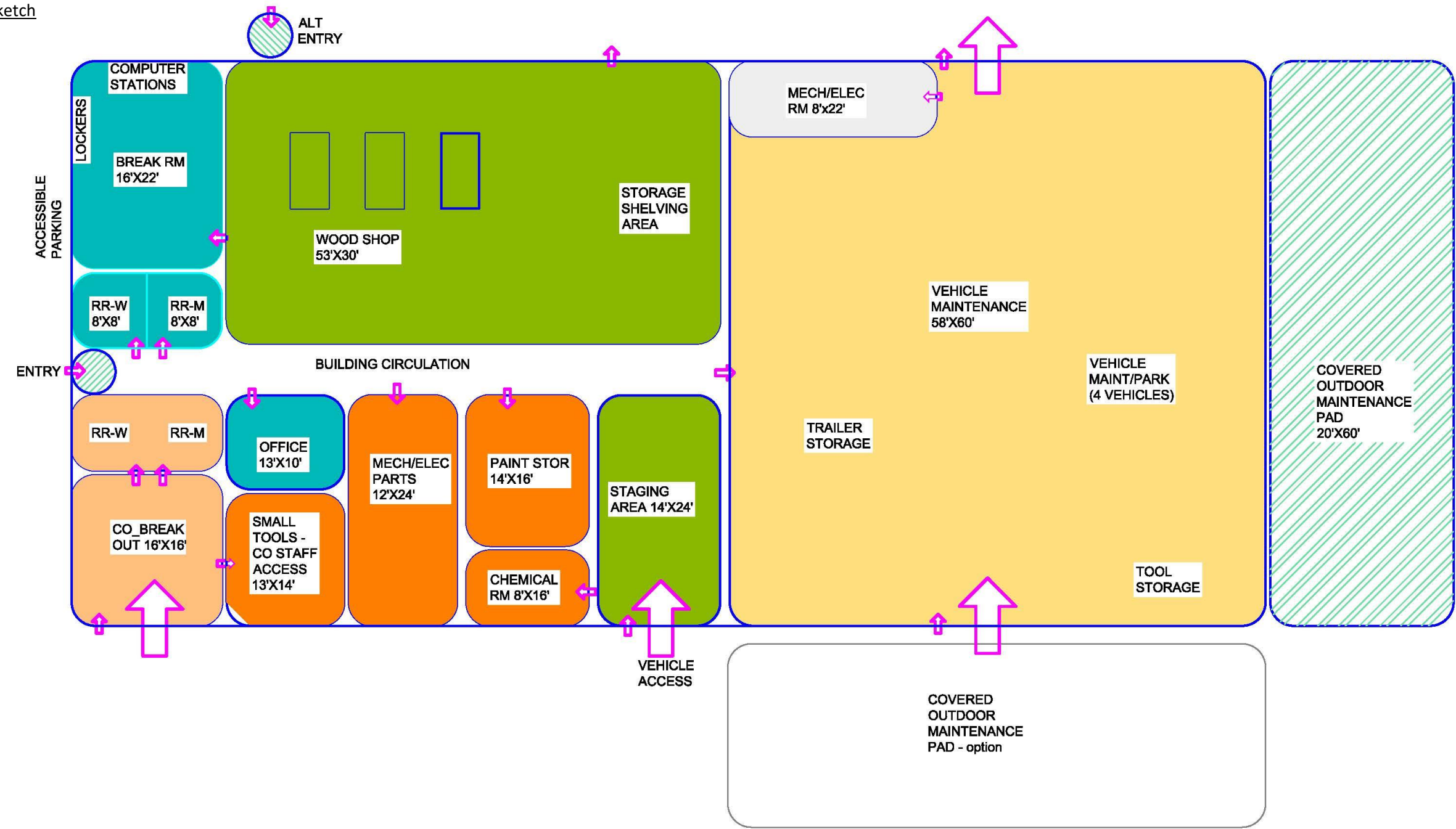
CO Restrooms	8	16	128
SUB TOTAL			6532
Circulation <10%			65.32
TOTAL			6597
COVERED PATIO	20	60	1200
EXTERIOR_INTERIOR TOTAL			7797
Storage Yard			4000

Satellite Facility:

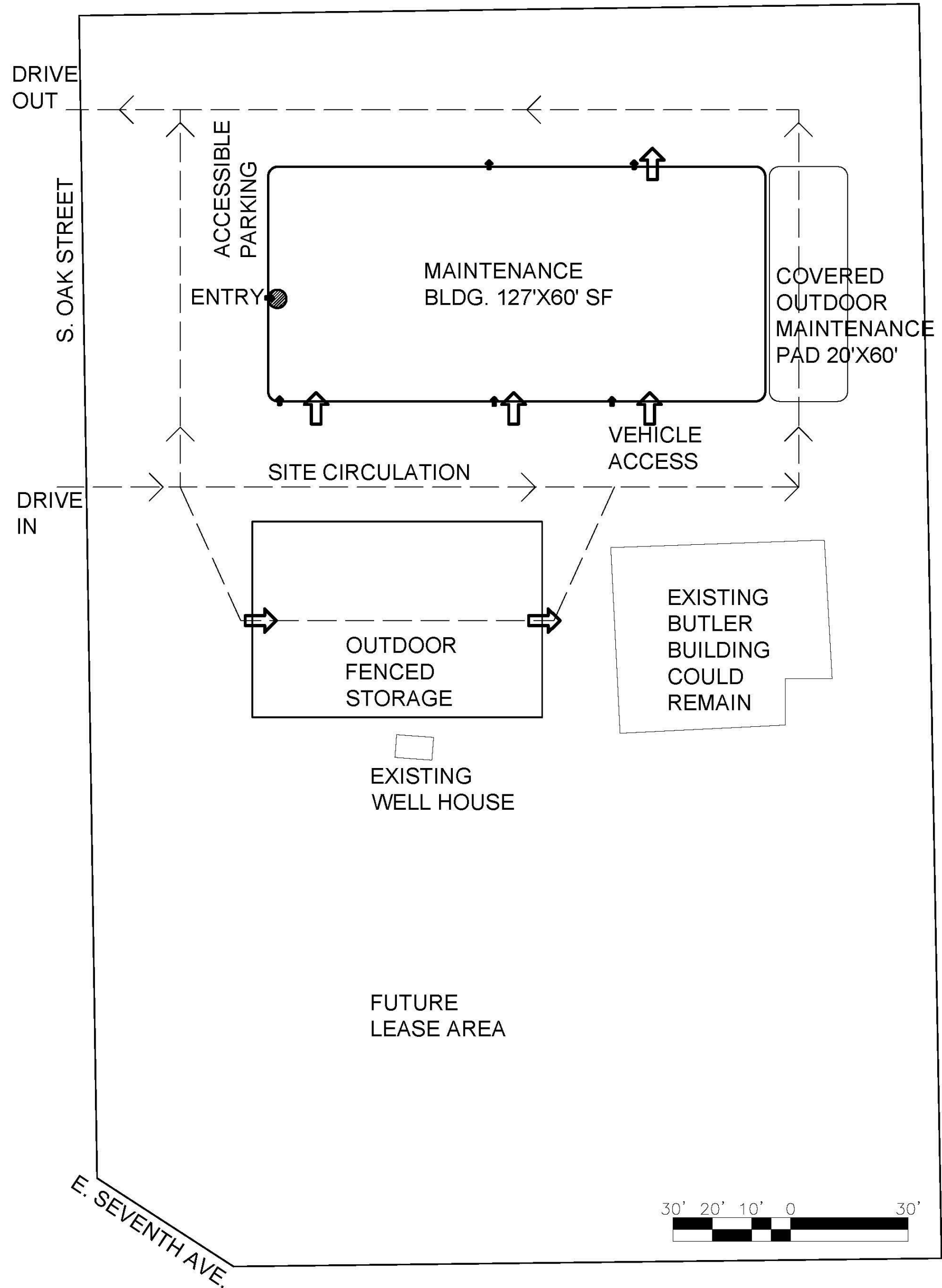
It was noted by Port staff that the satellite maintenance storage area attached to a public restroom facility located at the Clover Island Launch is a good example and would be a good model for the satellite maintenance shop at Vista Field. The existing maintenance storage area at Clover Island is 55 square feet in size. The new storage room size at Vista Field would need to be double in size and accommodate storage of a small gator vehicle. The satellite storage area is too small to be a single use building and the cost per square foot ratio of construction would not be as efficient as attaching this room to a larger building. Vista Field has parks and other public area planned and it would be feasible that the satellite maintenance shop be attached to public restroom facility. This building would only require minimum heating, water, and power. It could be constructed as slab on grade, concrete masonry building with pre-engineered wood trusses and metal roof. The recommended size for the shop would be approximately 20'x12' and two restrooms at 20'x10'. The storage would include combination man door and overhead door.

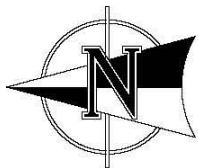
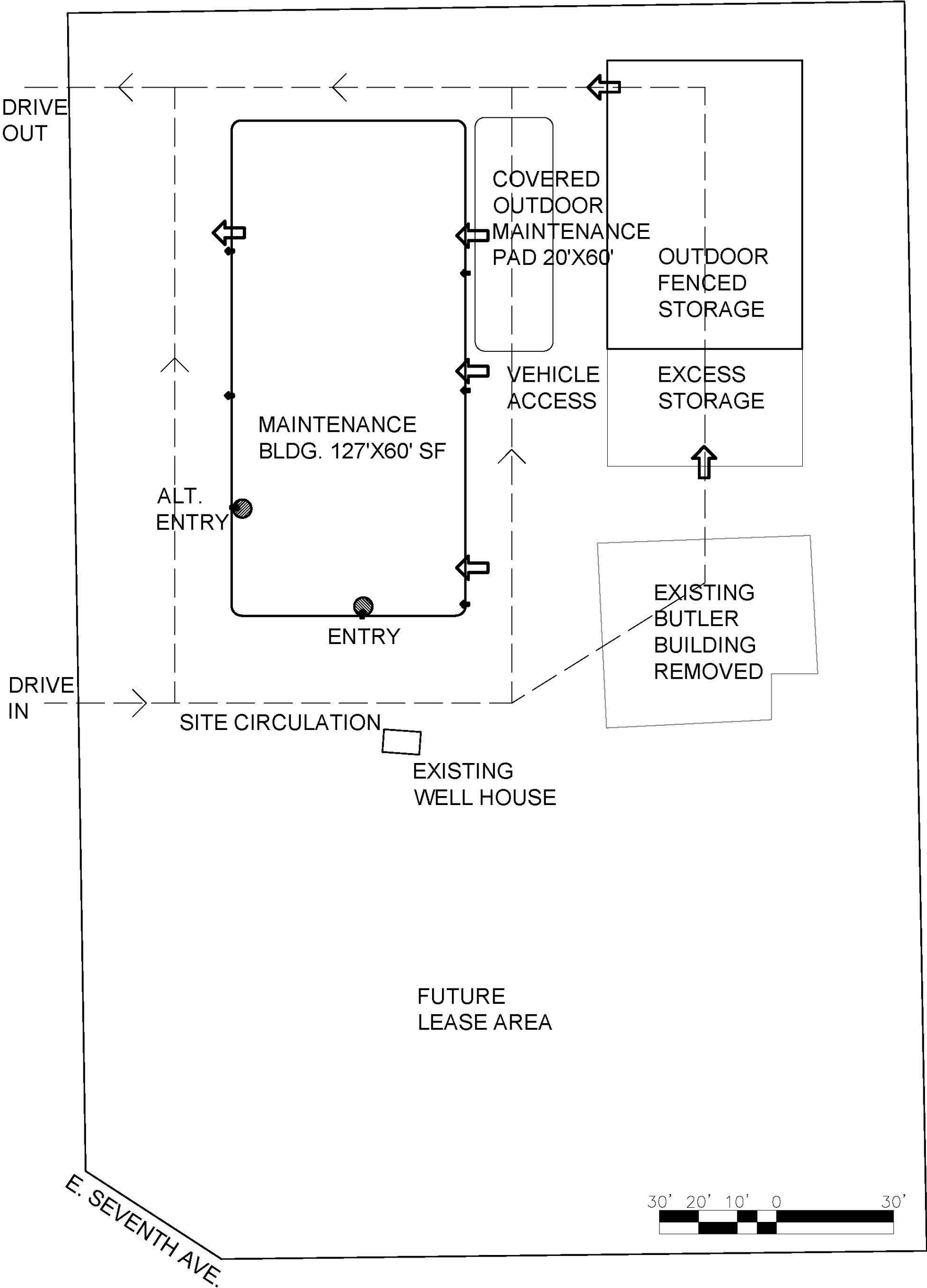
POK Maintenance Department Operation Impact

Building a new facility will have the least impact or disruption to current operations as the relocation would only be a onetime move. The advantage of a new facility would be consolidation of various facilities into one comprehensive location. The consolidation and better arrangement of the individual spaces would greatly improve the Port's facilities maintenance operations and staff management. It will also resolve in lower square footage occupied by the Port's maintenance due to more efficient space organization.



1 SCHEMATIC PLAN
SCALE : 3/32"=1'-0"





3

SITE PLAN- OPTION 2

SCALE : GRAPHIC

Preliminary Estimate

The below estimate does not include costs associated with the currently occupied facility. These costs will depend on the path forward which could be a remodel of the facilities or demolition. Demolition could allow for expansion of the storage yards associated with the DB-3 building relocated to the site separate storage facility or yard.

Please note that the below budgetary costs are based on this year's prices. Current Inflation sits around 8%. The future value will have to account for adjustment pending in which year the facility will be constructed. It was an industry standard to use 3% increase per year, but we would recommend that the Port plans on higher percentage pending the overall construction industry health, stability, and supply chain issues.

The below is an estimated construction cost without Washington State sales tax, which would need to be applied to the final construction cost of the project.

Construction cost

General Requirements	\$93,568	6.00%
Concrete	\$77,973	4.00%
Metals	\$370,373	19.00%
Wood and Plastics	\$38,987	2.00%
Thermal and Moisture Protection	\$155,946	8.00%
Doors and Windows	\$116,960	6.00%
Finishes	\$58,480	3.00%
Specialties	\$9,747	0.50%
Equipment	\$9,747	0.50%
Furnishings	\$9,747	0.50%
Plumbing	\$77,973	4.00%
Heating Ventilating Air Conditioning	\$272,906	14.00%
Electrical	\$233,920	12.00%
Fire Protection	\$29,240	1.50%
Communication	\$19,493	1.00%
Earthwork	\$155,946	8.00%
Exterior Improvements	\$97,467	5.00%
Utilities	\$97,467	5.00%
Subtotal Main Facility	\$1,925,938	100.00%
Overhead & Fees	\$192,594	10.00%
Expenses	\$5,614	6.00%
Subtotal	\$198,208	
TOTAL MAIN CONSTRUCTION	\$2,124,146	
Satellite Shop 20x12	\$48,000	
Satellite Shop Restrooms (2)20x10	\$80,000	
TOTAL SATELLITE	\$128,000	
Contingency 20%	\$450,429	
BUDGET TOTAL CONSTRUCTION	\$2,702,575	

ATTACHMENT A – ROOM DATA SHEETS

Indoor Parking and Vehicle Maintenance

Room Name

Drive through

Room Adjacency

58ft x 60ft

Preferred size if known

Department

Number of Occupants

Contact

Visitors (1 once a day)

Room Function: Indoor parking for 3-4 tool trucks, store 2-3 trailers, drive in and drive out of 2 overhead roll up doors. Diagonal parking for truck and trailers one way drive through. Above SF includes all three areas.

Architectural

Flooring

Sealer ☒
Sheet Vinyl ☐
Vinyl Tile ☐
Carpet ☐

Other _____

Wall

General ☐
Ballistic ☐
Visual connection ☐
Tackable ☐

Other _____

Ceiling

Hard Surface ☐
Acoustical tile ☐
Open ☐
Required height _____

Other _____

Doors

Solid ☐
Full Glass ☐
Half Glass ☐
Narrow Lite ☐

Other: Overhead doors _____

Mechanical

HVAC

Cooling ☐
Humidity control ☐
Negative pressure ☐
Positive pressure ☐
Minimal heat, ventilations

Plumbing

Sink ☐
Water Cooler ☐
Emergency Shower ☒
Instant Hot Water ☐
Other _____

Plumbing

Floor drain ☒
Backflow prevention ☐
Hose bib ☒

Other _____

Fire Protection

Wet System ☐
Dry System ☐
CO2/Halon ☐

Other _____

Electrical

Power

Voltage 110/220 ☐
Back-up Generator ☐
UPS ☐
Power for overhead door

Lighting

Occupancy sensor ☐
Task ☐
Dim Switch ☐
Lighting zones ☐
Other: Standard switching

Security

Card Reader Access ☐
Key pad Access ☐
Door Lock ☒
Door Alarm ☐

Other _____

General

Teleconferencing ☐
Clocks ☐
Projector ☐
TV ☐

Other _____

Environmental

Structural

Special floor load ☒
Equipment support ☐
Vibration Sensitivity ☐
Other: Vehicle traffic

General

Noise Sensitive Equip ☐
Sound privacy ☐
Visual privacy ☐
Visual Connection ☐

Other _____

General

No natural light ☐
Desired Natural Light ☐
Air contamination ☐

Other _____

Other

Other _____

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec	Own/purchase
Flammable storage cabinet		1					

Comments Eye wash as required by code

Main Maintenance Shop & Staging area

Room Name	Department	Contact
Parts storage	3-6	
Room Adjacency	Number of Occupants	Visitors (1 once a day)
53'x30' & 14'x24'		

Room Function: Main repair and maintenance activity, connect to vehicle maintenance and other parts storage rooms

Architectural

Flooring	Wall	Ceiling	Doors
Sealer <input checked="" type="checkbox"/> Sheet Vinyl <input type="checkbox"/> Vinyl Tile <input type="checkbox"/> Carpet <input type="checkbox"/> Other: _____	General <input type="checkbox"/> Ballistic <input type="checkbox"/> Visual connection <input type="checkbox"/> Tackable <input type="checkbox"/> Hard surface wainscot	Hard Surface <input type="checkbox"/> Acoustical tile <input type="checkbox"/> Open <input checked="" type="checkbox"/> Required height _____ Other: _____	Solid <input type="checkbox"/> Full Glass <input type="checkbox"/> Half Glass <input type="checkbox"/> Narrow Lite <input type="checkbox"/> Other: _____

Mechanical

HVAC	Plumbing	Plumbing	Fire Protection
Cooling <input checked="" type="checkbox"/> Humidity control <input type="checkbox"/> Negative pressure <input type="checkbox"/> Positive pressure <input type="checkbox"/> Other: Heat	Sink <input checked="" type="checkbox"/> Water Cooler <input type="checkbox"/> Emergency Shower <input type="checkbox"/> Instant Hot Water <input type="checkbox"/> Other: hand wash	Floor drain <input type="checkbox"/> Backflow prevention <input type="checkbox"/> Hose bib <input type="checkbox"/> Other: _____	Wet System <input type="checkbox"/> Dry System <input type="checkbox"/> CO2/Halon <input type="checkbox"/> Other: _____

Electrical

Power	Lighting	Security	General
Voltage _____ <input type="checkbox"/> Back-up Generator <input type="checkbox"/> UPS <input type="checkbox"/> Other: Specialty outlet__	Occupancy sensor <input type="checkbox"/> Task <input type="checkbox"/> Dim Switch <input type="checkbox"/> Lighting zones <input type="checkbox"/> Other: general switching	Card Reader Access <input type="checkbox"/> Key pad Access <input type="checkbox"/> Door Lock <input type="checkbox"/> Door Alarm <input type="checkbox"/> Other: _____	Teleconferencing <input type="checkbox"/> Clocks <input type="checkbox"/> Projector <input type="checkbox"/> TV <input type="checkbox"/> Other: _____

Environmental

Structural	General	General	Other
Special floor load _____ <input type="checkbox"/> Equipment support <input type="checkbox"/> Vibration Sensitivity <input type="checkbox"/> Other: vehicle access__	Noise Sensitive Equip <input type="checkbox"/> Sound privacy <input type="checkbox"/> Visual privacy <input type="checkbox"/> Visual Connection <input type="checkbox"/> Other: _____	No natural light <input type="checkbox"/> Desired Natural Light <input type="checkbox"/> Air contamination <input type="checkbox"/> Other: _____	_____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> Other: _____

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec	Own/purchase
Work bench		3-4	4'	8'	3'		
Storage shelving		12	5'-6'	2'			
Wall hooks						For small tools	
Lockable cabinet		2-3					

Comments: Work benches to be movable with lockable wheels, power for small tools. Vehicle access is for load/unload only.

Paint Storage

Room Name

Department

Contact

Room Adjacency

14 ft x 16 ft

Preferred size if known

Number of Occupants

Visitors (1 once a day)

Room Function: This room needs to be tempered all year, Storage of excess paint and paint tools.

Architectural

Flooring

Sealer ☒
Sheet Vinyl ☐
Vinyl Tile ☐
Carpet ☐

Other _____

Wall

General ☐
Ballistic ☐
Visual connection ☐
Tackable ☐

Other _____

Ceiling

Hard Surface ☐
Acoustical tile ☐
Open ☐
Required height _____

Other _____

Doors

Solid ☐
Full Glass ☐
Half Glass ☐
Narrow Lite ☐

Other _____

Mechanical

HVAC

Cooling ☒
Humidity control ☐
Negative pressure ☐
Positive pressure ☐

Other: Heat and ventilation

Plumbing

Sink ☐
Water Cooler ☐
Emergency Shower ☐
Instant Hot Water ☐

Other _____

Plumbing

Floor drain ☐
Backflow prevention ☐
Hose bib ☐

Other _____

Fire Protection

Wet System ☐
Dry System ☐
CO2/Halon ☐

Other _____

Electrical

Power

Voltage 110 ☒
Back-up Generator ☐
UPS ☐

Other: Standard power _____

Lighting

Occupancy sensor ☐
Task ☐
Dim Switch ☐
Lighting zones ☐

Other: Standard switching

Security

Card Reader Access ☐
Key pad Access ☐
Door Lock ☐
Door Alarm ☐

Other _____

General

Teleconferencing ☐
Clocks ☐
Projector ☐
TV ☐

Other _____

Environmental

Structural

Special floor load ☐
Equipment support ☐
Vibration Sensitivity ☐

Other _____

General

Noise Sensitive Equip ☐
Sound privacy ☐
Visual privacy ☐
Visual Connection ☐

Other _____

General

No natural light ☐
Desired Natural Light ☐
Air contamination ☐

Other _____

Other

Other _____

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec	Own/purchase
Heavy duty shelving		6	5'-6'	1.5'			

Comments: Paint containers ranging from 1 to 5 gallons.

Electrical and Plumbing Storage

Room Name

Wood Maint Shop

Room Adjacency

12 ft x 24ft

Preferred size if known

Department

Number of Occupants

Contact

Visitors (1 once a day)

Room Function: **Most repairs and maintenance work happen in this room.**

Architectural

Flooring

Sealer ☒
Sheet Vinyl ☐
Vinyl Tile ☐
Carpet ☐

Other _____

Wall

General ☐
Ballistic ☐
Visual connection ☐
Tackable ☐

Other _____

Ceiling

Hard Surface ☐
Acoustical tile ☐
Open ☐
Required height _____

Other _____

Doors

Solid ☐
Full Glass ☐
Half Glass ☐
Narrow Lite ☐

Other: Storage lockset

Mechanical

HVAC

Cooling ☒
Humidity control ☐
Negative pressure ☐
Positive pressure ☐

Other: Heat _____

Plumbing

Sink ☐
Water Cooler ☐
Emergency Shower ☐
Instant Hot Water ☐

Other _____

Plumbing

Floor drain ☐
Backflow prevention ☐
Hose bib ☐

Other _____

Fire Protection

Wet System ☐
Dry System ☐
CO2/Halon ☐

Other _____

Electrical

Power

Voltage _____ ☐
Back-up Generator ☐
UPS ☐

Other: Standard power _____

Lighting

Occupancy sensor ☒
Task ☐
Dim Switch ☐
Lighting zones ☐

Other: Standard switching _____

Security

Card Reader Access ☐
Key pad Access ☐
Door Lock ☐
Door Alarm ☐

Other: Storage lockset _____

General

Teleconferencing ☐
Clocks ☐
Projector ☐
TV ☐

Other _____

Environmental

Structural

Special floor load _____ ☐
Equipment support ☐
Vibration Sensitivity ☐

Other _____

General

Noise Sensitive Equip ☐
Sound privacy ☐
Visual privacy ☐
Visual Connection ☐

Other _____

General

No natural light ☐
Desired Natural Light ☐
Air contamination ☐

Other _____

Other

Other _____

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec	Own/purchase
Shelving		10-12	5'-6'	2'			

Comments

Commercial grade shelving

Chemical Storage

Room Name

Department

Contact

Room Adjacency

8 ft x 16ft area
Preferred size if known

Number of Occupants

Visitors (1 once a day)

Room Function: Enclosed shelving, designated area, or storage cabinets. Small amount of chemicals, can be located anywhere

Architectural

Flooring

Sealer ☒
Sheet Vinyl ☐
Vinyl Tile ☐
Carpet ☐

Other _____

Wall

General ☐
Ballistic ☐
Visual connection ☐
Tackable ☐

Other _____

Ceiling

Hard Surface ☐
Acoustical tile ☐
Open ☐
Required height _____

Other _____

Doors

Solid ☒
Full Glass ☐
Half Glass ☐
Narrow Lite ☐

Other _____

Mechanical

HVAC

Cooling ☐
Humidity control ☐
Negative pressure ☐
Positive pressure ☐

Other: good airflow _____

Plumbing

Sink ☐
Water Cooler ☐
Emergency Shower ☐
Instant Hot Water ☐

Other _____

Plumbing

Floor drain ☐
Backflow prevention ☐
Hose bib ☐

Other _____

Fire Protection

Wet System ☐
Dry System ☐
CO2/Halon ☐

Other _____

Electrical

Power

Voltage _____ ☐
Back-up Generator ☐
UPS ☐
_____ ☐

Other _____

Lighting

Occupancy sensor ☐
Task ☐
Dim Switch ☐
Lighting zones ☐

Other _____

Security

Card Reader Access ☐
Key pad Access ☐
Door Lock ☐
Door Alarm ☐

Other _____

General

Teleconferencing ☐
Clocks ☐
Projector ☐
TV ☐

Other _____

Environmental

Structural

Special floor load _____ ☐
Equipment support ☐
Vibration Sensitivity ☐
_____ ☐

Other _____

General

Noise Sensitive Equip ☐
Sound privacy ☐
Visual privacy ☐
Visual Connection ☐

Other _____

General

No natural light ☐
Desired Natural Light ☐
Air contamination ☒

Other _____

Other

_____ ☐
_____ ☐
_____ ☐
_____ ☐

Other _____

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec	Own/purchase
Storage cabinet		2-3					

Comments: Storage of small amounts of chemicals, not likely to be designated as hazardous occupancy

Breakout Room – POK staff

Room Name

Department

Contact

Room Adjacency

16 ft x 22 ft

Preferred size if known

Number of Occupants

Visitors (1 once a day)

Room Function: **Standard break room function, day briefing for staff, seasonal clothing. Two workstations (3 ft long each) with computer access.**

Architectural

Flooring

Sealer ☐
Sheet Vinyl ☒
Vinyl Tile ☐
Carpet ☐

Other _____

Wall

General ☒
Ballistic ☐
Visual connection ☐
Tackable ☐

Other _____

Ceiling

Hard Surface ☐
Acoustical tile ☐
Open ☐
Required height _____

Other _____

Doors

Solid ☐
Full Glass ☐
Half Glass ☒
Narrow Lite ☐

Other _____

Mechanical

HVAC

Cooling ☒
Humidity control ☐
Negative pressure ☐
Positive pressure ☐

Other Heat _____

Plumbing

Sink ☒
Water Cooler ☐
Emergency Shower ☐
Instant Hot Water ☐

Other _____

Plumbing

Floor drain ☐
Backflow prevention ☐
Hose bib ☐

Other _____

Fire Protection

Wet System ☐
Dry System ☐
CO2/Halon ☐

Other _____

Electrical

Power

Voltage _____ ☐
Back-up Generator ☐
UPS ☐
_____ ☐

Other: standard power

Lighting

Occupancy sensor ☒
Task ☐
Dim Switch ☐
Lighting zones ☐

Other _____

Security

Card Reader Access ☐
Key pad Access ☐
Door Lock ☐
Door Alarm ☐

Other _____

General

Teleconferencing ☐
Clocks ☐
Projector ☐
TV ☐

Other _____

Environmental

Structural

Special floor load _____ ☐
Equipment support ☐
Vibration Sensitivity ☐
_____ ☐

Other _____

General

Noise Sensitive Equip ☐
Sound privacy ☐
Visual privacy ☐
Visual Connection ☐

Other _____

General

No natural light ☐
Desired Natural Light ☐
Air contamination ☐

Other _____

Other

_____ ☐
_____ ☐
_____ ☐
_____ ☐

Other _____

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec	Own/purchase
Round tables		2					
Lockers for staff		6					
Coat hooks		12					
Fridge		1					
Sink and casework			10'				

Comments

Preferred that the space over offices and break room becomes mezzanine for seasonal longer-term storage

FINAL DRAFT

Office

Room Name

Department

Contact

Room Adjacency

10 ft x 12 ft

Preferred size if known

Number of Occupants

Visitors (1 once a day)

Room Function: Private conversation, office can be used by others.

Architectural

Flooring

Sealer ☐
Sheet Vinyl ☐
Vinyl Tile ☐
Carpet ☒

Other _____

Wall

General ☐
Ballistic ☐
Visual connection ☐
Tackable ☐

Other _____

Ceiling

Hard Surface ☐
Acoustical tile ☐
Open ☐
Required height _____

Other _____

Doors

Solid ☐
Full Glass ☐
Half Glass ☐
Narrow Lite ☐

Other _____

Mechanical

HVAC

Cooling ☒
Humidity control ☐
Negative pressure ☐
Positive pressure ☐

Other: Heat _____

Plumbing

Sink ☐
Water Cooler ☐
Emergency Shower ☐
Instant Hot Water ☐

Other _____

Plumbing

Floor drain ☐
Backflow prevention ☐
Hose bib ☐

Other _____

Fire Protection

Wet System ☐
Dry System ☐
CO2/Halon ☐

Other _____

Electrical

Power

Voltage _____ ☐
Back-up Generator ☐
UPS ☐
_____ ☐

Other: Standard power

Lighting

Occupancy sensor ☒
Task ☐
Dim Switch ☐
Lighting zones ☐

Other: _____

Security

Card Reader Access ☐
Key pad Access ☐
Door Lock ☒
Door Alarm ☐

Other _____

General

Teleconferencing ☐
Clocks ☐
Projector ☐
TV ☐

Other: Data/Wi-Fi

Environmental

Structural

Special floor load _____ ☐
Equipment support ☐
Vibration Sensitivity ☐
_____ ☐

Other _____

General

Noise Sensitive Equip ☐
Sound privacy ☒
Visual privacy ☐
Visual Connection ☐

Other _____

General

No natural light ☐
Desired Natural Light ☐
Air contamination ☐

Other _____

Other

_____ ☐
_____ ☐
_____ ☐
_____ ☐

Other _____

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec requirements	Own/purchase
Desk		1					
Bookshelf		1					
Guest chair		2					

Comments

Basic office furniture

Restroom

Room Name

Department

Contact

Room Adjacency

8ft x 8ft

Preferred size if known

Number of Occupants

Visitors (1 once a day)

Room Function:

4 separate restrooms, 2 accessed from Correctional breakout area and the other two serving POK maintenance crew and accessed from the main shop area.

Architectural

Flooring

Sealer ☐
Sheet Vinyl ☒
Vinyl Tile ☐
Carpet ☐

Other _____

Wall

General ☐
Ballistic ☐
Visual connection ☐
Tackable ☐

Other: washable wainscott

Ceiling

Hard Surface ☒
Acoustical tile ☐
Open ☐
Required height _____

Other _____

Doors

Solid ☒
Full Glass ☐
Half Glass ☐
Narrow Lite ☐

Other _____

Mechanical

HVAC

Cooling ☐
Humidity control ☐
Negative pressure ☐
Positive pressure ☐

Other: ventilation

Plumbing

Sink ☒
Water Cooler ☐
Emergency Shower ☐
Instant Hot Water ☐

Other: Toilet, Urinal

Plumbing

Floor drain ☒
Backflow prevention ☐
Hose bib ☐

Other _____

Fire Protection

Wet System ☐
Dry System ☐
CO2/Halon ☐

Other _____

Electrical

Power

Voltage _____ ☐
Back-up Generator ☐
UPS ☐
_____ ☐

Other: Standard _____

Lighting

Occupancy sensor ☐
Task ☐
Dim Switch ☐
Lighting zones ☐

Other: Standard _____

Security

Card Reader Access ☐
Key pad Access ☐
Door Lock ☐
Door Alarm ☐

Other _____

General

Teleconferencing ☐
Clocks ☐
Projector ☐
TV ☐

Other _____

Environmental

Structural

Special floor load _____ ☐
Equipment support ☐
Vibration Sensitivity ☐
_____ ☐

Other _____

General

Noise Sensitive Equip ☐
Sound privacy ☐
Visual privacy ☐
Visual Connection ☐

Other _____

General

No natural light ☐
Desired Natural Light ☐
Air contamination ☐

Other _____

Other

_____ ☐
_____ ☐
_____ ☐
_____ ☐

Other _____

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec	Own/purchase

Comments

Built-in cabinet for supplies

CO Break Room, Storage & Restrooms

Room Name

Correctional Office

(CO)

Contact

CO restroom

See below

Department

3-18

Room Adjacency

Preferred size if known

Number of Occupants

Visitors (1 once a day)

Room Function: 16'x16' CO break room, 13'x14' CO small tool storage and (2) 8'x8' restrooms. CO break room needs separate entrance, adjacent to CO restrooms and small tool storage. Workday briefing, hand wash area. Mainly for those performing landscape type work.

Architectural**Flooring**

Sealer ☒
 Sheet Vinyl ☒
 Vinyl Tile ☐
 Carpet ☐

Other: vinyl in restroom

Wall

General ☒
 Ballistic ☐
 Visual connection ☐
 Tackable ☐
 Hard surface wainscot

Ceiling

Hard Surface ☒
 Acoustical tile ☐
 Open ☐
 Required height ☐
 Other

Doors

Solid ☒
 Full Glass ☐
 Half Glass ☐
 Narrow Lite ☐
 Other: Overhead door

Mechanical**HVAC**

Cooling ☒
 Humidity control ☐
 Negative pressure ☐
 Positive pressure ☐

Other: Heat

Plumbing

Sink ☒
 Water Cooler ☐
 Emergency Shower ☐
 Instant Hot Water ☐

Other

Plumbing

Floor drain ☐
 Backflow prevention ☐
 Hose bib ☐

Other: HB outside

Fire Protection

Wet System ☐
 Dry System ☐
 CO2/Halon ☐

Other

Electrical**Power**

Voltage ☐
 Back-up Generator ☐
 UPS ☐
 Other: standard power

Lighting

Occupancy sensor ☐
 Task ☐
 Dim Switch ☐
 Lighting zones ☐

Other: Standard switching

Security

Card Reader Access ☐
 Key pad Access ☐
 Door Lock ☒
 Door Alarm ☐

Other

General

Teleconferencing ☐
 Clocks ☐
 Projector ☐
 TV ☐

Other

Environmental**Structural**

Special floor load ☐
 Equipment support ☐
 Vibration Sensitivity ☐
 Other

Other

General

Noise Sensitive Equip ☐
 Sound privacy ☐
 Visual privacy ☐
 Visual Connection ☐

Other

General

No natural light ☐
 Desired Natural Light ☐
 Air contamination ☐

Other

Other

☐
☐
☐
☐

Other

Equipment/Furniture

Description	Material	Quantity	Length	Width	Height	Comments/mech/elec	Own/purchase
Round tables		2				Hold 6-8 person each	
Sink casework			6'-8'				
Coat hooks		18					
Stackable chairs		18					

Comments: Tools to be in locked fenced area or separate room, 2 single restrooms accessed from breakout area. These 4 rooms are separated from main building by a separate entrance

FINAL DRAFT