



REGULAR COMMISSION MEETING
Tuesday, January 23, 2024, at 9:00 am
338 W. First St, Port Angeles, WA 98363
AGENDA

The Regular Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit <https://portofpa.com/about-us/agenda-center/>

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE

II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES)

III. APPROVAL OF AGENDA

IV. WORK SESSION

- A. ILWU Local 27A Collective Bargaining Agreement.....1-2
- B. RAISE Grant – Joint Application with City of Port Angeles.....3
- C. Climate Pollution Reduction Grant – Joint Application with WA Commerce.....4-6
- D. Annual Lease Compliance Report.....7-11

V. APPROVAL OF CONSENT AGENDA

- A. Regular Commission Meeting Minutes, January 9, 2024.....12-14
- B. Vouchers in the amount of \$198,223.94.....15

VI. COMPLETION OF RECORDS

- A. 4th Quarter Operations Report.....16-34

VII. PLANNING AND CAPITAL PROJECTS

- A. Item for Consideration – Harbor Cleanup W04 Change Order 2.....35-36

VIII. LOG YARD

No items

IX. MARINE TRADES AND MARINE TERMINALS

No items



X. PROPERTY

- A. Item for Consideration - Arrow Marine Services – 1050 Term Lease.....37-64

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES)

XVII. FUTURE AGENDA.....65

XVIII. NEXT MEETINGS

- A. February 13, 2024 – Regular Commission Meeting
- B. February 27, 2024 – Regular Commission Meeting
- C. March 12, 2024 – Regular Commission Meeting
- D. March 26, 2024 – Regular Commission Meeting

XIX. UPCOMING EVENTS

- A. WPPA Annual Ports Day – February 2, 2024 – Olympia, WA
- B. Seattle Boat Show – February 2-10, 2024 – Seattle, WA
- C. NW Aviation Conference – February 24-25, 2024 – Puyallup, WA
- D. AFRC Annual Conference – April 2-4, 2024 – Stevenson, WA
- E. Olympic Logging Conference – April 24-26, 2024 – Victoria, BC

XX. INDUSTRIAL DEVELOPMENT CORPORATION (IDC) ANNUAL MEETING

BROWN BAG LUNCH AND OPEN DISCUSSION WITH THE COMMISSION *(TIME PERMITTING)*

XXI. EXECUTIVE SESSION

The Board may recess into Executive Session for those purposes authorized under

Chapter



42.30 RCW, The Open Public Meetings Act.

XXII. ADJOURN

RULES FOR ATTENDING COMMISSION MEETING

- Signs, placards, and noise making devices including musical instruments are prohibited.
- Disruptive behavior by audience members is inappropriate and may result in removal.
- Loud comments, clapping, and booing may be considered disruptive and result in removal at the discretion of the Chair.

RULES FOR SPEAKING AT A COMMISSION MEETING

- Members of the public wishing to address the Board on general items may do so during the designated times on the agenda or when recognized by the Chair.
- Time allotted to each speaker is determined by the Chair and, in general, is limited to 3 minutes.
- Total time planned for each public comment period is 20 minutes, subject to change by the Chair.
- All comments should be made from the speaker's rostrum and any individual making comments shall first state their name and address for the official record.
- Speakers should not comment more than once per meeting unless their comments pertain to a new topic they have not previously spoken about.
- In the event of a contentious topic with multiple speakers, the Chair will attempt to provide equal time for both sides.

**ITEM FOR DISCUSSION
BY THE
BOARD OF PORT COMMISSIONERS**

January 23, 2024

SUBJECT: 2024-2026 ILWU Local 27A Collective Bargaining Agreement

STAFF LEAD: Paul Jarkiewicz

BACKGROUND:

On February 28, 2023 Port staff received notice that the ILWU Local 27A would like to open their contract with the Port to address updating wording, inclusion of past MOU's, updating the pay matrix and more.

The Port's ILWU Local 27a have been working from a CBA that has expired, and subsequently has rolled over since 2007. Since that time many changes, both mutually agreed upon and federally mandated that have taken place. It is in the Port's best interest to sign a current Collective Bargaining Agreement with ILWU Local 27a staff.

Highlight of Collective Bargaining Agreement (CBA) Changes:

- Incorporated all signed MOU's since 2007
- Inclusion of federally mandated rules; Janus Decision, Washington Paid Family Medical Leave Act, Military Family Leave, Domestic Violence Leave, CDL Random Drug Testing requirement,
- Inclusion of Port Policies including; VEBA, Post Incident Policy, Administrative Leave, and Health Insurance
- Updated job classification/titles
- Removal of weekend shift differential when regular work schedule includes weekends
- If no ILWU employee makes themselves available for a necessary task (call in), Port Staff now has the ability to make necessary arrangements outside ILWU labor
- Updated definition of on-call status
- Modification of health insurance coverage to mirror what the Port Employee Handbook states
- Updated tool list
- Increased tool/clothing allowance from \$400 to \$500
- Decreasing the length of time between steps – yearly by anniversary date and making steps increases be dependent upon satisfactory annual performance review, not automatic based on time
- Removing staffing limits set on 13's and 18's
- Renaming Range 11 Custodian to Maintenance Helper
- Creation of a 'Senior Assistant Harbormaster' – Range 18

- Created a path of progression/advancement through ranges 11 to 21.
- Agreed to a flat 2.5% CPI increase per year, with the exception of 2024 which will be 5.0% CPI

FISCAL IMPACT:

Port staff has agreed to a 5.0% CPI adjustment for the ILWU pay scale based upon inflation numbers as well as a \$3,000 contract signing bonus.

RECCOMENDED ACTION:

Staff recommends the Commission authorize the Executive Director to sign the 2024-2026 Collective Bargaining Agreement with the ILWU Local 27A as outlined above with the authority to make slight changes as needed.

**ITEM FOR DISCUSSION
BY THE
BOARD OF PORT COMMISSIONERS**

January 23, 2024

SUBJECT: 2024 RAISE Grant – Joint Application with the City of Port Angeles

STAFF LEAD: Chris Hartman and Katharine Frazier

BACKGROUND:

In 2023, the City of Port Angeles submitted a RAISE Planning Grant to redesign the SR-117 interchange at Highway 101. The application was not selected for funding.

In December 2023, the Port and the City met to discuss a joint RAISE 2024 application building on the previously submitted project. The new joint project under discussion involves both the southern and northern ends of SR-117. The scope includes planning/design activities for rehabbing Terminal 3 and assessing traffic flow options to move freight more efficiently through nearby Marine Drive intersections.

The City will be the lead applicant with the Port will as a co-applicant. The City is continuing to work with its consultant, Parametrix, to redevelop its 2023 application materials for 2024 submission. The Port has begun work with the City and Parametrix to add the additional Terminal 3 and Marine Drive planning efforts to the project scope.

FISCAL IMPACT:

Currently, it is unknown whether the Port plans to contribute any matching funds. In 2023, the City included an 8% match (\$250k) from the Port Angeles Transportation Benefit District Fund. Matching funds are not required for RAISE because Port Angeles is considered a “historically disadvantaged community” by USDOT. However, matches are encouraged to demonstrate local support for the project.

NEXT STEPS:

Port staff will continue to work with the city and Parametrix in the weeks ahead and will report back to the Commission with more detailed information at the next regular meeting on February 13, 2024. Staff will also provide a letter of support for Commission approval in February.

The application deadline is February 28, 2024 and awards are expected to be announced no later than June 27, 2024.

**ITEM FOR DISCUSSION
BY THE
BOARD OF PORT COMMISSIONERS**

January 23, 2024

SUBJECT: Invitation to join the WA Department of Commerce’s application to the Climate Pollution Reduction Grant program (EPA)

STAFF LEAD: Katharine Frazier – Grants & Contracts Manager

BACKGROUND:

In December 2023, the WA Department of Commerce (Commerce) circulated a survey asking local entities to identify measures that would result in the reduction of greenhouse gas (GHG) emissions. A “measure” could be a policy, financial program, or tangible project that directly related to GHG reduction. The Port submitted a measure relating to the adoption of water transportation (barging) to reduce freight truck traffic and GHG emissions from vehicle miles traveled (VMT) on Highway 101 and I-5. The measure focuses on strengthening the existing route between Port Angeles and the Everett region, and is seen as a first step toward establishing routes to other areas, potentially including Olympia, Bellingham, and the West End.

Based on this measure, Commerce has invited the Port to join a statewide application to the EPA’s Climate Pollution Reduction Grant program (CPRG). This grant program offers flexible funding for a wide variety of projects that result in GHG emission reductions.

Commerce is gathering projects from across the state under one application, in which Commerce serves as the lead applicant. Under this structure, sub-projects (including the Port of Port Angeles) would receive subawards from Commerce.

In conversation with Commerce, staff are developing a draft budget and work plan for a Port of Port Angeles sub-project. This scope includes the following activities:

- Purchase of a spud barge to reduce tidal limitations on barge loading
- Purchase of an inland barge to increase barge availability
- Establishment of a Minimum Revenue Guarantee (MRG) program to support new and expanding barge operations within the first 2 years of service

CPRG funds are broken into 5 tiers:

| Tier | Grant Ranges | Funds Targeted for Each Tier | Anticipated Number of Grants to be Awarded |
|-------------|-------------------------------|-------------------------------------|---|
| Tier A | \$200,000,000 – \$500,000,000 | \$2 billion | 4-10 |
| Tier B | \$100,000,000 – \$199,999,999 | \$1.3 billion | 6-13 |
| Tier C | \$50,000,000 – \$99,999,999 | \$0.6 billion | 6-12 |
| Tier D | \$10,000,000 – \$49,999,999 | \$0.3 billion | 6-30 |
| Tier E | \$2,000,000 – \$9,999,999 | \$0.1 billion | 10-50 |

Commerce intends to apply for a Tier C grant, with all sub-projects totaling nearly \$99 million. EPA intends to award 6-12 Tier C grants nationwide.

ANALYSIS:

Participating in Commerce’s CPRG application will require staff effort in collaboration with Commerce. However, Commerce will take on most of the work as the lead applicant. The Port would need to supply a project budget, guiding points for the Port-related narrative work plan, and a technical appendix to show how GHG reduction estimates were created.

Due to the small number of awards planned nationwide for each funding Tier, staff see a strategic advantage to joining Commerce’s application. Grant evaluation criteria – including the magnitude of GHG reductions and their benefits on low-income and disadvantaged communities – favor a broad approach that involves multiple stakeholders and methods of reducing GHG emissions. Under these evaluation criteria, the Port’s project will likely be more competitive when bundled with additional projects that reduce GHG emissions in other sectors and communities. The cumulative GHG reductions and community benefits of the application’s sub-projects will be higher than the Port’s project alone.

FISCAL IMPACT:

Joining Commerce’s CPRG application will not require any funds from the Port. CPRG does not require matching funds, and Commerce has confirmed they will not require any of their sub-applicants to put forward funds.

Commerce will require 10% of the sub-project cost for administration and data reporting. However, Commerce has asked that the Port add this 10% on top of our total project cost. This prevents the administrative fee coming out of funds needed to implement our GHG reduction measure, e.g., if the Port’s total project cost was \$6 million, an additional 10% (\$600,000) would be added, and the new project total would be \$6.6 million.

TIMELINE:

The full CPRG grant is due to the EPA on **April 1, 2024**.

Port staff would plan to have the necessary components to Commerce no later than March 1. Commerce will spend March working with sub-applicants to finalize the joint application.

FUTURE ACTION:

Staff will provide a letter of support for the Commission's approval in February.

Annual Lease Report
Current One-Year Term Leases **As of 12.31.23**

| Tenant | SF | Monthly Rent | Commencement | Expiration Date | Optional Renewals Remaining |
|--|----------------------------|-----------------------------------|--------------|-----------------|-----------------------------|
| AM Holdings - Area C storage | 900 Bldg 13,344 Land | \$2,009.40 \$0.75, \$0.10/SF | 7.01.2022 | 6.30.2023 | 2 x 1 year |
| AM Holdings - 439 Marine (Parking Strip) | 8,000 Land | \$800 \$0.10/SF | 6.15.2022 | 6.14.2023 | none |
| Cooke Aquaculture - 937 W Boathaven | 624 Bldg 3420 Land | \$1,302.00 \$1.10, \$0.18/SF | 9.01.2022 | 8.31.2023 | 2 x 1 year |
| Cooke Aquaculture - 18th Street land | 15,000 Land | \$1,500 \$0.10/SF | 9.01.2022 | 8.31.2023 | 2 x 1 year |
| CRTC - container/dust collector | 628 Land | \$628 \$0.10/SF | 8.01.2022 | 7.31.2023 | 2 x 1 year |
| Fire Chief Equipment - 930 Marine | 600 Bldg | \$495 \$0.825/SF | 3.01.2022 | 2.28.2023 | 3 x 1 year |
| First Step Family Support Center - 1050 Bldg | 1125 Bldg | \$483.75 \$0.43/SF | 11.01.2022 | 10.31.2023 | none |
| Hawk Diesel - 930 Marine | 2,400 Bldg | \$1,680 \$0.70/SF | 7.01.2022 | 6.30.2023 | 2 x 1 year |
| Hull Scrubber Corp - MT Office Suite 4 | 270 Bldg | \$375.30 \$1.39/SF | 8.01.2022 | 7.31.2023 | 2 x 1 year |
| Life Flight Network - FIA and 19th Street | 30,998 | \$5,595.27 \$0.02 to \$0.65/SF | 3.01.2022 | 2.28.2023 | 2 x 1 year |
| McKinley Paper Company - 1301 Marine | 12146 Bldg | \$4,494.02 \$0.37/SF | 7.01.2022 | 6.30.2023 | 2 x 1 year |
| Motive Power Marine, LLC - 731 Marine Dr | 10,000 Bldg 19,000 Land | \$5,720 \$0.42, \$0.08 | 4.01.2022 | 3.31.2023 | 4 x 1 year |
| National Response Corporation Terminal 7 Berthage | 248 LF | \$3,731.81 | 4.15.2022 | 4.14.2023 | none |
| N. Olympic Healthcare Network- Parking 1st St. | 7,400 Land | \$814.00 \$0.11/SF | 6.01.2022 | 5.31.2023 | 2 x 1 year |
| Ocean Boatworks LLC - 812 W Boathaven | 945 Bldg | \$708.75 \$0.75/SF | 8.01.2022 | 7.31.2023 | 2 x 1 year |
| Peninsula Bottling - 930 Marine | 2,400 Bldg | \$1,200 \$0.50/SF | 3.01.2022 | 2.28.2023 | 3 x 1 year |
| Port Angeles Hardwood, LLC - 1010 Bldg | 19375 Bldg | \$7,750.00 \$0.40/SF | 11.01.2022 | 10.31.2023 | none |
| Sound Restorations & Hot Rods - 1010 Bldg | 3165 Bldg | \$1,360.95 \$0.43/SF | 8.01.2022 | 7.31.2023 | 2 x 1 year |
| Tomcat Transport - 18th Street Land | 1200 Land | \$120 \$0.10/SF | 6.22.2022 | 6.21.2023 | 2 x 1 year |
| US Coast Guard - FIA taxiway | 5,000 Land | \$200 \$0.04/SF | 10.01.2022 | 9.30.2023 | 1 year |
| WA Dept. Fish & Wildlife - 930 Marine | 600 Bldg | \$595.00 \$0.99/SF | 3.01.2022 | 2.28.2023 | none |
| Waterfront Automotive - 930 Marine | 2,400 Bldg | \$1,350 \$0.5625/SF | 3.01.2022 | 2.28.2023 | 3 x 1 year |

| Month to Month Leases & Temporary Licenses | | | | As of 12-31-23 |
|---|----------------------------|----------------------------------|---------------------------|------------------------|
| Tenant | Square Feet | Monthly Rent | Start Date | Number of Years as MTM |
| 2 Grade, LLC 2417 W 19th (Land) | 24000 Land | \$2,496 \$0.104/SF | 7/22/2015 | 8 years |
| 2 Grade, LLC - 2032 South O Street (bldg) | 3000 Bldg | \$936 \$0.31/SF | 2/1/2016 | 7 years |
| Accurate Angle Crane Boathaven crane storage | 480 Land | \$62.37 \$0.13/SF | 4/17/2014 | 9 years |
| Andy Choi 801 Marine Drive (bldg) | 12005 Bldg | \$607.55 \$0.05/SF | 7/1/2018 | 5 years |
| Arrow Launch Service, Inc. 2140 W 18th Street (1050 Bldg) | 2500 Bldg | \$750.00 \$0.30/SF | 11/13/2020 | 3 years |
| Biobased Trading LLC 202 N Cedar Suite 1; T1 Storage | 399 bldg 2400 storage | \$1152.93 \$40 Cam; \$65 Util | 8/1/2017 | 5 years |
| Bluewater Boat Works 830 West Boathaven (bldg) | 1500 Bldg | \$1220.63 \$0.81/SF | 4/1/2021 | 2 years |
| Borte, Josh Critchfield Road | 30 AC field maintenance | In-Kind Services | 5/16/2023 to 5/15/2024 | 1 year |
| Clallam County Fire District 5 Hangar A - Seiku Airport | 3200 Hangar | \$450.00 | 3/1/2011 | 12 years |
| High Tide Seafood 3rd Street | 3000 Land | \$50.00 \$0.016/SF | 6/1/1989 | 34 years |
| Insitu Ecosystems LLC 2140 W 18th Street (bldg) | 2,801 Bldg 1,559 Land | \$1,323.42 \$0.43 | 9/15/2019 | 4 years |
| Merrill & Ring Forest Products Airport Log Yard | 540144 Land (12.4 AC) | \$12,991.17 \$0.02/SF | 5/27/2020 | 3 years |
| Peninsula Trails Coalition Conex Box at Airport | 200 Land | In Kind Promoting Port at | 3/1/2023 | 9 months |
| Port Angeles Hardwood 2140 W 18th Street (1010 Bldg) | 23625 Bldg | \$8,859.38 \$0.375/SF | 11/1/2022 | 1 year |
| Scarsella Bros. Inc. Marine Drive - staging for City sewer | Empty | In-Kind | 7/12/2023 | 6 months |
| Stabi-Craft Marine USA 2140 W 18th (Paint Booths) | 3026 Bldg | \$1,452.48 \$0.48/SF | 5/30/2023 | 7 months |
| Stabi-Craft Marine USA 2007 S. O Street (fenced land at MTIB) | 9,379 Land | \$375.16 \$0.04 | 7/21/2023 | 5 months |

| Annual Lease Report | | | | | |
|---|--------------------------|---------------------|-------------------|------------------------|--------------------------|
| Leases in Holdover Status | As of 12.31.2023 | | | | |
| | SF | Monthly Rent | Start Date | Expiration Date | Years in Holdover |
| AM Holdings 439 Marine Drive (Employee Parking Strip) | 8,000 | \$800 | 6.15.2022 | 6.14.2023 | 6 months |
| AM Holdings 102 N. Cedar, Area C (Hull storage) | 900 Bldg 13,344 Land | \$2,009.40 | 7.01.2022 | 6.30.2023 | 6 months |
| FAA Antenna and Equipment William Fairchild Airport Office at FIA | 360 | \$750 | 10.01.2011 | 9.30.2016 | 7 |
| High Tide Seafoods 820 Marine Drive | 6,000 Bldg 3,000 Land | \$1,743.00 | 01.15.2003 | 01.13.2013 | 11 |
| Rite Bros. Aviation, Inc. (Fuel Farm at FIA) | 11,700 | \$870.75 | 05.01.2005 | 04.30.2010 | 13 |
| Stabicraft Marine USA Inc. 2140 W. 18th Street Bldg. (Paint Booths) | 3,026 | \$1,452.48 | 5.30.2023 | 12.1.2023 | 1 month |
| Tomcat Transport, LLC Parking at 18th/Butler St | 1,200 | \$120 | 6.22.22 | 6.21.23 | 6 months |

| Lease Security Deviations | As of 12-31-23 | | | | | | | |
|--|--------------------------------|---------------------|--------------------|--------------------------|--------------------------|----------------------------|-----------------------------------|-------------------------------|
| Tenant | Square Feet | Monthly Rent | Expire Date | Required Security | Security Provided | % of Bond Deviation | Acceptable/ Not Acceptable | Reason |
| Albert Hall Co. LLC (Tenant-owned Hangar) | 12,000 Land | \$791.50 | 8.31.2042 | \$10,717.56 | \$8,500 Assigned Acct | 20% | Y | CPI increase |
| High Tide Seafoods | 6,000 SF Bldg 3,000 SF Land | \$1,743.00 | Holdover | \$23,601.61 | \$0.00 | 100% | N | Used deposit for rent in 2023 |
| R&R Development (Knight Fire) | 22,000 SF Land | \$527.15 | 6.15.2029 | \$6,325.80 | \$6,176.86 | 2.4% | Y | CPI increase |
| Stabicraft Marine USA (MTIB Bldg) | 16,800 Bldg 79,379 Land | \$12,252.55 | 12.31.2025 | \$166,312.28 | \$0.00 | 100.0% | N | Expired Letter of Credit |
| Westport (Sign) | 570 SF Land | \$67.15 | 12.31.2031 | \$805.80 | \$0.00 | 100% | N | |
| Westport (Hull Storage) | 13,847 SF Land | \$2,133.82 | 7.31.2024 | \$2,407.80 | \$2,324.06 | 4% | Y | CPI increase |

| Real Estate Department Revenue | | |
|---------------------------------------|------------------------|------------------------|
| YEAR 2023 | | |
| | Ops Revenue | Budgeted |
| Land Lease/Rent | \$ 723,170.53 | \$ 671,130.00 |
| Structure Lease/Rent | \$ 2,013,088.90 | \$ 1,724,181.00 |
| Use Agmt & Other Rent | \$ 123,485.35 | \$ 108,291.00 |
| | \$ 2,859,744.78 | \$ 2,503,602.00 |
| Revenue % Above Budget | 1.14 | |
| Revenue \$ Above Budget | \$ 356,142.78 | |
| | | |



REGULAR COMMISSION MEETING
Tuesday, January 9, 2024, at 9:00 am
338 W. First St, Port Angeles, WA 98363
MINUTES

The Regular Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit <https://portofpa.com/about-us/agenda-center/>

| | |
|--------------------------------------|--|
| Connie Beauvais Commissioner | Chris Hartman, Dir. of Engineering |
| Steve Burke, Commissioner | Caleb McMahon, Dir. of Econ. Development |
| Paul Jarkiewicz, Executive Director | Braedi Joutsen, Clerk to the Board |
| John Nutter, Dir. of Finance & Admin | Jesse Waknitz, Environmental Manager |

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:35)

Comm. Beauvais called the meeting to order at 9:00 am.

II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:36-1:20)

None.

III. APPROVAL OF AGENDA (1:21-2:57)

- Motion to approve the consent agenda as modified: Comm. Beauvais
- 2nd: Comm. Burke
- Vote: 2-0

**Comm. McAleer will join by phone at 10:00 am, she has an excused absence.*

IV. WORK SESSION (2:58-16:09), (40:34-46:02)

A. Conduct Board Elections

- Discussion
- Motion to maintain the elected officers as they were for 2023: Comm. Burke
- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)

B. Commission Bylaws

- Discussion
- No Action
- Resolution 22-1252 will continue to stand as the current Commission Bylaws.

C. Port Representation 2024

- Discussion
- No Action

D. John Wayne Marina Boat Launch Float Replacement

- Presentation: Jesse Waknitz, Environmental Manager
- Discussion
- No Action

V. APPROVAL OF CONSENT AGENDA (16:10-17:08)

A. Regular Commission Meeting Minutes, December 12, 2023

B. Vouchers in the amount of \$1,104,694.93

- Discussion
- Motion to approve the consent agenda as presented: Comm. Beauvais
- 2nd: Comm. Burke
- Vote: 2-0 (Unanimous)

VI. COMPLETION OF RECORDS (17:09-24:05)

A. Monthly Delegation of Authority Report

- Presentation: Paul Jarkiewicz

- Discussion
- No Action

B. 4th Quarter Cash & Investment Report

- Presentation: John Nutter
- Discussion
- No Action

VII. PLANNING AND CAPITAL PROJECTS

No items

VIII. LOG YARD

No items

IX. MARINE TRADES AND MARINE TERMINALS

No items

X. PROPERTY

No items

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS (24:05-30:26), (46:03-49:55)

A. Delegation of Authority, Resolution 24-1290

- Presentation: Paul Jarkiewicz
- Discussion
- Motion to introduce Resolution 24-1290 of the Port of Port Angeles, renewing the Delegation of Administrative Authority to the Executive Director: Comm. McAleer
- 2nd: Comm. Burke
- Vote: 3-0 (Unanimous)
- Motion to waive second consideration: Comm. Beauvais
- 2nd: Comm. Burke
- Vote: 3-0 (Unanimous)
- Motion to adopt Resolution 24-1290 of the Port of Port Angeles, renewing the Delegation of Administrative Authority to the Executive Director: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

B. Letter from Clallam County BOCC – North Olympic Peninsula Recomplete Coalition

- Presentation: Paul Jarkiewicz
- Discussion
- Consensus from the Commission that Paul Jarkiewicz will represent the Port on the North Olympic Peninsula Recomplete Coalition (NOPRC) task force.

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS (49:56-50:46)

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (30:27-30:34)

XVII. FUTURE AGENDA

XVIII. NEXT MEETINGS (30:35-30:50)



- A. January 23, 2024 – Regular Commission Meeting
- B. February 13, 2024 – Regular Commission Meeting
- C. February 27, 2024 – Regular Commission Meeting
- D. March 12, 2024 – Regular Commission Meeting

XIX. UPCOMING EVENTS (30:51-35:44)

- A. WPPA Annual Ports Day – February 2, 2024 – Olympia, WA
- B. Seattle Boat Show – February 2-10, 2024 – Seattle, WA
- C. NW Aviation Conference – February 24-25, 2024 – Puyallup, WA
- D. AFRC Annual Conference – April 2-4, 2024 – Stevenson, WA
- E. Olympic Logging Conference – April 24-26, 2024 – Victoria, BC

XX. INDUSTRIAL DEVELOPMENT CORPORATION (IDC) ANNUAL MEETING (35:45-40:33)

- Comm. Beauvais recessed the Regular Commission Meeting at 9:36 am
- Comm. McAleer joined the meeting by phone at 9:40 am.
- Comm. Beauvais reconvened the Regular Commission Meeting at 9:41 am

BROWN BAG LUNCH AND OPEN DISCUSSION WITH THE COMMISSION *(TIME PERMITTING)*

XXI. EXECUTIVE SESSION (50:47-53:30)

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

- Comm. Beauvais advised that the Commission would convene an executive session and move the meeting back to the Port Commission Meeting Room located at 338 W. 1st Street, Port Angeles, WA 98362. The anticipated length of the executive session is 2 hours. The Commission may take action in public sessions following the executive session.
- Discussion: Five (5) items concerning the legal risk of a proposed action that the agency has identified when public discussion of the legal risks is likely to result in an adverse legal or financial consequence to the Port. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(i). One (1) item concerning real estate sale, purchase, or lease, discussing such matters in executive session is appropriate pursuant to RCW 42.30.110.(1)(c)
- Start Time: 9:55 am
- Recess: 3 minutes
- Extended: 1 hour 5 minutes
- End Time: 1:00 pm

Public Session of Commission Meeting Reconvened: 1:00 pm

Commissioner Beauvais noted no action as a result of the executive session.

XXII. ADJOURN

Comm. Beauvais adjourned the meeting at 1:01 pm.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

Connie Beauvais, President

**PORT OF PORT ANGELES
GENERAL FUND – LETTER OF TRANSMITTAL
VOUCHER APPROVAL**

We, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due, and unpaid obligation against the Port of Port Angeles, and that we are authorized to authenticate and certify to said claim.

SUMMARY TRANSMITTAL January 4, 2023 – January 17, 2024

Accounts Payable

| | Begin | End | | |
|---|----------------|----------------|-----------|-------------------|
| | Check # | Check # | | |
| For General Expenses and Construction | | | | |
| Accts Payable Checks (computer) | 417868 | 417890 | \$ | 73,807.80 |
| VOIDED/ZERO PAYABLE CHECKS | | | \$ | - |
| Accts Payable ACH | 002238 | 002259 | \$ | 55,177.78 |
| VOIDED/ZERO PAYABLE ACH | | | | |
| Wire Transfer – Excise Tax | | | \$ | - |
| Wire Transfer - Leasehold Tax | | | \$ | - |
| Total General Expenses and Construction | | | \$ | 128,985.58 |
| Payroll | | | | |
| Employee Payroll – Draws (Direct Deposit) | | | \$ | 34,575.00 |
| Voided Payroll Check | | | \$ | - |
| Voided Checks ==Stub Overrun== | | | | |
| Employee Payroll Checks PPD (Direct Dep) | | | \$ | - |
| Wire Transfer – (Payroll Taxes, Retirement, Deferred Comp, L&I, OASI, PMFL) | | | \$ | 34,663.36 |
| Total Payroll | | | \$ | 69,238.36 |
| Total General Exp & Payroll | | | \$ | 198,223.94 |

Date: January 23, 2024

Port Representative

Port Representative

Commissioner, Steven D. Burke

Commissioner, Connie Beauvais

Commissioner, Colleen McAleer

REPORT TO THE BOARD OF PORT COMMISSIONERS
4th QUARTER 2023

QUARTERLY OPERATIONS REPORT

| REPORT | NO ACTION | ATTACHED |
|---|------------------|-----------------|
| Rental Property Occupancy | | X |
| Travel Approved Within WA, OR, ID, and BC, Canada | | X |
| Marina and Boat Yard Operations | | X |
| Port Angeles Boat Haven Occupancy | | X |
| John Wayne Marina Occupancy | | X |
| Log Yard and Marine Terminal Operations | | X |
| Log Yard Loads | | X |
| Marine Terminal Tanker Days | | X |

| Port Property Inventory / Status - 4th Quarter 2023 | | SF | Improved Properties Rented | Improved Properties Rent Ready | Not Rent Ready | Total Rented Acres |
|--|--|---------------|----------------------------|--------------------------------|----------------|--------------------|
| Property | Location | | | | | |
| Port Operations Facilities | | | | | | |
| Port Administration Building | 338 W. First Street | 11,608 | | | | |
| Facilities Maintenance | 112 S. Valley Street | 9,375 | | | | |
| Facilities Maintenance | 2604 W 18th Street (small red bldg) | 420 | | | | |
| Log Scale Building | 1500 Blk Marine Drive | 2,600 | | | | |
| Operations for Terminals and Security Office | Marine Terminal, 202 N. Cedar St., Suite 6 upstairs | 1,322 | | | | |
| Mechanic Shop | 1301 Marine Drive | 8,400 | | | | |
| John Wayne Marina, Harbormaster Office | 2577 W. Sequim Bay Road | 3,001 | | | | |
| FIA Airport Manager's Office | Fairchild International Airport | 900 | | | | |
| Garage | Critchfield Rd @ Saddle Club | 780 | | | | |
| FIA Airport Terminal Space - Conference Room | Fairchild International Airport | 672 | | | | |
| 430 Marine Drive (garage) | New Asset on 11.09.2023: 430 Marine Drive (0.49 AC) | 1,150 | | | | |
| | TOTAL PORT OPS BUILDINGS SF | 40,900 | | | | |
| Port Rental Properties | | | | | | |
| For Rent | | | | | | |
| Airport Coffee Shop | 1402 William R Fairchild Airport Rd | | | 840 | | 0.00 |
| Stand-alone office. | 2032 S O Street- Office | | | 861 | | 0.00 |
| CRTC Bldg front offices | 2220 W 18th Street - CRTC Building Offices | | | 3,600 | | 0.08 |
| 1010 Building | 2140 W 18th Street (15,000 office, 10,000 warehouse) | 25,000 | 6,835 | 13,915 | | 0.16 |
| 1010 Phase II Transition (access to OH doors unrented) | 2140 W 18th Street (16,600 warehouse) | 16,600 | 12,690 | | | 0.29 |
| 1050 Building | 2140 W 18th Street (40,000 + 2,924 paintbooths) | 40,000 | 3,026 | 36,974 | | 0.07 |
| 1050 Phase I Addition | 2140 W 18th Street (2 tenants in this Phase) | 8400 | 3,926 | 4,474 | | 0.09 |
| MTIB Suites A, B | 2007 S O Street - Offices and Warehouse | | | 10,000 | | 0.23 |
| 937 Boathaven - Office | 937 Boathaven on the Jetty | | | 624 | | |
| 720 Marine Drive - Office | 720 Marine Drive | | | 1,300 | | |
| | AVAILABLE PROPERTIES TOTAL SF | | | 60,664 | 0 | 0.00 |
| Rented Properties | | | | | | |
| North Airport Industrial Park (NAIP) | | | | | | |
| 2 Grade, LLC | Land E of 2417 W 19th | | | | | 0.55 |
| 2 Grade | 2032 S. O Street (garage) | | 3,000 | | | 0.07 |
| ACTI 10.20 | 2138 W 18th St | | 25,000 | | | 0.57 |
| ACTI 10.30 | 2138 W 18th St | | 25,000 | | | 0.57 |
| ACTI 10.40 | 2138 W 18th St | | 25,000 | | | 0.57 |
| ACTI 2230 | 2230 W 18th St | | 25,000 | | | 0.57 |
| Arrow Launch Services, Inc. | 2140 W 18th Street - storage within 1050 Building | | 2,500 | | | 0.06 |

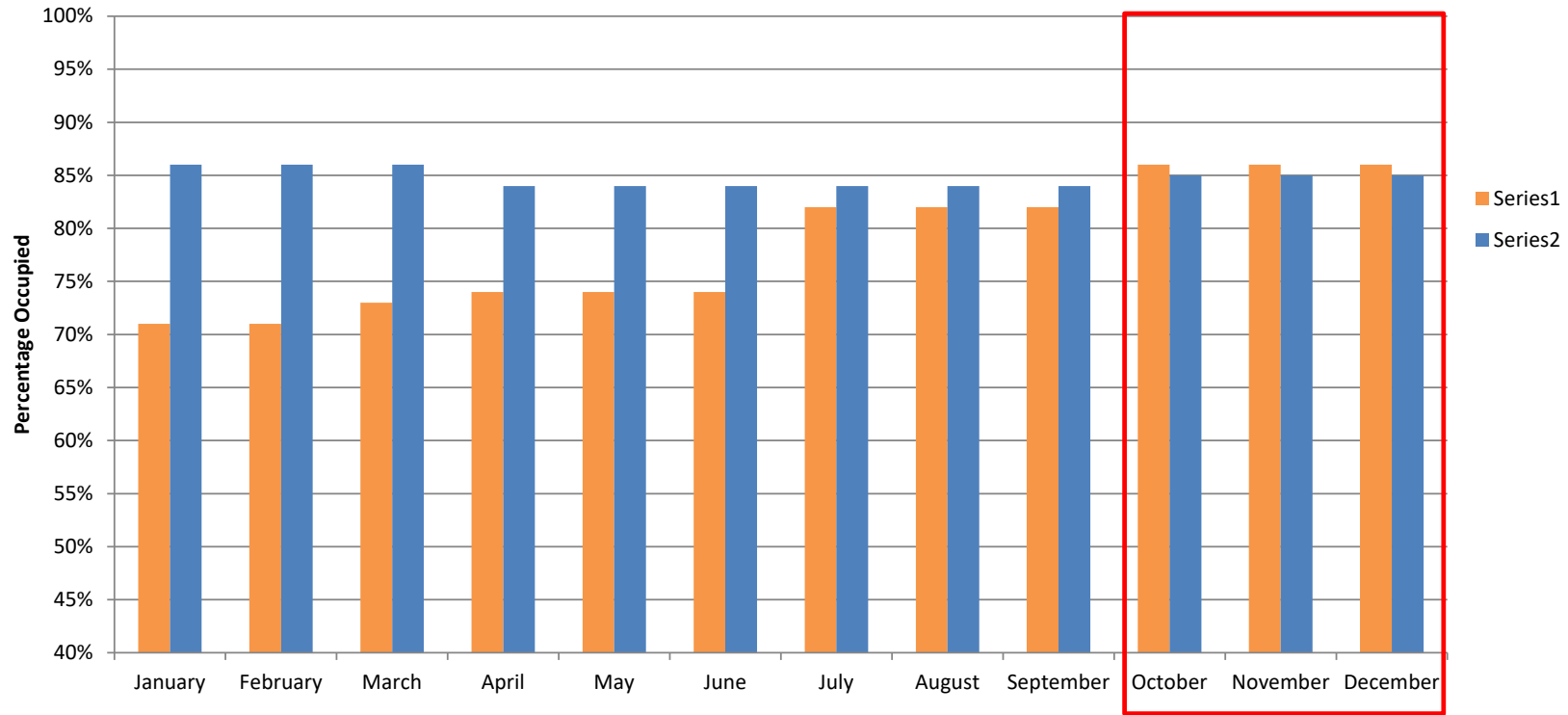
| Port Property Inventory / Status - 4th Quarter 2023 | | SF | Improved Properties Rented | Improved Properties Rent Ready | Not Rent Ready | Total Rented Acres |
|---|---|----------------|----------------------------|--------------------------------|----------------|--------------------|
| Property | Location | | | | | |
| Rented Properties | | | | | | |
| Barhop Brewing LLC | 2506 W. 19th Street | | 2,952 | | | 0.07 |
| City Parks & Recreation | 2602 W 18th St; Buildings 6,407 SF; Land 167,871 SF | | 6,407 | | | 3.85 |
| Clallam County Youth Services | 1912 West 18th Street (T.I.) | | | | | 3.84 |
| CRTC | 2220 W 18th Street | | 21,374 | | | 0.49 |
| First Step Family Support Center | 2220 W 18th Street (1050) | | 1,125 | | | 0.03 |
| FKC Co., Ltd | 2708 W 18th St (T.I.) | | | | | 4.94 |
| Insitu Ecosystems LLC | 2140 W 18th Street (Phase 1 Addition) | | 2,801 | | | 0.06 |
| Knight Fire Protection | 2509 W 19th St Land (T.I.) | | | | | 0.51 |
| Lifeflight Network LLC | 2530 W 19th Street- Office | | 2,500 | | | 0.06 |
| Lifeflight Network LLC | 2530 W 19th Street- Land | | | | | 0.44 |
| Murrey's Disposal Inc. | 2548 19th Street (land and bldg) | 115,671 | 19,800 | | | 0.45 |
| Peninsula Rifle & Pistol Club | 2600 W 18th St (T.I.) | | | | | 0.41 |
| Public Utility District #1 | 1936 W 18th Street (T.I.) | | | | | 6.89 |
| GSA - USDHS | 1908 South O Street | | 6,028 | | | 0.14 |
| Port Angeles Hardwood, LLC | 2140 W 18th Street (1010) | | 23,625 | | | 0.54 |
| Stabicraft Marine USA | MTIB - Suites C, D, E | | 16,800 | | | 1.60 |
| Stabicraft Marine USA | 2140 W 18th Street (1050) Paint Booths | | 3,026 | | | 0.07 |
| Waterfront Rental Properties | | | | | | |
| A.M. Holdings, Inc. (Platypus) Area C | 102 N. Cedar (Area C Bldg and Land) | | 900 | | | 0.31 |
| A.M. Holdings, Inc. (Platypus) Area A & B | 102 N. Cedar (T.I.) Area A&B Land | | | | | 3.95 |
| A.M. Holdings, Inc. (Platypus) Employee Parking | 439 Marine Drive - 8,000 SF Parking | | | | | 0.18 |
| Accurate Angle Crane | Boat Yard Dry Storage | | | | | 0.01 |
| Arrow Marine | 914 Marine Drive | | 3200 | | | 0.07 |
| Arrow Marine | 916 Marine Drive | | 5000 | | | 0.11 |
| Arrow Marine | 435 Marine Drive | | 6,549 | | | 0.15 |
| MRSC (outside storage) | 220 Tumwater Truck Rte - Parking Lot | 5,400 | | | | 0.12 |
| ConocoPhillips (anchor storage) | 220 Tumwater Truck Rte - Parking Lot | 2,000 | | | | 0.05 |
| Fenced parking lot available | 220 Tumwater Truck Rte - Parking Lot | 24,600 | | | | 0.00 |
| Black Ball Transport, Inc. | 101 East Railroad Ave - Terminal 2 | | | | | 3.85 |
| Bluewater Boatworks, LLC | 830 W Boat Haven Drive | | 1,500 | | | 0.03 |
| Rayonier TRS Forest Operations, LLC | 202 N Cedar, Suite 3 Office | | 380 | | | 0.01 |
| Biobased Trading LLC | 202 N Cedar Suite 1 (office) | | 399 | | | 0.01 |
| Biobased Trading LLC | Terminal 1 conveyor storage | | 2,400 | | | 0.06 |
| Global Diving & Salvage, Inc. | 202 N Cedar, Suite 2 | 300 SF Warehse | 635 | | | 0.01 |

| Port Property Inventory / Status - 4th Quarter 2023 | | | | | | |
|--|---|-----------|-----------------------------------|---------------------------------------|-----------------------|---------------------------|
| Property | Location | SF | Improved Properties Rented | Improved Properties Rent Ready | Not Rent Ready | Total Rented Acres |
| High Tide Seafoods | 3rd Ave Lot Storage | | | | | 0.07 |
| High Tide Seafoods | 820 Marine Drive | | 6,000 | | | 0.14 |
| Hull Scrubber Corp | MT 202 N Cedar, Suite 4 | | 270 | | | 0.01 |
| Motive Power Marine, LLC | 731 Marine Drive | | 10,000 | | | 0.23 |
| MSRC - Storage on T1 | On T1 Dock - Storage | | | | | 0.03 |
| MSRC - Parking on T1 | On T1 Dock - Parking | | | | | 0.04 |
| MSRC - Parking near T3 | Parking near T3 | | | | | 0.02 |
| McKinley Paper | 1301 Marine Drive | | 12,146 | | | 0.28 |
| National Response Corporation | Terminal 7 Berthage | 248 LF | 248 | | | 0.01 |
| John Eric Bert | 812 Boat Haven Drive | | 945 | | | 0.02 |
| Andy Choi | 801 Marine Drive | | 11,032 | | | 0.25 |
| PA Yacht Club | 1305 Marine Drive (T.I.) | | | | | 0.20 |
| Petrocard, Inc. | 832 Boat Haven | | 165 | | | 0.00 |
| Petrocard, Inc. | Retail Lease in the Boatyard Bldg | | 125 | | | 0.00 |
| Petrocard, Inc. | A-4 Storage | | 420 | | | 0.01 |
| Petrocard, Inc. | Fuel Tank Land | | | | | 0.03 |
| Petrocard, Inc. | Fuel Float | | | | | 0.05 |
| Hawk Diesel | 930 Marine Drive, Suite A | | 2,400 | | | 0.06 |
| Peninsula Bottling Company | 930 Marine Drive, Suite B | | 2,400 | | | 0.06 |
| Waterfront Automotive | 930 Marine Drive, Suite C | | 2,400 | | | 0.06 |
| Fire Chief Equipment | 930 Marine Drive, Suite D | | 600 | | | 0.01 |
| WA Dept Fish & Wildlife | 930 Marine Drive, Suite E | | 600 | | | 0.01 |
| Westport LLC. 720 Marine Dr | 720 Marine Dr Parking (land only) | 60,000 | | | | 1.38 |
| Westport LLC, Boatyard Dry Storage | Ground lease @ BY dry storage | | | | | 0.32 |
| Westport LLC. | Sign lease - Marine Dr / Tumwater | 570 | | | | 0.01 |
| John Wayne Marina | | | | | | |
| Sequim Bay Yacht Club - Room Space | 2577 West Sequim Bay Rd | | 951 | | | 0.02 |
| Sequim Bay Yacht Club - Outside Storage | 2577 West Sequim Bay Rd | | | | | 0.04 |
| Steve W. Little, Inc. (Dockside Grill) | 2577 West Sequim Bay Rd | | 2,154 | | | 0.05 |
| Downtown/Sekiu | | | | | | |
| North Olympic Healthcare Network | 20 spaces-North First St Parking Lot (land) | 7,400 | | | | 0.17 |
| WA Small Business Development Ctr | 338 W First St, Admin Office Suite 202 | | 177 | | | 0.00 |
| Center for Inclusive Entrepreneurship | 338 W First St, Admin Office Suite 201 | | 220 | | | 0.01 |
| Lambert Consulting, LLC | 338 W First St, Admin Office, Suite 101 | | 230 | | | 0.01 |
| Clallam County Fire District #5 | Sekiu Airport Hangar | | 3,200 | | | 0.07 |

| Port Property Inventory / Status - 4th Quarter 2023 | | | | | | |
|--|---|-----------|-----------------------------------|---------------------------------------|-----------------------|---------------------------|
| Property | Location | SF | Improved Properties Rented | Improved Properties Rent Ready | Not Rent Ready | Total Rented Acres |
| South Airport Rental Properties | | | | | | |
| Angeles Communications, Inc. | 1402 William R. Fairchild Airport | | 750 | | | 0.02 |
| Fedex - 1 tie down | 1402 William R. Fairchild Airport | | | | | 0.11 |
| Fedex - hangar | 1402 William R. Fairchild Airport | | 9,600 | | | 0.22 |
| Fedex - office | 1402 William R. Fairchild Airport | | 1,432 | | | 0.03 |
| FAA Antenna & Rack Space | 1402 William R. Fairchild Airport | | 360 | | | 0.01 |
| High Flyer Owners Assn Condo A | Hangar Pad A (T.I.) | | | | | 0.29 |
| High Flyer Owners Assn Condo C | Hangar Pad C (T.I.) | | | | | 0.29 |
| Lifeflight Network LLC | 1405 Airport Road - Hangar | | 2,750 | | | 0.06 |
| Lifeflight Network LLC | 1405 Airport Road - Office | | 792 | | | 0.02 |
| Lifeflight Network LLC | 1406 Airport Road - Hangar | | 2,160 | | | 0.05 |
| Lifeflight Network LLC | 1406 Airport Road - Office | | 1,256 | | | 0.03 |
| Lifeflight Network LLC | 1407 Airport Road - Hangar | | 2,160 | | | 0.05 |
| Lifeflight Network LLC | 1407 Airport Road - Office | | 280 | | | 0.01 |
| Merrill & Ring | 12.4 Acres Airport Log Yard | | | | | 12.40 |
| Olympic R/C Modelers | Critchfield Road (T.I.) | | | | | 1.30 |
| Josh Borte | Critchfield Road (30 acres) in-kind services | | | | | 30.00 |
| PA Nieuport Group | Hangar Pad D (T.I.) | | | | | 0.29 |
| R&B Properties and Investments | Hangar Pad B (T.I.) | | | | | 0.29 |
| Rite Bros. Aviation | FIA Terminal | | 1,000 | | | 0.02 |
| Rite Bros. Aviation | FIA East Block Hangar | | 2,300 | | | 0.05 |
| Rite Bros. Aviation | FIA West Block Hangar | | 2,560 | | | 0.05 |
| Rite Bros. Aviation | FIA East Corporate Hangar | | 3,844 | | | 0.09 |
| Rite Bros. Aviation | FIA Fuel Farm; 11,700 SF land | | | | | 0.27 |
| Welldone Aviation, LLC | 1402 Airport Road, Hangar Pad F Building 900 (T.I.) | 17,500 | | | | 0.40 |
| DART (Clallam Co. Emergency Mgmt) | FIA terminal | | 970 | | | 0.02 |
| Dash Air Shuttle | FIA Terminal | | 420 | | | 0.00 |
| US Coast Guard | Taxiway | 5000 | | | | 0.11 |
| Peninsula Trails Coalition | Conex box at long term parking | | | | | 0.004 |

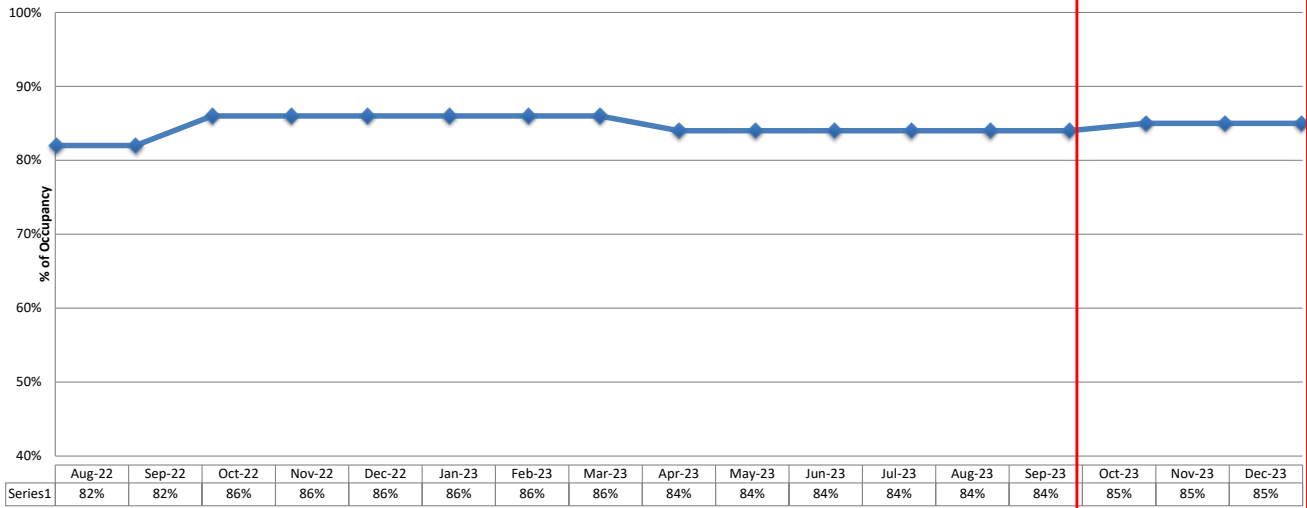
| Port Property Inventory / Status - 4th Quarter 2023 | | SF | Improved Properties Rented | Improved Properties Rent Ready | Not Rent Ready | Total Rented Acres |
|--|---|--------|----------------------------|--------------------------------|----------------|--------------------|
| Property | Location | | | | | |
| | TOTAL RENTED SQUARE FOOTAGE | | 348,695 | | | |
| | VACANT - NOT RENT READY | | 0 | | | |
| | TOTAL VACANT & RENT READY SF | | 60,664 | | | |
| IMPROVED PROPERTY | OVERALL OCCUPANCY FACTOR | | 85% | | | |
| IMPROVED PROPERTY | RENT READY OCCUPANCY FACTOR | | 85% | | | |
| | | | | | | |
| DEVELOPED ACREAGE (shovel ready) | | | | | | |
| South Airport | | | | | | |
| South Airport | Hangar Pad E (Land) | 17,500 | | | | |
| Business Park Acreage | | | | | | |
| 35.5 Acres | (Zoned Light Industrial) | | | 35.50 | | |
| Waterfront | | | | | | |
| 18 Acres | Marine Trade Center | | | 18.00 | | |
| Vacant lot near Chevron (was Armstrong) | 413 W 2nd Street | | | 0.33 | | |
| | TOTAL DEVELOPED ACREAGE | | | 53.83 | | |
| UNDEVELOPED ACREAGE (awaiting capital improvement) | | | | | | |
| FIA | | | | | | |
| 72 Acres Land SE Airport Terminal | (Zoned IL Industrial Light) | | | | 72.00 | |
| 126 Acres Land SW Airport Terminal | (Aviation Related) | | | | 126.00 | |
| | TOTAL UNDEVELOPED ACREAGE | | | | 198.00 | |

2022-2023 Overall Lease Inventory Occupancy Ratios 4th Quarter 2023



| 2022 | 2023 |
|------|------|
| 71% | 86% |
| 71% | 86% |
| 73% | 86% |
| 74% | 84% |
| 74% | 84% |
| 74% | 84% |
| 82% | 84% |
| 82% | 84% |
| 82% | 84% |
| 86% | 85% |
| 86% | 85% |
| 86% | 85% |

Port of Port Angeles - Rental Property Occupancy based on Square Feet - 4th Quarter 2023



| | | | |
|-------------|--------------------------------------|-----------------------------|--|
| Jan 2022 | New: | MTIB Bldg, C,D,E | Stabi-Craft Marine USA, Inc. 12,500 SF Manufacture, 4,300 SF Office, 70,000 SF Land |
| Jan 2022 | New: | Marine Drive sign | Westport, LLC, 570 SF for signage |
| Jan 2022 | Terminated: | 2023 S. O. Street Office | GSA FHA- 1,250 sf office building terminated 1.18.22 |
| Jan 2022 | Terminated: | CRTC Bldg; 2220 W 18th | Peninsula College 5,100 sf terminated 1.24.22 |
| Jan 2022 | Terminated: | Terminal 6 storage | Legacy Contracting - 3,600 SF land terminated 1.02.22 |
| Jan 2022 | Change: | 1213 Marine Drive | Castaway Restaurant- Tenant Improvement bldg. destroyed by fire 1.31.22 |
| Feb 2022 | Renewal: | Critchfield Rd 1.3 acres | Olympic RC Modelers- Renewed lease for one year. |
| Mar 2022 | Renewal: | 1405, 1406, 1407 | Lifeflight- Renewal for 1 year with 2-1year renewals on March 1. |
| Mar 2022 | New: | 930 Marine Drive | Shadow Marine's Tenant Improvement Bldg became Port-owned (8,400 SF) |
| Mar 2022 | New: | 930 Marine Suite B | Peninsula Bottling Co. 2,400 SF as of March 1. |
| Mar 2022 | New: | 930 Marine Suite D | Fire Chief Equipment 600 SF as of March 1. |
| Mar 2022 | New: | 930 Marine Suite E | WA Dept. Fish & Wildlife 600 SF as of March 1. |
| Mar 2022 | New: | FIA Taxiway | US Coast Guard - new 5,000 sf area on taxiway on March 1. |
| Apr 2022 | New: | 930 Marine Suite C | Waterfront Automotive 2,400 SF as of March 1. |
| Apr 2022 | Renewal: | Terminal 7 | NRC renewal for one year on April 15. |
| Apr 2022 | New space to lease | 930 Marine Suite A | Shadow Marine Drive LLC 2,400 SF ready as of March 1. |
| May 2022 | Add: | 2220 W 18th | CRTC - add 2,874 SF of lab space |
| May 2022 | Demolition | 1213 Marine Drive | Demolition of Castaway restaurant; tenant improvement on 6,248 SF land |
| May 2022 | Reduction: | 2140 W 18th | InSitu Ecosystems - Tenant reduced area by 1,954 SF. New leased area contains 4,360 SF |
| June 2022 | New: | 439 Marine Drive | AM Holdings - 8,000 SF parking |
| June 2022 | New: | 19th & Butler St | Tomcat Transport - one year 1,200 land for parking |
| June 2022 | New: | Terminal 1 | Motive Power Marine - temporary office 1,500 SF |
| June 2022 | New/Replaces | 300 Blk First St | North Olympic Healthcare Network - 1 year term lease for parking 7,400 SF |
| July 2022 | New: | 930 Marine Dr, Suite A | Hawk Diesel - 2,400 SF warehouse. |
| July 2022 | New: | 1050 Building | CRTC - 2,500 SF warehouse temporary license |
| August 2022 | New: | 1010 Building | Sound Restorations & Hot Rods - 3,165 SF warehouse |
| August 2022 | Reduction: | 720 Marine | Westport, LLC - Removed building from lease; reduced land by 13,124 SF |
| Sept 2022 | New: | 2548 W 19th St | Murrey's Disposal- 19,800 SF Building added to inventory. Bldg. is Port owned as of June 2021. Was never updated to inventory. |
| Oct 2022 | New: | 2140 W 18th (1050) | First Step Family Support Center - 1,125 SF warehouse |
| Nov 2022 | New: | 2140 W 18th (1010) | Port Angeles Hardwood - 19,375 SF warehouse |
| Nov 2022 | New: | 2140 W 18th (1050) | Stabicraft Marine - 9,056 SF Warehouse/Paint Booths |
| Dec 2022 | Relocation | Jetty to Tumwater Truck Rt | Conoco Phillips - Relocate anchor and chains off jetty |
| Feb 2023 | New: | 2602 W. 18th Street | FM Crew moved out/City Parks moved in. New Rented Space: 6,407 SF Bldgs; 167,871 SF Land |
| Feb 2023 | Reduction - tenant vacated 3.01.2023 | Admin Bldg, Ste 101 | NODC vacated office (234 SF) |
| April 2023 | Reduction- tenant vacated 5.01.2023 | 937 Boathaven | Cooke Aquaculture vacated office (624 SF) |
| April 2023 | Reduction- tenant vacated 5.01.2023 | 2604 W 18th | Cooke Aquaculture vacated land (15,000 SF); Port FM Crew moved into this space. |
| April 2023 | New: | FIA Terminal - baggage area | Clallam Co. Emergency Command Center (DART). Office 970 SF |
| June 2023 | Reduction- tenant vacated 6.01.2023 | 2140 W 18th (1010) | Sound Restorations & Hot Rods - 3,165 SF warehouse |
| June 2023 | New: | 2140 W 18th (1010) | Tenant added 4,250 SF; Port Angeles Hardwood now 23,625 SF warehouse |
| June 2023 | Reduction - tenant vacated 6.01.2023 | Lower Elwha/Saddle Crk | Gillespie vacated land - 43,416 SF |
| Sept. 2023 | Reduction - tenant vacated 9.01.2023 | Admin Bldg, Ste 202 | CCEDC vacated office (386 SF) |
| Sept. 2023 | Reduction - tenant vacated 9.01.2023 | 812 Boathaven | Ocean Boatworks vacated workshop (945 SF) |

TRAVEL APPROVED BY THE EXECUTIVE DIRECTOR
(Within WA, OR, ID, and British Columbia, Canada)
4th Quarter 2023

| STAFF | LOCATION OF MTG. | DATE(S) | PURPOSE |
|-----------------|------------------|------------------|-----------------------------|
| John Nutter | Chelan, WA | 10/25 – 10/27 | WPPA Small Ports Conference |
| Paul Jarkiewicz | Vancouver, WA | 12/4-12/8 | WPPA Annual Meeting |
| J Picker | Chehalis, WA | 12/13 | AMPS Meeting |
| | | | |
| | | | |
| | | | |

**Report to the Board of Port Commissioners
Operations Report for
October 2023**

Port Angeles Boat Haven

| Slip Length | No. of Slips | Occupied | Vacant | Occupancy Rate | Wait List | 2022 Occupied Monthly |
|------------------|--------------|------------|------------|----------------|-----------|-----------------------|
| 20' | 57 | 3 | 54 | 5% | 0 | 2 |
| 25' | 24 | 5 | 19 | 21% | 0 | 11 |
| 30' | 80 | 43 | 37 | 54% | 0 | 51 |
| 36' | 29 | 29 | 0 | 100% | 10 | 28 |
| 40' | 32 | 32 | 0 | 100% | 8 | 31 |
| 46' | 17 | 17 | 0 | 100% | 0 | 16 |
| 50' | 90 | 86 | 4 | 96% | 3 | 85 |
| Side/End Tie | 54 | 42 | 12 | 78% | 4 | 38 |
| Boathouses | 44 | 44 | 0 | 100% | 0 | 44 |
| Sub-Total | 427 | 301 | 126 | 70% | 25 | 306 |
| Limited 20' | 13 | 4 | 9 | 31% | 0 | 0 |
| TOTAL | 440 | 305 | 135 | 69% | 25 | 306 |

Boat Yard Report

| | Oct-23 | Oct-22 | YTD 2023 | YTD 2022 |
|--|-----------|-----------|------------|------------|
| Boats into the yard this month | 15 | 29 | 235 | 204 |
| Boats into the water this month | 16 | 30 | 229 | 205 |
| Total Travel Lift Operations This Month | 31 | 59 | 464 | 409 |
| Year-To-Date Launch Ramp Permit Sales | | | 590 | 692 |

John Wayne Marina

| Slip Length | No. of Slips | Occupied | Vacant | Occupancy Rate | Wait List | 2022 Occupied Monthly |
|------------------|--------------|------------|-----------|----------------|-----------|-----------------------|
| 28' | 72 | 45 | 27 | 63% | 0 | 43 |
| 30' | 46 | 37 | 9 | 80% | 0 | 35 |
| 32' | 28 | 24 | 4 | 86% | 0 | 24 |
| 36' | 22 | 22 | 0 | 100% | 9 | 22 |
| 40' | 19 | 19 | 0 | 100% | 9 | 19 |
| 42' | 21 | 20 | 1 | 95% | 0 | 21 |
| 45' | 10 | 10 | 0 | 100% | 5 | 10 |
| 50' | 27 | 27 | 0 | 100% | 5 | 27 |
| End Tie 49' | 25 | 25 | 0 | 100% | 9 | 25 |
| Sub-Total | 270 | 229 | 41 | 85% | 37 | 226 |
| Limited 20' | 30 | 28 | 2 | 93% | 0 | 28 |
| TOTAL | 300 | 257 | 43 | 86% | 37 | 254 |

**Report to the Board of Port Commissioners
Operations Report for
November 2023**

Port Angeles Boat Haven

| Slip Length | No. of Slips | Occupied | Vacant | Occupancy Rate | Wait List | 2022 Occupied Monthly |
|------------------|--------------|------------|------------|----------------|-----------|-----------------------|
| 20' | 57 | 2 | 55 | 4% | 0 | 2 |
| 25' | 24 | 7 | 17 | 29% | 0 | 11 |
| 30' | 80 | 42 | 38 | 53% | 0 | 51 |
| 36' | 29 | 29 | 0 | 100% | 10 | 28 |
| 40' | 32 | 32 | 0 | 100% | 8 | 31 |
| 46' | 17 | 17 | 0 | 100% | 0 | 16 |
| 50' | 90 | 86 | 4 | 96% | 3 | 85 |
| Side/End Tie | 54 | 36 | 18 | 67% | 4 | 38 |
| Boathouses | 44 | 44 | 0 | 100% | 0 | 44 |
| Sub-Total | 427 | 295 | 132 | 69% | 25 | 306 |
| Limited 20' | 13 | 0 | 13 | 0% | 0 | 0 |
| TOTAL | 440 | 295 | 145 | 67% | 25 | 306 |

Boat Yard Report

| | Nov-23 | Nov-22 | YTD 2023 | YTD 2022 |
|--|-----------|-----------|------------|------------|
| Boats into the yard this month | 11 | 11 | 246 | 215 |
| Boats into the water this month | 12 | 13 | 241 | 218 |
| Total Travel Lift Operations This Month | 23 | 24 | 487 | 433 |
| Year-To-Date Launch Ramp Permit Sales | | | 590 | 695 |

John Wayne Marina

| Slip Length | No. of Slips | Occupied | Vacant | Occupancy Rate | Wait List | 2022 Occupied Monthly |
|------------------|--------------|------------|-----------|----------------|-----------|-----------------------|
| 28' | 72 | 42 | 30 | 58% | 0 | 43 |
| 30' | 46 | 36 | 10 | 78% | 0 | 35 |
| 32' | 28 | 24 | 4 | 86% | 0 | 24 |
| 36' | 22 | 22 | 0 | 100% | 8 | 22 |
| 40' | 19 | 19 | 0 | 100% | 10 | 19 |
| 42' | 21 | 20 | 1 | 95% | 0 | 21 |
| 45' | 10 | 10 | 0 | 100% | 2 | 10 |
| 50' | 27 | 27 | 0 | 100% | 5 | 27 |
| End Tie 49' | 25 | 25 | 0 | 100% | 10 | 25 |
| Sub-Total | 270 | 225 | 45 | 83% | 35 | 226 |
| Limited 20' | 30 | 28 | 2 | 93% | 0 | 28 |
| TOTAL | 300 | 253 | 47 | 84% | 35 | 254 |

**Report to the Board of Port Commissioners
Operations Report for
December 2023**

Port Angeles Boat Haven

| Slip Length | No. of Slips | Occupied | Vacant | Occupancy Rate | Wait List | 2022 Occupied Monthly |
|------------------|--------------|------------|------------|----------------|-----------|-----------------------|
| 20' | 57 | 2 | 55 | 4% | 0 | 2 |
| 25' | 24 | 7 | 17 | 29% | 0 | 11 |
| 30' | 80 | 43 | 37 | 54% | 0 | 48 |
| 36' | 29 | 29 | 0 | 100% | 10 | 28 |
| 40' | 32 | 32 | 0 | 100% | 8 | 31 |
| 46' | 17 | 17 | 0 | 100% | 0 | 15 |
| 50' | 90 | 86 | 4 | 96% | 3 | 85 |
| Side/End Tie | 54 | 37 | 17 | 69% | 4 | 42 |
| Boathouses | 44 | 44 | 0 | 100% | 0 | 44 |
| Sub-Total | 427 | 297 | 130 | 70% | 25 | 306 |
| Limited 20' | 13 | 0 | 13 | 0% | 0 | 0 |
| TOTAL | 440 | 297 | 143 | 68% | 25 | 306 |

Boat Yard Report

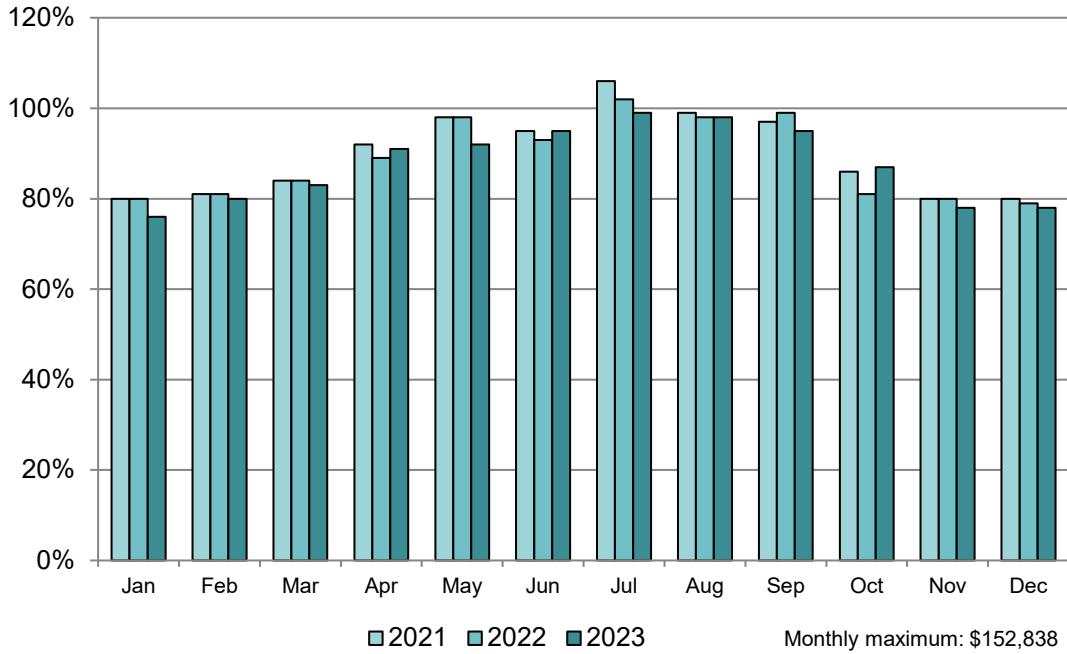
| | Dec-23 | Dec-22 | YTD 2023 | YTD 2022 |
|--|-----------|-----------|------------|------------|
| Boats into the yard this month | 8 | 6 | 254 | 221 |
| Boats into the water this month | 9 | 10 | 250 | 282 |
| Total Travel Lift Operations This Month | 17 | 16 | 504 | 503 |
| Year-To-Date Launch Ramp Permit Sales | | | 590 | 695 |

John Wayne Marina

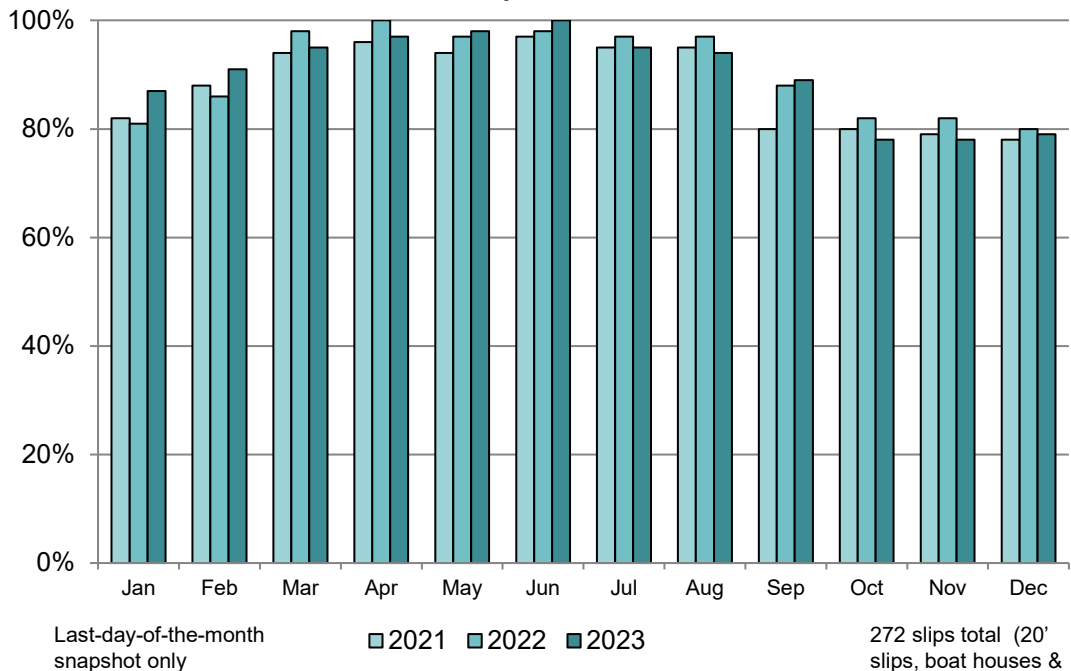
| Slip Length | No. of Slips | Occupied | Vacant | Occupancy Rate | Wait List | 2022 Occupied Monthly |
|------------------|--------------|------------|-----------|----------------|-----------|-----------------------|
| 28' | 72 | 40 | 32 | 56% | 0 | 43 |
| 30' | 46 | 36 | 10 | 78% | 0 | 35 |
| 32' | 28 | 26 | 2 | 93% | 0 | 24 |
| 36' | 22 | 22 | 0 | 100% | 8 | 22 |
| 40' | 19 | 19 | 0 | 100% | 10 | 19 |
| 42' | 21 | 19 | 2 | 90% | 0 | 21 |
| 45' | 10 | 10 | 0 | 100% | 2 | 10 |
| 50' | 27 | 27 | 0 | 100% | 5 | 27 |
| End Tie 49' | 25 | 25 | 0 | 100% | 10 | 25 |
| Sub-Total | 270 | 224 | 46 | 83% | 35 | 226 |
| Limited 20' | 30 | 28 | 2 | 93% | 0 | 28 |
| TOTAL | 300 | 252 | 48 | 84% | 35 | 254 |

PABH Occupancy

Revenue Based



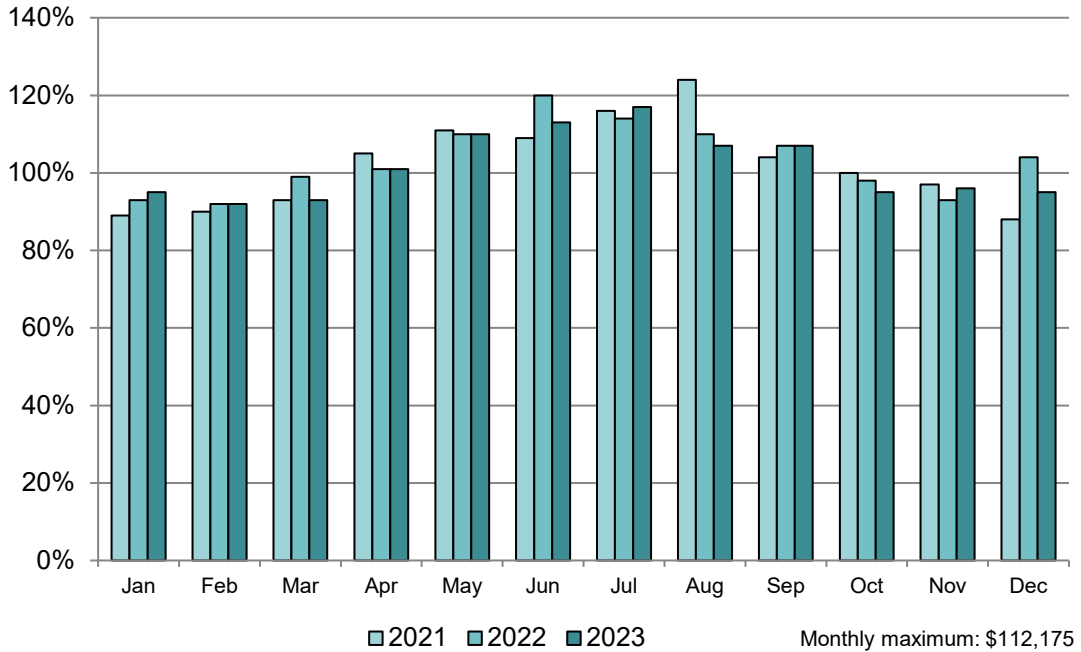
Slip Based



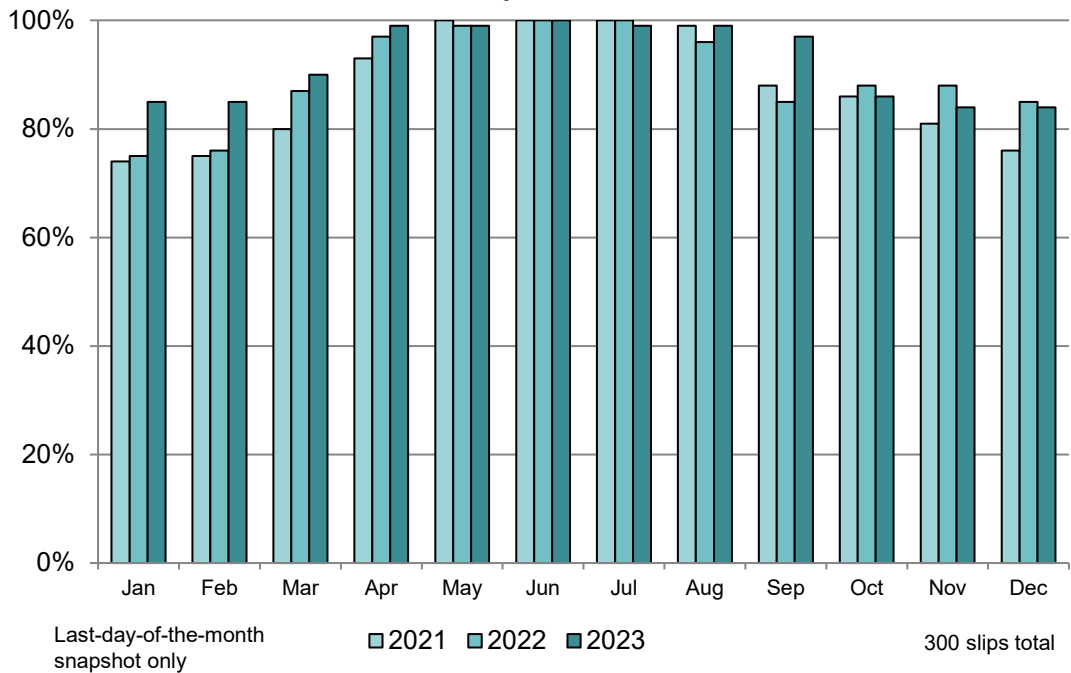
272 slips total (20' slips, boat houses & side tie not included)
28

JWM Occupancy

Revenue Based



Slip Based



REPORT TO THE BOARD OF PORT COMMISSIONERS
LOG HANDLING AND MARINE TERMINAL OPERATIONS
October 2023

| Log Handling | October 2023 | 10 Months 2023 | 10 Months 2022 |
|---|-----------------|-------------------|-------------------|
| Log Operation: | | | |
| Dumped Loads** | 0 | 851 | 1,671 |
| Decked Loads | 289 | 2,983 | 3,492 |
| Green Crow Roll Out - Camp Run | 47 | 397 | 481 |
| T-7 Container Operations | | | |
| # Containers Loaded | 61 | 419 | 162 |
| T-7/T-5 Log Operations-Discharge (Inbound/DeWater) | | | |
| # of Barges | 13 | 93 | 81 |
| # Barge Loads | 770 | 4,408 | 4,328 |
| # DeWater Loads | 205 | 1,578 | 1,046 |
| TOTAL LOADS | 1,372 | 10,636 | 11,180 |

**LOADS DOWN AS ROUNDBOOM (DUMPED LOADS)

| | | |
|---|--|--|
| Inbound 3 - PA Hardwood 0 - Interfor 0 - Hermann 1 - Alta 1 - Zoeffel | Inbound 28 - PA Hardwood 1 - Interfor 1 - Herman 2 - Alta 2 - Zoeffel | Inbound 16 - PA Hardwood 3 - Interfor 1 - Herman |
| Outbound 0 - Georgia Pacific 7 - Sierra Pacific 0 - Southport 1 - Hampton 0 - Roseburg 0 - Buse 0 - Canyon | Outbound 0 - Georgia Pacific 41 - Sierra Pacific 1 - Southport 7 - Hampton 2 - Roseburg 4 - Buse 4 - Canyon | Outbound 1 - Georgia Pacific 44 - Sierra Pacific 2 - Southport 4 - Hampton 4 - Roseburg 7 - Buse 3 - Canyon |

| Terminals #1 & #3 | October 2023 | 10 Months 2023 | 10 Months 2022 |
|--------------------------|-----------------|-------------------|-------------------|
| Terminal Activity | | | |
| Repair Vessels - Tanker | 1 | 8 | 6 |
| Repair Vessels - Other+ | 1 | 12 | 8 |
| Cargo Vessels * Log Ship | 1 | 5 | 7 |
| Cargo Vessels - Chips | 2 | 26 | 4 |
| Other (lay berth) | 6 | 92 | 105 |
| TOTAL # VESSELS | 11 | 143 | 130 |
| TOTAL # DOCK DAYS | 35 | 390 | 364 |

*Includes Passenger vessels

| | | |
|---|--|---|
| 0 - CFPC 0 - M & R 2 - Chips/Biobased 0 - Cruise 1 - Rayonier | 0 - CFPC 1 - M & R 24 - Chips/Biobased 0 - Cruise 4 - Rayonier | 5 - CFPC 3 - M & R 4 - Chips/Biobased 0 - Cruise |
|---|--|---|

NOTE: Unaudited Information

REPORT TO THE BOARD OF PORT COMMISSIONERS
LOG HANDLING AND MARINE TERMINAL OPERATIONS
November 2023

| Log Handling | November 2023 | 11 Months 2023 | 11 Months 2022 |
|--------------|------------------|-------------------|-------------------|
|--------------|------------------|-------------------|-------------------|

| Log Operation: | | | |
|---|-----|--------|--------|
| Dumped Loads** | 0 | 851 | 1,866 |
| Decked Loads | 216 | 3,199 | 3,839 |
| Green Crow Roll Out - Camp Run | 17 | 414 | 510 |
| T-7 Container Operations | | | |
| # Containers Loaded | 39 | 458 | 235 |
| T-7/T-5 Log Operations-Discharge (Inbound/DeWater) | | | |
| # of Barges | 9 | 102 | 90 |
| # Barge Loads | 317 | 4,725 | 4,729 |
| # DeWater Loads | 70 | 1,648 | 1,046 |
| TOTAL LOADS | | | |
| | 659 | 11,295 | 12,225 |

**LOADS DOWN AS ROUNDBOOM (DUMPED LOADS)

| | Inbound | Inbound | Inbound |
|--|---------------------|---------------------|---------------------|
| | 2 - PA Hardwood | 30 - PA Hardwood | 19 - PA Hardwood |
| | 0 - Interfor | 1 - Interfor | 3 - Interfor |
| | 0 - Hermann | 1 - Herman | 1 - Herman |
| | 1 - Alta | 3 - Alta | |
| | 0 - Zoeffel | 2 - Zoeffel | |
| | 1 - Alcan | 1 - Alcan | |
| | Outbound | Outbound | Outbound |
| | 0 - Georgia Pacific | 0 - Georgia Pacific | 1 - Georgia Pacific |
| | 4 - Sierra Pacific | 45 - Sierra Pacific | 49 - Sierra Pacific |
| | 0 - Southport | 1 - Southport | 2 - Southport |
| | 1 - Hampton | 7 - Hampton | 4 - Hampton |
| | 0 - Roseburg | 2 - Roseburg | 4 - Roseburg |
| | 0 - Buse | 4 - Buse | 7 - Buse |
| | 1 - Canyon | 5 - Canyon | 4 - Canyon |

| Terminals #1 & #3 | November 2023 | 11 Months 2023 | 11 Months 2022 |
|-------------------|------------------|-------------------|-------------------|
|-------------------|------------------|-------------------|-------------------|

| Terminal Activity | | | |
|--------------------------|----|-----|-----|
| Repair Vessels - Tanker | 0 | 8 | 7 |
| Repair Vessels - Other+ | 1 | 13 | 9 |
| Cargo Vessels * Log Ship | 0 | 5 | 9 |
| Cargo Vessels - Chips | 4 | 30 | 6 |
| Other (lay berth) | 7 | 99 | 117 |
| TOTAL # VESSELS | | | |
| | 12 | 155 | 148 |
| TOTAL # DOCK DAYS | | | |
| | 47 | 437 | 408 |

*Includes Passenger vessels

| | | |
|--------------------|---------------------|--------------------|
| 0 - CFPC | 0 - CFPC | 6 - CFPC |
| 0 - M & R | 1 - M & R | 1 - M & R |
| 4 - Chips/Biobased | 28 - Chips/Biobased | 6 - Chips/Biobased |
| 0 - Cruise | 0 - Cruise | 0 - Cruise |
| 0 - Rayonier | 4 - Rayonier | |

NOTE: Unaudited Information

REPORT TO THE BOARD OF PORT COMMISSIONERS
LOG HANDLING AND MARINE TERMINAL OPERATIONS
December 2023

| Log Handling | December 2023 | 12 Months 2023 | 12 Months 2022 |
|---|------------------|-------------------|-------------------|
| Log Operation: | | | |
| Dumped Loads** | 0 | 851 | 2,150 |
| Decked Loads | 166 | 3,365 | 3,954 |
| Green Crow Roll Out - Camp Run | 36 | 450 | 520 |
| T-7 Container Operations | | | |
| # Containers Loaded | 44 | 502 | 286 |
| T-7/T-5 Log Operations-Discharge (Inbound/DeWater) | | | |
| # of Barges | 7 | 109 | 97 |
| # Barge Loads | 313 | 5,038 | 4,992 |
| # DeWater Loads | 0 | 1,648 | 1,245 |
| TOTAL LOADS | 559 | 11,854 | 13,147 |

**LOADS DOWN AS ROUNDBOOM (DUMPED LOADS)

| | | |
|---|--|--|
| Inbound 3 - PA Hardwood 0 - Interfor 0 - Hermann 0 - Alta 0 - Zoeffel 0 - Alcan | Inbound 33 - PA Hardwood 1 - Interfor 1 - Herman 3 - Alta 2 - Zoeffel 1 - Alcan | Inbound 21 - PA Hardwood 3 - Interfor 1 - Herman |
| Outbound 0 - Georgia Pacific 4 - Sierra Pacific 0 - Southport 0 - Hampton 0 - Roseburg 0 - Buse 0 - Canyon | Outbound 0 - Georgia Pacific 49 - Sierra Pacific 1 - Southport 7 - Hampton 2 - Roseburg 4 - Buse 5 - Canyon | Outbound 1 - Georgia Pacific 51 - Sierra Pacific 2 - Southport 4 - Hampton 4 - Roseburg 8 - Buse 5 - Canyon |

| Terminals #1 & #3 | December 2023 | 12 Months 2023 | 12 Months 2022 |
|--------------------------|------------------|-------------------|-------------------|
| Terminal Activity | | | |
| Repair Vessels - Tanker | 0 | 8 | 7 |
| Repair Vessels - Other+ | 0 | 13 | 10 |
| Cargo Vessels * Log Ship | 0 | 5 | 10 |
| Cargo Vessels - Chips | 2 | 32 | 8 |
| Other (lay berth) | 8 | 107 | 129 |
| TOTAL # VESSELS | 10 | 165 | 164 |
| TOTAL # DOCK DAYS | 29 | 466 | 447 |

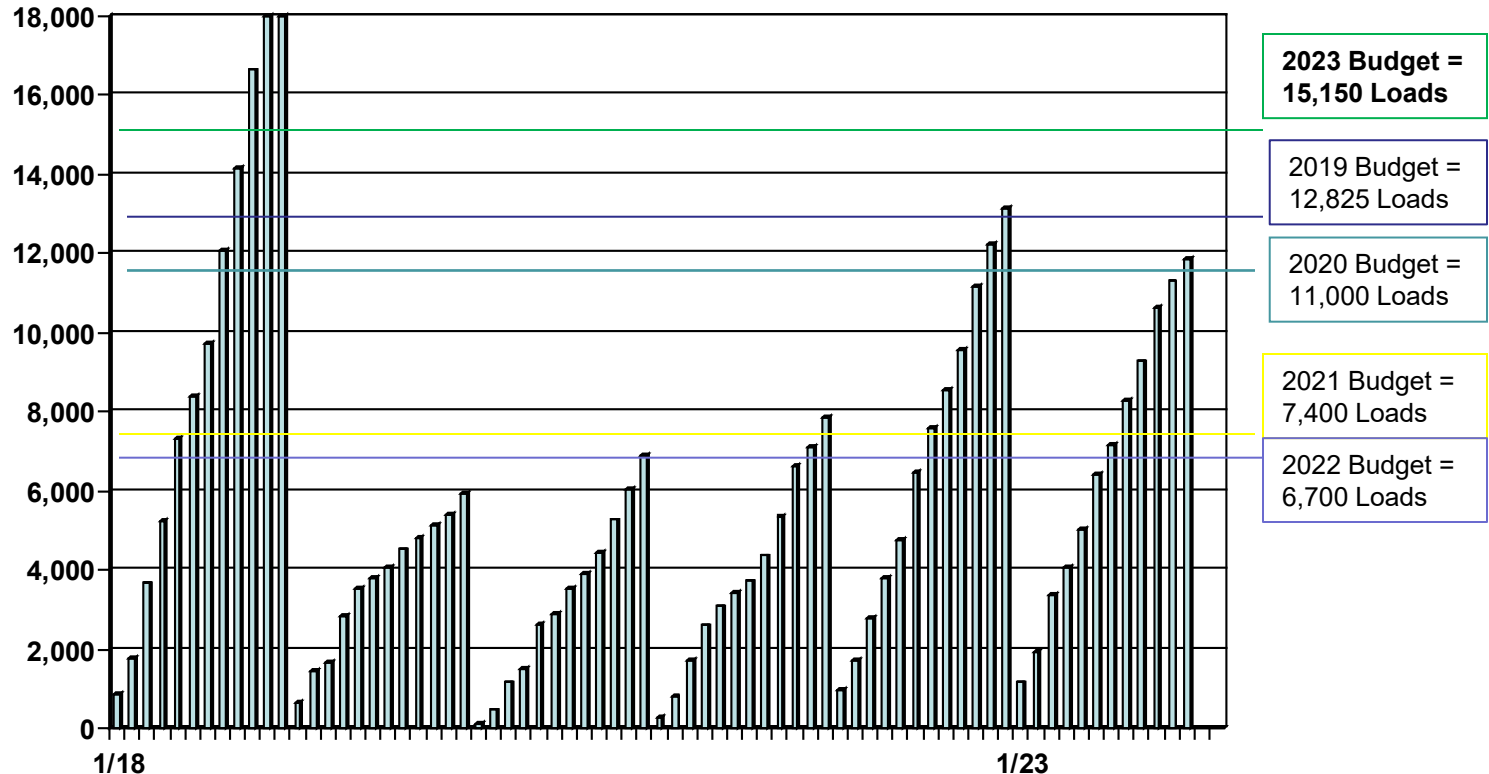
*Includes Passenger vessels

| | | |
|---|--|---|
| 0 - CFPC 0 - M & R 2 - Chips/Biobased 0 - Cruise 0 - Rayonier | 0 - CFPC 1 - M & R 30 - Chips/Biobased 0 - Cruise 4 - Rayonier | 6 - CFPC 1 - M & R 8 - Chips/Biobased 0 - Cruise |
|---|--|---|

NOTE: Unaudited Information

Port of Port Angeles LY Loads - Cumulative

January 2018 – December 2023

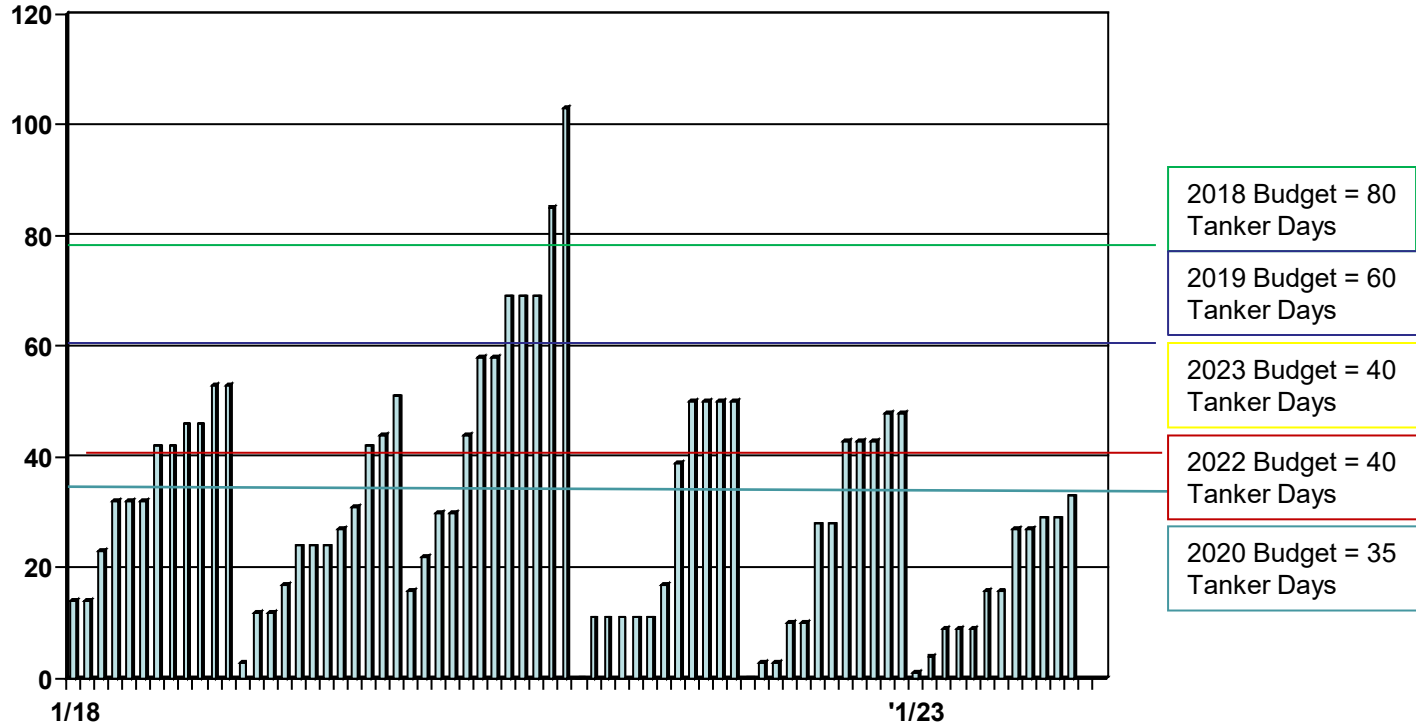


| Year | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec |
|------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| 2018 | 847 | 1,767 | 3,670 | 5,227 | 7,302 | 8,386 | 9,702 | 12,077 | 14,132 | 16,631 | 18,522 | 19,170 |
| 2019 | 630 | 1,431 | 1,677 | 2,840 | 3,530 | 3,782 | 4,074 | 4,511 | 4,803 | 5,117 | 5,404 | 5,945 |
| 2020 | 114 | 465 | 1,156 | 1,508 | 2,603 | 2,891 | 3,524 | 3,884 | 4,428 | 5,269 | 6,034 | 6,888 |
| 2021 | 265 | 824 | 1,699 | 2,595 | 3,082 | 3,419 | 3,716 | 4,358 | 5,331 | 6,620 | 7,099 | 7,848 |
| 2022 | 954 | 1,724 | 2,791 | 3,795 | 4,745 | 6,453 | 7,572 | 8,566 | 9,552 | 11,180 | 12,225 | 13,147 |
| 2023 | 1,161 | 1,928 | 3,369 | 4,061 | 5,029 | 6,417 | 7,144 | 8,285 | 9,264 | 10,636 | 11,295 | 11,854 |

Port of Port Angeles

MT Tanker Days - Cumulative

January 2018 – December 2023



| Year | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec |
|------|-----|-----|-----|-------|-----|------|------|-----|------|-----|-----|-----|
| 2018 | 14 | 14 | 23 | 32 | 32 | 32 | 42 | 42 | 46 | 46 | 53 | 53 |
| 2019 | 3 | 12 | 12 | 17 | 24 | 24 | 24 | 27 | 31 | 42 | 44 | 51 |
| 2020 | 16 | 22 | 30 | 30 | 44 | 58 | 58 | 69 | 69 | 69 | 85 | 103 |
| 2021 | 0 | 11 | 11 | 11 | 11 | 11 | 17 | 39 | 50 | 50 | 50 | 50 |
| 2022 | 0 | 3 | 3 | 10 | 10 | 28 | 28 | 43 | 43 | 43 | 48 | 48 |
| 2023 | 1 | 4 | 9 | 9 | 9 | 16 | 16 | 27 | 27 | 29 | 29 | 33 |

**ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS**

January 23, 2024

SUBJECT: Western Port Angeles Harbor Site – Draft Cleanup Action Plan Change Order (Floyd |Snider Work Order No. 4 – Professional Services Agreement – Change Order #2)

STAFF LEAD: Jesse Waknitz – Environmental Manager

RCW & POLICY REQUIREMENTS:

Per Commission Resolution **22-1262** Delegation of Authority, **Section VI.A.**, all changes in the contract fee for professional services require Commission approval.

BACKGROUND:

In 2012, the Department of Ecology (Ecology) asserted that the Port and several other entities – the City of Port Angeles, Nippon, Merrill & Ring, and Georgia Pacific – are potentially liable for some portion of the contaminants in the harbor. In response to that action, in 2013, the Port and the other entities, collectively the potentially liable parties (PLPs), entered into a Participation Agreement to share costs and jointly commence a process to clean up the harbor. The group of PLPs is also known as the Western Port Angeles Harbor Group (WPAHG). WPAHG then negotiated an Agreed Order (AO), which legally obligated the PLPs to complete a Remedial Investigation/Feasibility Study (RI/FS), which is the first step in the cleanup process. In November 2020, the Port and the other PLP's entered into an amended Agreed Order with Ecology that obligates the Port and other PLPs to prepare a draft Cleanup Action Plan (dCAP). The preliminary dCAP was delivered to Ecology in 2021, and Ecology is currently finalizing the document for public comment in 2024.

The WPAHG consultant's work for the RI/FS through the dCAP has been divided into four separate Work Orders.

- Work Order No. 1 provided for the collection of data.
- Work Order No. 2 directed and authorized the technical consultants to apply the data collected during Work Order No. 1 and, from it, prepare a draft RI/FS.
- Work Order No. 3 directed and authorized the technical consultants to make changes based on comments collected from DOE and the public and prepare a final draft RI/FS.
- Work Order No. 4 directed and authorized the technical consultants to prepare the dCAP, and Change Order No. 1 allowed for additional coordination and discussions with Ecology regarding remedy selection for Sediment Management Area (SMA) 2 (lagoon), and finalization of the CAP.

ANALYSIS:

The dCAP schedule has been extended to mid-2024 to allow Ecology and WPAHG to prepare the document for public comment. This effort assumes much additional Ecology coordination and WPAHG consultant time. The proposed Work Order No.4, Change Order No.2 will provide the scope and budget to complete this consultant work for the WPAHG.

ENVIRONMENTAL IMPACT:

The remedial action conducted within the harbor will meet the requirements of federal, state, and local permits and approvals. Preparing a dCAP for public comment will move the Port and the community forward in the cleanup of Western Port Angeles Harbor.

FISCAL IMPACT:

The existing contract between WPAHG and Floyd Snider through Work Order No.4, Change Order No.1, is \$137,975. The Port's share of this fee is \$27,595, and our share is anticipated to be reimbursed by insurance. The proposed Change Order No.2 is for \$67,462, and the Port's share of \$13,492.40 is anticipated to be reimbursed by insurance.

RECOMMENDED ACTION:

Staff recommends the Commission authorize the Executive Director to execute Change Order No. 2 to Work Order No.4 with Floyd Snider for the completion of the draft Cleanup Action Plan for the Western Port Angeles Site, in an amount not to exceed \$67,462, to allow the Executive Director to make any minor modifications to the agreement, if necessary.

**ITEM FOR CONSIDERATION
OF THE
BOARD OF PORT COMMISSIONERS**

Date: January 23, 2024
Subject: Arrow Marine
Presented by: Caleb McMahon, Director of Economic Development
Location: 1050 Building

RCW & POLICY REQUIREMENTS

Per RCW 53.08.08 Lease of Property, a district may lease all lands, wharves, docks and real and personal property upon such terms as the port commission deems proper. No lease shall be for a period longer than fifty years with option up to an additional thirty years.

Per RCW 53.08.085, security for rent is required for every lease of more than one year. Rent may be secured by rental insurance, bond, or other security satisfactory to the port commission, in an amount equal to one-sixth the total rent, but in no case shall such security be less than one year's rent or more three years' rent. If the security is not maintained the lease shall be considered in default. The port commission may in its discretion waive the rent security requirement or lower the amount of such requirement on the lease of real and/or personal port property.

Per Section I of the Ports Delegation of Authority, all term lease agreements of real property shall be leased only under an appropriate written lease instrument executed by the Commission. Per Section 1.B.4 Commission approval is required for any lease that contains any material non-standard terms or conditions.

BACKGROUND:

Arrow has been a tenant of the Port for a number of years. They have grown their space from 3,000 square feet to approximately 6250 square feet and have requested a term lease.

LEASE DETAILS:

The tenant will lease 6250 SF of warehouse space in the 1050 building for a total of 6250 SF.

1. Tenant to pay Electricity \$50/month.
2. 6250 Square Feet
3. Rate .43 per square foot (includes a 10% discount)

Proposed Waived Items in Lease:

None requested.

Commencement Date: February 1, 2024.

Term: One (1) year

Options to Renew: 2 x 1-year extensions at Port consent.

Bond/Security: Port policy requires three months' rent as a financial security deposit.

Insurance: Current Policy is adequate coverage.

Non-Standard (requires Commission approval) or Unique Terms:

1. Commercial Term Lease with the following non-standard items:
 - a. One Year Term

Financial Impact:

6250 X .43= \$2687.50 Per Month

RECOMMENDED ACTION:

Staff recommends the Commission approve the items as presented, being a Commercial Term Lease as outlined with lease term dates and items above.

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (“Lease”) is made and entered into as of the date last written below, by and between the **PORT OF PORT ANGELES**, a Washington municipal corporation (the “**Port**”), and **ARROW MARINE SERVICES, INC.**, a Washington profit corporation (“**Lessee**”) (individually “**Party**” and collectively “**Parties**”).

ARTICLE I

Summary of Lease Terms and Definitions

The Port: Port of Port Angeles
338 W First Street
Port Angeles, WA 98362

Lessee: Arrow Marine Services, Inc.
435 Marine Drive
Port Angeles, WA 98363

Premises: 6,250 square feet of warehouse located at 2140 W. 18th Street (1050 Building), in Port Angeles, Washington as depicted in the Map of Premises attached to this Lease as **Exhibit A**.

Lessee-owned Improvements:

As of the Commencement Date as defined herein, the following fixtures and improvements are owned by Lessee and are not part of this Lease: None

Initials: _____
Port Lessee

Use of Premises: Warehouse storage.

Benefit to the Public: None.

Commencement Date: February 1, 2024

Term: One year. February 1, 2024, through January 31, 2025.

Renewals: Two (1) One-Year Renewals

Requires Port consent, at Port’s sole discretion

Base Rent:

| Leased Area | Sq Ft | Rate/SF | Monthly Rate |
|------------------------|--------------|----------------|---------------------|
| Warehouse | 6,250 | \$ 0.43 | \$ 2,687.50 |
| Leasehold Tax | | 12.84% | \$ 345.08 |
| Utilities | | | \$ 50.00 |
| Monthly Payment | | | \$ 3,082.58 |

Financial Security (see Section 5.4 for more information). Three months of rent.

ARTICLE II
Premises, Term, Renewals

2.1 **PREMISES:** In consideration of the rents hereinafter reserved and of the covenants and conditions set forth herein to be performed by Lessee, the Port does hereby lease the Premises to Lessee.

2.2 **TERM:** The term of this Lease shall be for one (1) year beginning February 1, 2024 through January 31, 2025. If Lessee takes possession of the Premises before the Commencement Date, Lessee shall pay the pro rata rent for the period prior to commencement of the Lease term.

2.3 **RENEWAL:** Subject to the terms and conditions herein, Lessee may renew this Lease for two (2) consecutive one-year periods by giving written notice of such intention to the Port at least ninety days (90) days prior to the expiration of the term of this Lease or any renewal thereof. It is a condition precedent to Lease Renewal that the Lessee be in good standing at the time of renewal and that Lessee is not in default under the terms of this Lease or any other lease or agreement with the Port. The terms and conditions of any renewal shall be generally the same as set forth in this Lease, provided however rent shall be recalculated as provided herein and the terms of this Lease shall be updated to be consistent with the terms and conditions of the existing Port's Commercial Lease Agreement. All lease extensions and renewals shall be at the sole discretion of the Port unless previously authorized by the Commission. At the time of renewal, extension, exercising option, etc. the Lease will be reevaluated and brought up to fair market value.

Lessee's renewal is likewise subject to and contingent upon the Port's acceptance of Lessee's renewal notice, which the Port may withhold in its sole discretion. Failure of Lessee to give required notification may, at the discretion of the Port, result in the option(s) being null and void. Should the Port decline to accept Lessee's renewal notice, this Lease will terminate upon the expiration of the then-existing term.

ARTICLE III
Rent, Rental Adjustment

3.1 **RENT:** The term “**Rent**” as used herein includes Base Rent, Common Area Maintenance (“CAM”) Expenses (if any) as that term is defined herein below, applicable Washington State leasehold excise tax, consistent with RCW Chapter 82.29A relating to leasehold excise tax, and any subsequent revision or amendment thereto, and other fees and charges assessed herein. Base Rent and Washington State leasehold excise tax shall be paid without the requirement that the Port provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement. For any other fees and charges which may be assessed by the Port herein, the Port shall first provide written notice thereof, and Lessee shall pay such fees and/or charges within thirty (30) days of receipt of such written notice without any counterclaim, setoff, deduction, defense or abatement.

3.1.1 If Lessee fails to pay the required Rent as by this Lease, the Port shall charge late fees as outlined below. An administrative fee of \$25 will be charged for each month a late or finance fee is charged:

3.1.1.1. 30 days nonpayment = late fee is charged. At the first of month after 30 days late: Late fee is 2% or \$100, whichever is greater, of total outstanding Rent, leasehold tax (“LHT”), utilities and charges billed.

3.1.1.2 60 days nonpayment = late fee is charged. At the first of month after 60 days late: Late fee is 5% or \$300, whichever is greater, of outstanding Rent, LHT, utilities, and charges billed. Eviction process will be initiated.

3.1.1.3 90 days nonpayment = late fee of 8% or \$700 whichever is greater, of outstanding Rent, LHT, utilities, and charges billed and eviction will be enforced.

3.1.2 **Base Rent Adjustment:** The Base Rent shall be adjusted each January for years 1-4 to compensate for the effect of inflation on the rental rate. A thirty-day written notice will be given in November to the Lessee that Consumer Price Index adjustments will take place on the following January 1st. Upon the provision of such notice, the Base Rent rate shall be automatically adjusted every January to reflect the percentage change in the Consumer Price Index for All Items in West - Size Class B/C, All Urban Consumers, as issued by the U.S. Department of Labor, Bureau of Labor Statistics, or the closest comparable index if the above index is no longer published (“**CPI Increase**”). Effective January of year 5, and every fifth anniversary thereafter, the Base Rent shall be adjusted in order to compensate for changes in market conditions as determined by an independent appraisal. The Base Rent shall be equal to the fair market value as established by that appraisal (“**FMV Rent Rate**”). If that FMV Rent Rate is less than the Base Rent then in effect, then such existing Base Rent shall not be reduced but shall remain flat for the following five (5) years, together with the CPI Increases.

3.2 **COMMON AREAS:** RESERVED.

3.2.1 **Common Areas; Definition:** The term “**Common Areas**” shall mean those areas in and around the Premises owned by the Port that are provided and designated by the Port from time-to-time for the general non-exclusive use of the Port, Lessee, other tenants of the Port, and/or the respective employees, suppliers, shippers, customers, clients, invitees and licensees of such Parties. Common Areas may include, but are not limited to, lobbies, hallways, common restrooms,

electrical and mechanical areas, supply and janitorial rooms, exterior wall surfaces of the Premises walkways, driveways, parking areas, service areas, landscaped areas, and other Port owned areas provided for the non-exclusive use of its tenants. The Port or its agents shall operate, manage, equip, light, repair, replace and maintain the Common Areas for their intended purpose at such times and in such manner as the Port shall reasonably determine.

3.2.2 **Lessee's Common Area Lease Rights:** The Port hereby grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, customers, clients and invitees during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time-to-time, subject to any rights, powers and privileges reserved by the Port under the terms hereof or under the terms of any rules, regulations or restrictions governing the use of the Common Areas. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by prior written consent of the Port or the Port's designated agent, which consent may be revoked at any time. In the event that such unauthorized storage shall occur, then the Port shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be payable on demand by the Port.

3.2.3 **Changes to Common Areas:** The Port shall have the right from time-to-time to make changes to the Common Areas, including, without limitation: (i) changes in the location, size, shape and number thereof; (ii) to temporarily close any of the Common Areas for maintenance and public purposes so long as reasonable access to the Premises remains available; (iii) to add additional improvements to the Common Areas; and (iv) to use Common Areas while engaged in making additional improvements, repairs or alterations to the Premises or any portion thereof, as the Port may, in the exercise of sound business judgment, deem appropriate. The Port shall nevertheless diligently perform construction, repair or maintenance work to minimize interruptions in the use of Common Areas.

3.2.4 **Common Area Maintenance Expenses; Definition:** The term "**Common Area Maintenance Expenses**" or "**CAM Expenses**" as used herein shall mean the sum of the costs and expenses incurred by the Port with respect to maintenance, upkeep and repair of and to the Common Areas.

3.3 **ABATED RENT:** If this Lease provides for a postponement of any monthly rental payments or other rent concession, such postponed rent is called the "**Abated Rent.**" Lessee shall be credited with having paid all of the Abated Rent on the expiration of the term of this Lease only if Lessee has fully, faithfully and punctually performed all of Lessee's obligations hereunder, including the payment of all Rent, including, if applicable, Abated Rent, and all other monetary obligations and the surrender of the Premises in the condition required by this Lease. If Lessee defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case, Abated Rent shall be calculated based on the full initial rent payable under this Lease, plus interest thereon at the rate of twelve percent (12%) per annum from date each monthly rental payment was postponed.

3.4 **LEASEHOLD AND OTHER TAXES:** Throughout the term of this Lease, Lessee shall be liable for, and shall pay or, as applicable, reimburse the Port for, all license fees and excise and occupation taxes covering the business conducted on the Premises, all taxes on property of Lessee on the Premises, ad valorem taxes or taxes levied in lieu of an ad valorem tax, and any taxes on the leasehold interest created by this Lease and/or measured by the rent payments hereunder, whether imposed on Lessee or on the Port. With respect to the leasehold excise tax payable hereunder, Lessee shall pay to the Port with each rent payment an amount equal to the tax. All other tax amounts for which the Port is or will be entitled to reimbursement from Lessee shall be paid by Lessee to the Port at least fifteen (15) days prior to the due dates of the tax amounts involved, provided that Lessee shall be given at least ten (10) days' prior written notice of the amounts payable by Lessee.

ARTICLE IV

Use of Premises, Condition of Property, Improvements, Removal of Property, Maintenance, and Utilities

4.1 **LESSEE'S USE OF THE PREMISES:** Lessee shall conduct only the following activity on the Premises: warehouse storage (the "Authorized Use") and such additional uses incidental or otherwise related to such Authorized Use.

4.1.1 Lessee shall be in default under this Lease if it: (i) ceases conducting the Authorized Use for any period of time exceeding one hundred twenty (120) consecutive days; or (ii) conducts any other business or activity on the Premises without first obtaining the Port's consent, in the Port's sole discretion, which shall be evidenced by a validly executed written Lease modification. In conducting the Authorized Use, Lessee shall properly and fairly serve the public, providing reasonable hours of operation, and reasonably suitable service.

4.1.2 Notwithstanding the foregoing described use, the Premises shall not be used to store, distribute or otherwise handle flammable, dangerous or hazardous materials, excepting only those necessary to conduct the Authorized Use. At the request of the Port, Lessee shall provide a list of all flammable, dangerous or hazardous materials stored or used on the Premises.

4.2 **ACCEPTANCE OF PREMISES:** Lessee accepts the Premises, including all existing improvements thereon, "as is" without further maintenance liability on the part of the Port, except as otherwise specifically noted herein. Lessee is not relying on any representations of the Port as to condition, suitability, zoning restrictions or usability, except the Port's right to grant a lease of the Premises.

4.3 **CONSTRUCTION OF TENANT IMPROVEMENTS:** Lessee shall abide by the following terms with regard to making any tenant improvements on the Premises ("**Tenant Improvements**"):

4.3.1 Subject to obtaining the Port's written approval, Lessee may make and install, at its own expense, such Tenant Improvements as are normal and customary in connection with the Authorized Use set forth herein. Lessee's contractor, if any, shall be subject to the Port's approval,

not unreasonably withheld. The Port reserves the right to condition its approval upon Lessee providing payment and/or performance bonds satisfactory to the Port. Lessee shall submit plans to and obtain written approval from the Port before commencing any Tenant Improvements. The Port shall have a reasonable period of time to review such plans prior to issuing a decision. Upon the provision of written notice to Lessee that the Port's review of plans will require extraordinary staff review time, the Port may charge Lessee a reasonable pre-established fee for staff, consultant or attorney time required to review the plans. All Tenant Improvements which are to be designated fixtures shall be so designated by the Port upon the Port's approval of the plans for such improvements. Unless otherwise agreed, all improvements by Lessee shall conform to the requirements of the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq. (the "ADA").

4.3.2. Return on Investment. All Tenant Improvements completed by the Port at its expense will require a return on investment of not less than the Port's expense paid by the Lessee receiving the benefit from said Tenant Improvement.

4.3.3. A payback schedule for the Tenant Improvement costs will be determined by the Port on a case-by-case basis.

4.3.4. All Tenant Improvements will have a scheduled return on investment until the Port's expense and overhead associated with the Tenant Improvement is reimbursed by Lessee.

4.3.5 **Unauthorized Improvements**: Any Tenant Improvements made on the Premises without the Port's prior written consent or which are not in conformance with the plans submitted to and approved by the Port ("**Unauthorized Improvements**") shall be subject to removal by Lessee at Lessee's expense upon sixty (60) days' written notice from the Port.

4.4 **TITLE TO LESSEE IMPROVEMENTS, FIXTURES AND PERSONAL PROPERTY AT LEASE TERMINATION**: Except as otherwise provided in the description of the Premises in Article I above, as of the Commencement Date, all existing structures, buildings, installations, and improvements of any kind located on the Premises are owned by and title thereto is vested in the Port. Prior to Lease Termination, Lessee shall remove the following from the Premises:

- a. All equipment;
- b. All personal property;
- c. All Lessee Improvements not designated as Fixtures in Article I above or pursuant to Section 4.3.1 above.

Initials:

Port

Lessee

4.4.1 If Lessee removes any part of a structure, including the items listed above ("**Removal Items**"), from the Premises, it shall be obligated to remove all thereof, except such portions as the Port may desire to leave remaining, including the foundation. The Lessee will correct any environmental issues. The Port may require Lessee to remove all or any portion of the

Removal Items from the Premises, upon the Port's written notification to Lessee within 30 days of the expiration of this Lease. In the event any Removal Items are removed by Lessee, Lessee shall restore the Premises to the condition they were in prior to their construction.

4.4.1 If any of the Removal Items are not removed from the Premises by Lease Termination or when the Port has the right of re-entry, then the Port may, at its sole option, elect any or all of the following remedies:

a. Upon the expiration of thirty (30) days' written notice to Lessee that Removal Items remaining on the Premises are required to be removed therefrom by Lessee, if Lessee has not completed the removal, the Port may remove any or all of the Removal Items and dispose of them without liability to Lessee, and at Lessee's cost. The Port shall not be required to mitigate its damages, to dispose of the Removal Items in a commercially reasonable manner, or to make any effort whatsoever to obtain payment for such items. Lessee agrees to pay the Port's costs and damages associated with Lessee's failure to remove such Removal Items, including, but not limited to, the following: storage, demolition, removal, transportation and lost rent (collectively "**Disposal Costs**"); provided, however, that any net proceeds recovered by the Port in excess of its Disposal Costs will be deducted from Lessee's financial obligation set forth herein. Lessee's financial obligations herein shall survive the termination of this Lease; and or

b. Claim and take title in the Port to any or all Removal Items, however, the Port retains the option to decline ownership at Lease termination; and/ or

c. Commence suit against Lessee for damages or for specific performance.

4.4.2 During any period of time employed by Lessee under this Section to remove Removal Items including structures, buildings, installations, improvements, machines, appliances, equipment and trade fixtures, Lessee shall continue to pay a rent due and all other fees or expenses due and owing to the Port in accordance with this Lease on a prorated daily basis.

4.4.3 The foregoing remedies are cumulative, and the Port shall not be required to elect its remedies.

The Port and Lessee hereby acknowledge the rights, obligations and remedies set forth in this Section 4.4.

Initials:

Port

Lessee

4.5 **MAINTENANCE OF PREMISES:** The maintenance and repair of the Premises are the sole responsibility of Lessee, except as set forth in the Maintenance Inclusion List attached hereto as **Exhibit B** and incorporated herein by this reference; PROVIDED, however, that the Port shall be responsible for repairing at its own cost any interior damage resulting from a roof leak. Lessee shall notify the Port immediately upon discovering any indication of a roof leak. Lessee shall maintain the Premises in good condition, and shall repair all damage caused by Lessee, its employees, agents, licensees, invitees or anyone on the Premises as a result of Lessee's activities.

In lieu of common area maintenance charges, Lessee's exterior Premises maintenance and repair responsibilities include, without limitation and by way of example only, mowing, general landscape maintenance, snow removal, parking lot sweeping, parking lot striping, and parking lot, curb and sidewalk repairs. The Port and Lessee specifically acknowledge and agree that the Port has no responsibility to maintain, repair or replace the Lessee-owned Improvements described in Article I above.

Initials:

Port

Lessee

4.6 **UTILITIES AND SERVICES**: Lessee shall be liable for and shall pay throughout the term of this Lease all charges for all utility services furnished to the Premises, including but not limited to, light, heat, gas, janitorial services, garbage, disposal, security, electricity, water, stormwater and sewerage, including any connection fees and any fire protection, police protection, or emergency health services as furnished by local authorities and as may be the subject of a contract between the Port and such local authorities or as imposed by ordinance or statute. The Lessee will ensure all utility services are transferred to their name upon commencement of this agreement. If the Premises are part of a building or part of any larger Premises to which any utility services are furnished on a consolidated or joint basis, Lessee agrees to pay to the Port Lessee's pro-rata share of the cost of any such utility services. Lessee's pro-rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of cost shall not be required. At the conclusion of this Lease, Lessee shall arrange for such utility services to be terminated and for the final bill to be sent to Lessee. Lessee shall be liable for all utility charges that accrue if it fails to so terminate services.

Meter Number(s) associated with this leased premises: N/A.

4.7 **COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS**:

4.7.1 Lessee agrees to take reasonable action to comply with all applicable rules and regulations of the Port pertaining to the Premises now in existence or hereafter promulgated for the general safety and convenience of the Port, its various lessees, invitees, licensees and the general public upon receipt of notice of the adoption of such regulations.

4.7.2 Lessee agrees to comply with all applicable federal, state and municipal laws, ordinances, and regulations, including without limitation those relating to environmental matters. Any fees for any inspection of the Premises during the Lease term by any federal, state or municipal officer related to Lessee use and occupancy of the Premises and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.

4.8 **MARINE TARIFF**: Lessee's use of the terminal and/or dock is subject to currently published marine tariff rates. Lessee is solely responsible for payment of marine tariffs.

ARTICLE V
Insurance and Financial Security

5.1 **CASUALTY LOSS OF LESSEE:** The Parties hereto agree that the Port shall not be responsible to Lessee for any property loss or damage done to Lessee's property, whether real, personal or mixed, occasioned by reason of any fire, storm or other casualty whatsoever. It shall be Lessee's responsibility to provide its own protection against casualty losses of whatsoever kind or nature, regardless of whether or not such loss is occasioned by the acts or omissions of the Port, Lessee, third party, or act of nature. To this end, the Port and Lessee hereby waive any rights each may have against the other as a result of any injury, loss or damage which is then insured against by either. This waiver is effective only to the extent that the insurance company(ies) actually pay(s) for such injury, loss or damage. In addition, the Port and Lessee agree to (1) cause their respective insurance companies to waive any right of subrogation, and (2) provide proof to the other Party within thirty (30) days after the execution of this Lease that such waivers have been successfully obtained from the respective insurance companies (if such proof is not provided within this thirty (30) day period, the other Party shall have the right to declare this paragraph to be ineffective). This paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.

5.2 **INSURANCE:**

5.2.1 **Liability:** Lessee shall procure and maintain during the term of this Lease and any extensions or renewals of this Lease a comprehensive general liability policy covering on an occurrence basis all claims for personal injury (including death) and property damage (including all real and personal property located on the Premises) arising on the Premises or arising out of Lessee's operations. This policy shall also include contractual liability coverage for all indemnities provided under this Lease. Limit per occurrence shall not be less than \$1,000,000, or the equivalent. General aggregate limit shall not be less than \$2,000,000, when applicable (and will be endorsed to apply separately to each site or location.) Limit per claim and in the aggregate shall not be less than \$1,000,000, or the equivalent. Annual aggregate limit shall not be less than \$2,000,000. The liability policies shall contain a cross-liability provision such that the policy will be construed as if separate policies were issued to Lessee and to the Port.

5.2.2 **Property Insurance.** At all times during the term of this Lease, Lessee shall maintain in effect on Lessee-owned improvements fire and extended coverage property insurance for physical loss and damage *excluding* earthquake and flood insurance. Such policy or policies shall be written in the form of replacement cost insurance in an amount not less than 100% of the full replacement cost of Lessee's improvements thereon, which amount shall be adjusted not less frequently than annually.

5.2.3 **Workers' Compensation; Employer's Liability/Stop Gap:** If Lessee has employees, Lessee shall obtain, at Lessee's expense, and keep in effect during the term of this Lease and any renewals or extensions of this Lease, Workers' Compensation as required by the State of Washington, with statutory limits, and Employer's Liability/Stop Gap Insurance with limits of not less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease.

5.2.6 **Verification of Coverage:** For each insurance policy required herein, Lessee shall provide to the Port, prior to Lessee's occupancy of the Premises, original certificates of insurance, all required amendatory endorsements establishing coverage required under this Lease, a copy of each policy declarations and endorsements page, and complete copies of each policy. Provided, the Port's failure to obtain the required documents prior to Lessee's occupancy shall not be deemed a waiver of Lessee's obligation to provide them. Receipt of such certificate or policy by the Port does not constitute approval by the Port of the terms of such policy.

5.2.7 **Additional Insured; Primary Coverage; Non-Contributory:** Each insurance policy required herein shall name the Port, and only the Port, as an additional insured. For any claims related to this Lease, Lessee's insurance coverage shall be primary insurance coverage as to the Port. Any insurance or self-insurance maintained by the Port shall be excess of Lessee's insurance and shall not contribute with it.

5.2.8 **Changes in Coverage Requirements:** The Port reserves the right to modify any insurance requirements set forth herein, including limits, at the same time as revaluation of the annual Rent, as a condition of approval of assignment or sublease of this Lease, upon any breach of the environmental liability provision herein, upon a material change in the condition of any improvements, upon a change in the Authorized Use, or under other special circumstances as determined by the Port. Lessee shall obtain new or modified insurance coverage within thirty (30) days after changes are required by the Port.

5.2.9 **Substitute Coverage:** If Lessee fails to procure and maintain any insurance required herein, the Port shall have the right, but not the obligation, to procure and maintain substitute insurance and to pay the premiums, chargeable to Lessee. Lessee shall pay to the Port upon demand the full amount paid by the Port.

5.2.10 **Negligence of Lessee:** Each insurance policy required herein shall expressly provide that the insurance proceeds of any loss will be payable notwithstanding any act or negligence of Lessee which might otherwise result in a forfeiture of said insurance.

5.2.11 **Self-Insured Retentions:** If Lessee is self-insured, self-insured retentions must be declared to and approved by the Port. At the Port's option, either (i) Lessee shall obtain coverage to reduce or eliminate such self-insured retentions as respects the Port; or (ii) Lessee shall provide a financial guarantee satisfactory to the Port guaranteeing payment of losses and related investigation, claim administration and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or the Port.

5.2.12 **Acceptability of Insurers:** All insurance required herein shall be placed with insurers authorized to conduct business in the state of Washington with a current A.M. Best's rating of no less than A-VII, unless otherwise specifically authorized by the Port.

5.2.13 **Notice of Cancellation:** Each insurance policy required herein shall expressly provide that coverage shall not be canceled or changed except with prior written notice to the Port of no less than thirty (30) days. Lessee shall provide the Port with any revised endorsements, policy declarations and endorsements pages, and policies as soon as practicable after any changes

are made to any policy.

5.2. **Automobile Liability:** Lessee shall procure and maintain an Automobile Liability policy covering all owned, not-owned and hired automobiles. The limits of liability shall be not less than \$1,000,000.00. The foregoing insurance policy shall name the Port as an additional insured.

5.3 **WAIVER OF SUBROGATION:** The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective insurance contracts including any extended coverage endorsements thereto provided that this paragraph shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of the Port or Lessee. Each Party agrees to cause their respective insurance carriers to include in its policies a waiver of subrogation clause or endorsement.

5.4 **FINANCIAL SECURITY:**

5.4.1 In compliance with the requirements of RCW 53.08.085 (as presently codified or hereafter amended) and other laws of the State of Washington, Lessee agrees it will secure its performance of all obligations under this Lease by procuring and maintaining, during the term of this Lease, a corporate surety bond (the “**Bond**”), or by providing other financial security (“**Security**”) satisfactory to the Port, in an amount totaling:

- Three months of Rent.
 - Not less than One Hundred Percent (100%) of the sum of annual Rent.
 - Other: _____
-

5.4.2 The Security, if a Bond, shall be in a form and issued by a surety company acceptable to the Port and shall comply with the requirements of Washington law. Lessee shall obtain such Bond and forward evidence thereof to the Port or shall provide to the Port such other financial security as may be required hereunder, within thirty (30) days of execution of this Lease, but in no event later than the Commencement Date of this Lease. Such Security shall be kept in effect during the term of this Lease.

5.4.3 If the Security amount required hereunder is to be not less than 100% of the sum of annual Rent, that Security amount is subject to increases to reflect any Base Rent adjustments as provided in Article 3 above. In that event, at no time may the Security amount be less than 80% of the then-current annual Rent, and the Port may at any time require Lessee to provide sufficient additional Security to restore the Security amount to no less than 100% of the then-current total annual Rent due hereunder. No future amendment or extension to this Lease shall be effective until the adjusted financial Security amount has been provided as required.

5.4.4 Upon any default by Lessee in its obligations under this Lease and Lessee’s failure to cure such default in accordance with its rights to do so under this Lease, the Port may collect on

the Bond or Security to offset the liability of Lessee to the Port. Collection on the Bond or Security shall not relieve Lessee of liability for any amounts not offset by the amount collected, shall not limit any of the Port's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

5.4.5 Any Bond or Security may provide for termination on the anniversary date thereof upon not less than one (1) year's written notice to the Port if the Lease is not in default at the time of said notice. In the event of any such termination, Lessee shall obtain a new Bond or Security, also subject to the Port approval, to replace the Security being so terminated to be effective on or before the date of termination.

5.4.6 If the Port Commission exercises its discretion pursuant to RCW 53.08.085 to reduce or waive Lessee's Security requirement under this Lease, the Port may at any time make a determination that changes in the material circumstances related to Lessee no longer support such reduction or waiver, and thereafter increase Lessee's Security requirement up to that required by RCW 53.08.085, or such amount as determined by the Port Commission.

ARTICLE VI

Environmental Liability

6.1 **ENVIRONMENTAL INDEMNIFICATION**: Lessee shall defend (with legal counsel suitable to the Port), indemnify and hold the Port harmless from any and all claims, demands, judgments, orders or damages resulting from Hazardous Substances on the Premises caused in whole or in part by the activity of Lessee, its agents or subtenants during any period of time that Lessee has occupied all or a portion of the Premises during the term of this Lease or any previous lease or agreement. The term "Hazardous Substances" as used herein shall mean any substance heretofore or hereafter designated as hazardous under the Resource Conservation and Recovery Act, 42 USC Sec. 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sec. 1257 et seq.; the Clean Air Act, 42 USC Sec. 2001 et seq.; the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 USC Sec. 9601 et seq.; or the Hazardous Waste Cleanup-Model Toxic Control Act, RCW 70.105D, all as amended and subject to all regulations promulgated there under.

6.1.1 Lessee's defense and indemnity obligations under this article are unconditional, shall not be discharged or satisfied by the Port's re-entry of the Premises or exercise of any other remedy for Lessee's default under this Lease, shall continue in effect after any assignment or sublease of this Lease, and shall continue in effect after the expiration or earlier termination of this Lease.

6.1.2 Although Lessee shall not be liable for any Hazardous Substances that existed on the Premises prior to commencement of its leasehold relationship with the Port (whether by this Lease or any prior lease agreements), Lessee shall be responsible for the costs of any environmental investigations or remediation arising from any development or use of the Premises by Lessee, and Lessee hereby releases the Port from any contribution claim for those costs. By way of example only, if Lessee excavates soil on the Premises which contains Hazardous Substances, then Lessee will be responsible for the cost associated with disposing of those disturbed soils.

6.2 **CURRENT CONDITIONS AND DUTY OF LESSEE:** The Port makes no representation about the condition of the Premises. Hazardous Substances may exist in, on, under or above the Premises. Lessee should, but is not required to, conduct environmental assessments or investigations of the Premises prior to or during this Lease to determine the existence, scope and location of any Hazardous Substances. If there are any Hazardous Substances in, on, under or above the Premises as of the Commencement Date, Lessee shall exercise the utmost care with respect to the Hazardous Substances, the foreseeable acts or omissions of third parties affecting the Hazardous Substances, and the foreseeable consequences of those acts or omissions.

6.2.1 Prior to conducting any environmental investigation of the subsurface of the Premises, Lessee shall provide prior written notice to the Port. Lessee shall provide the Port with the results of all such investigations.

6.3 **NOTIFICATION AND REPORTING:** Lessee shall immediately notify the Port if Lessee becomes aware of any of the following:

a. A release or threatened release of Hazardous Substances in, on under or above the Premises, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Premises;

b. Any problem or liability related to or derived from the presence of any Hazardous Substance in, on under or above the Premises, any adjoining property or any other property subject to use by Lessee in conjunction with its use of the Premises;

c. Any actual or alleged violation of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances with respect to the Premises, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Premises; or

d. Any lien or action with respect to any of the foregoing.

6.3.1 Lessee shall, at the Port's request, provide the Port with copies of any and all reports, studies or audits which pertain to environmental issues or concerns and to the Premises, and which are or were prepared by or for Lessee and submitted to any federal, state or local authorities pursuant to any federal, state or local permit, license or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System permit, any Army Corps of Engineers permit, any State Hydraulics permit, any State Water Quality certification, or any Substantial Development permit.

6.3.2 Upon expiration or sooner termination of this Lease, Lessee shall remove from the Premises any soils or other media impacted by Hazardous Substances where such materials were deposited on the Premises by Lessee or its employees, representatives or agents. Any failure to complete such removal by the expiration or sooner termination of this Lease, and upon the expiration of thirty (30) days' notice that such materials remain on the Premises, Lessee shall be deemed a holding over by Lessee subject to the provision of Section 7.21 (HOLDING OVER). Lessee shall represent and warrant that, upon termination of the Lease, all Hazardous Substances

that Lessee is required to remove from the Premises pursuant to this subsection have been removed from the Premises.

ARTICLE VII

Miscellaneous Provisions

7.1 **LESSEE WILL OBTAIN PERMITS:** Lessee agrees to obtain and comply with all necessary permits for any Authorized Use or leasehold improvement. If Lessee fails to obtain and comply with such permits, then Lessee accepts full responsibility for any and all resulting costs incurred by the Port, including actual attorneys' fees. In this way, Lessee agrees to be solely responsible for all damages, costs and expenses incurred as a result of Lessee's failure to fully comply with any necessary permit process and requirements.

7.2 **LIENS:** Lessee agrees to keep the Premises free and clear of all liens and charges whatsoever. Lessee shall not allow any mechanics' and materialmen's or other liens to be placed upon the Premises. If such a lien is placed or recorded, Lessee shall cause it to be discharged of record, at its own expense, within thirty (30) days of the Port's demand. Failure to comply with the Port's demand within thirty (30) days shall be a default under the terms of this Lease. Notwithstanding the foregoing, the Port acknowledges that Lessee may use its Tenant Improvements as security for a loan, and the Port agrees to reasonably cooperate with Lessee and its creditor(s) to allow such creditor(s) to obtain such security.

7.3 **INDEMNIFICATION AND HOLD HARMLESS:** The Port, its employees and/or agents shall not be liable for any injury (including death) to any persons or for damage to any property regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Lessee or by others as a result of any condition (including existing or future defects in the Premises) or occurrence whatsoever related in any way to the Premises and the areas adjacent thereto or related in any way to Lessee's use or occupancy of the Premises and of the areas adjacent thereto. Lessee agrees to defend and to hold and save the Port (including its commissioners, employees and/or agents) harmless from all liability or expense (including attorneys' fees, costs and all other expenses of litigation) in connection with any such items of actual or alleged injury or damage. Lessee specifically agrees that any bond or other security provided pursuant to any provisions of this Lease shall extend to the indemnity agreed to herein. Lessee acknowledges that it expressly and specifically waives immunity under the industrial insurance statute of the state of Washington, Title 51 RCW, for purposes of this indemnification provision and further acknowledges that this waiver was mutually negotiated by the Parties. Each Party's obligations under this section shall survive the expiration or other termination of this Lease.

7.4 **LAWS AND REGULATIONS:** Lessee agrees to conform to and abide by all applicable rules, codes, laws, regulations and Port policies in connection with its use of the Premises and the construction of improvements and operation of Lessee's business thereon and not to permit said Premises to be used in violation of any applicable rule, code, law, regulation, Port policy, or other authority.

7.4.1 Lessee's obligations herein shall include, but in no way be limited to, the obligation to comply with all State and Federal environmental laws and regulations.

7.5 **WASTE AND REFUSE**: Lessee agrees not to allow conditions of waste and refuse to exist on the Premises and to keep the Premises in a neat, clean and orderly condition and to be responsible for all damages caused to the Premises by Lessee, its agents, or any third party on the Premises.

7.6 **DAMAGE AND DESTRUCTION**:

7.6.1 **Port Owned Buildings/Improvements**: Except as otherwise stated herein, should the Premises be partially damaged by fire or other casualty, or rendered partially unfit for use by reason of fire or other casualty, the Premises shall be repaired with due diligence by the Port, and in the meantime the Rent (as defined in Section 3.1 above) shall be abated in the same proportion that the untenable portion of the Premises bears to the whole thereof, for the period from the occurrence of the damage to the completion of the repairs. Lessee shall cooperate fully in obtaining and making available proceeds of insurance provided by Lessee in furtherance of such repairs.

7.6.2 **Lessee Owned Buildings/Improvements**: If any building or improvement erected by Lessee on the Premises or any part thereof shall be damaged or destroyed by fire or other casualty during the term of this Lease, Lessee may, at its option and at its sole cost and expense, repair or restore the same according to the original plans thereof or according to such modified plans as shall be previously approved in writing by the Port. Lessee shall provide the Port notice of its intention to repair or restore the Premises within sixty (60) days after the damage or loss occurs. Such work of repair or restoration shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be completed with due diligence but not longer than one (1) year, if possible, or as soon thereafter as is reasonably possible after such work is commenced, and such work shall be otherwise done in accordance with the requirements of the provisions hereof pertaining to the construction of improvements upon the Premises. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration, or if Lessee elects not to repair or restore, to the cost of removing, demolishing, or clearing off the building or improvements. If (i) there are not insurance proceeds, or (ii) the same shall be insufficient for said purpose, Lessee shall make up the deficiency out of its own funds. Should Lessee fail or refuse to make the repair, restoration or removal as hereinabove provided, then in such event said failure or refusal shall constitute a default under the covenants and conditions hereof, and all insurance proceeds so collected shall be forthwith paid over to and be retained by the Port on its own account, and the Port may, but shall not be required to, sue and apply the same for and to the repair, restoration or removal of said improvements, and the Port may, at its option, terminate this Lease as elsewhere provided herein.

7.6.3 Except as otherwise stated herein, should the Premises be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the Premises are rendered wholly unfit for their accustomed uses, the Port shall have the option to terminate this Lease on thirty (30) days' notice, effective as of any date not more than thirty (30) days after the occurrence. In the event that this Section shall become applicable, the Port shall advise Lessee within thirty (30) days after the happening of any such damage whether the Port has elected to continue the Lease in effect or to terminate it. If the Port shall elect to continue this Lease, it shall commence and prosecute with due diligence any work necessary to restore or repair the Premises. If the Port shall fail to notify Lessee of its election within said thirty (30) day period, the Port shall be deemed

to have elected to terminate this Lease, and the Lease shall automatically terminate thirty (30) days after the occurrence of the damage. For the period from the occurrence of the damage to the Premises as described in this Section to the date of completion of the repairs to the Premises (or to the date of termination of the Lease if the Port shall elect not to restore the Premises), Rent due hereunder shall be abated in the same proportion as the untenable portion of the Premises bears to the whole thereof.

7.7 **SIGNS**: Lessee may place in or upon the Premises only such signs as are related to the Authorized Use of the Premises, PROVIDED that Lessee shall first obtain Port's written consent as to size, location, materials, method of attachment, and appearance. Lessee shall install any approved signs at Lessee's sole expense and in compliance with all applicable laws, ordinances, rules and regulations. Lessee shall not damage or deface the Premises in installing or removing signs and shall repair any damage to the Premises caused by such installation or removal.

7.8 **ATTORNEYS' FEES AND COURT COSTS**: In any litigation, arbitration, or other proceeding by which one Party either seeks to enforce its rights under this Lease (whether in contract, tort, or both) or seeks a declaration of any rights or obligations under this Lease, the prevailing Party shall be awarded its reasonable attorney fees, and costs and expenses incurred.

7.9 **ASSIGNMENT OF LEASE**: Lessee shall not assign, rent or sublease any portions of this Lease or any extension thereof, without the prior written consent of the Port, in its sole discretion and upon such conditions as the Port may require, including those set forth herein, no rights hereunder in or to said Premises shall pass by operation of law or other judicial process, or through insolvency proceedings. Otherwise, the rights and obligations hereof shall extend to and be binding upon their respective successors, representatives and assigns, as the case may be. Lessee shall furnish the Port with copies of all such proposed assignment, sublease or rental documents. For the purposes of this Lease, any change of ownership including sale, liquidation or other disposition of some or all of the corporate stock or limited liability company units will be considered an assignment. Should the Port consent to an assignment made by Lessee for the purposes of obtaining a loan or other consideration from a third party, then the Port's consent shall be made in accordance with the consent to assignment document used by the Port for these specific assignments. A copy of this consent form shall be provided by the Port upon request of Lessee.

7.9.1 If the Port refuses to consent to an assignment, Lessee's sole remedy shall be the right to bring a declaratory action to determine whether the Port was entitled to refuse such assignment under the terms of this Lease.

7.9.2 No consent by the Port to any assignment or sublease shall be a waiver of the requirement to obtain such consent with respect to any other or later assignment or sublease. Acceptance of Rent or other performance by the Port following an assignment or sublease, whether or not the Port has knowledge of such assignment or sublease, shall not constitute consent to the same nor a waiver of the requirement to obtain consent to the same.

7.9.3 A minimum handling and transfer fee ("Transfer Fee Deposit") of Three Hundred Dollars (\$300.00) shall be payable by Lessee to the Port if Lessee requests the Port's consent to a proposed assignment (including an assignment to a creditor for security purposes), sublease or modification of this Lease. The Port reserves the right to increase the Transfer Fee Deposit up to

Five Hundred Dollars (\$500.00) if, in the Port's sole judgment, the transaction will necessitate the expenditure of substantial time and expense on the part of the Port. Such Transfer Fee Deposit shall be submitted to the Port at the same time that Lessee requests the Port's consent to the proposed sublease, assignment or modification. If the Port's reasonable and customary attorneys' fees exceed the Transfer Fee Deposit, then Lessee agrees to reimburse the Port for such additional reasonable and customary attorneys' fees. Lessee's failure to remit this additional amount within sixty (60) days of the mailing of the notice of such charges, shall constitute a default under this Lease. Notwithstanding anything to the contrary herein, Lessee shall not be obligated to reimburse the Port in any case where an assignment, sublease or modification is not accomplished due to total refusal on the part of the Port to grant its consent to the request.

7.9.4 If, pursuant to any assignment or sublease, Lessee receives rent, either initially or over the term of the assignment or sublease, in excess of the Rent called for hereunder, or in the case of a sublease, a portion of the Premises in excess of such Rent fairly allocable to such portion, after appropriate adjustments to assure that all other payments called for hereunder are appropriately taken into account, Lessee shall pay to the Port, as additional rent expenses hereunder, fifty percent (50%) of the excess of each such payment of Rent received by Lessee after its receipt.

7.9.5 If this Lease is assigned, or if the underlying beneficial interest of Lessee is transferred, or if the Premises or any part thereof is sublet to or occupied by anybody other than Lessee, the Port may collect Rent from the assignee, subtenant or occupant and apply the net amount collected to the Rent herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained. No assignment or subletting shall affect the continuing primary liability of Lessee (which, following assignment, shall be joint and several with the assignee), and Lessee shall not be released from performing any of the terms, covenants and conditions of this Lease.

7.9.6 Notwithstanding any assignment or sublease, or any indulgences, waivers or extensions of time granted by the Port to any assignee or sublessee or failure of the Port to take action against any assignee or sublease, Lessee hereby agrees that the Port may, at its option, and upon not less than three (3) days' notice to Lessee, proceed against Lessee without having taken action against or joined such assignee or sublessee, except that Lessee shall have the benefit of any indulgences, waivers and extensions of time granted to any such assignee or sublessee.

7.9.7 Any Lessee request to amend, sub-lease, or assign this Lease shall be conditioned by an amendment providing that the Base Rental Rate shall be adjusted to the prevailing Fair Market Rent. The Port may negotiate a reasonable schedule of periodic adjustments of the Fair Market Rent over a reasonable period of time, if the amount required to reach the Fair Market Rent in the sole discretion of the Port is substantial.

7.9.8 The Lessee must be in Good Standing as that term is defined herein below as a condition precedent to the Port's agreement to amend, sub-lease, or assign the Lease.

7.9.9 “**Good Standing**” Defined- The Lessee is in "good standing" if it is in full compliance with all obligations in their current Lease or past lease agreements, which includes inter alia timely payment of rent, adherence to specific terms of the Lease (property usage, etc.), adherence to property boundaries, promotion of the Port, adherence to local/state/federal rules and regulations, adherence to Port regulations (notification of tenant improvements, permission, notice, etc.), and exercises good faith in its dealings with the Port.

7.10 **REIMBURSEMENT FOR EXPENSES**: Should Lessee seek to assign this Lease to any creditor as security for a loan or forbearance from such creditor, or attempt to otherwise assign, sublease, or modify this Lease between the Parties during the term of this Lease or any renewal thereof, then Lessee agrees to reimburse the Port for all customary and reasonable attorney fees paid by the Port for the review and opinion of such attorney acting on the request. A failure to reimburse the Port within sixty (60) days of the mailing of notice of such charges shall constitute a default under the terms of this Lease. Notwithstanding anything to the contrary herein, Lessee shall not be obligated to reimburse the Port in any case where an assignment, sublease, or modification is not accomplished due to total refusal on the part of the Port to grant its consent to the request.

7.11 **TERMINATION**: Upon expiration or sooner termination of this Lease or any extension thereof, whether by expiration of the stated term or sooner termination thereof, as herein provided, Lessee shall surrender to the Port the Premises peaceably and quietly. Lessee shall restore the Premises to the condition existing at the time of initiation of this Lease, except for: (i) normal wear and tear, and (ii) any improvements which the Port permits to remain on the Premises.

7.11.1 If the Port, at its sole discretion, shall require the use of the Premises for a public use in connection with the business of the Port not involving the lease thereof to another private lessee or in the event that the Port, at its sole discretion, shall require the use of the Premises for a major capital improvement for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to Lessee not less than ninety (90) days before the termination date specified in the notice, unless the need for such use constitutes an emergency, in which case this Lease shall terminate as soon as is practicable.

7.11.2 If the United States Government, the State of Washington, or any agency or instrumentality of said government shall take title, possession, the rights of the Premises or any part thereof, the Port shall have the option to terminate this Lease, and if the taking has substantially impaired the utility of the Premises to Lessee, Lessee shall have the option to terminate this Lease. Both options shall be exercisable as of the date of said taking. If Lessee is not in default under any of the provisions of this Lease on the date of such taking, any rental prepaid by Lessee shall be promptly refunded to Lessee to the extent allocable to any period subsequent to said date, and all further obligations of the Parties shall terminate except liabilities, which shall be accrued prior to such date. To the extent Lessee owns certain improvements upon the Premises and is not otherwise directly compensated therefore by the taking entity, Lessee shall receive a fair allocation of any award received by the Port due to termination for government use. Nothing herein contained shall preclude Lessee from independently pursuing a direct claim for compensation from the taking entity for the value of its improvements to the Premises or its leasehold interest therein.

7.11.3 If any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that occurred prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rent prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

7.12 **DEFAULT, CROSS DEFAULT, AND REMEDIES:** Failure to pay Rent or any other monetary obligations by the first day of each month shall constitute a default under the terms of this Lease. If Lessee is in default in the payment of Rent or other monetary obligations then, at the Port's sole option, upon three (3) days' written notice, this Lease may be terminated and the Port may enter upon and take possession of the Premises. Without limiting the generality of the foregoing, Lessee expressly authorizes the Port to obtain a prejudgment writ of restitution in the event of default by Lessee. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

7.12.1 If Lessee shall fail to perform any term or condition of this Lease, other than the payment of Rent or other monetary obligations, then upon providing Lessee thirty (30) days' written notice of such default, and if Lessee fails to cure such default within the thirty (30) day notice thereof, the Port may terminate this Lease and enter upon and take possession of the Premises. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

7.12.2 If within any one (1) year period, the Port serves upon Lessee three notices requiring Lessee either to: (i) comply with the terms of this Lease or to vacate the Premises or (ii) pay Rent or vacate (collectively referred to herein as "Default Notices"), then Lessee shall, upon a subsequent violation of any term of this Lease by Lessee (including failure to pay Rent), be deemed to be in unlawful detainer, and the Port may, in addition to any other remedies it may have, immediately terminate the Lease and/or commence an unlawful detainer action without further notice to Lessee.

7.12.3 The following shall also constitute a default under the terms of this Lease: (i) A default by Lessee under any other agreement or lease with the Port; (ii) insolvency of Lessee; (iii) an assignment by Lessee for the benefit of creditors; (iv) the filing by Lessee of a voluntary petition in bankruptcy; (v) an adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee; (vi) the filing of an involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within thirty (30) days after filing; and (vii) attachment of or the levying of execution on the leasehold interest and failure of Lessee to secure a discharge of the attachment or release of the levy of execution within ten (10) days.

7.12.4 A default under this Lease shall constitute a default under any other lease or agreement which Lessee has with the Port (hereinafter such other agreements shall be referred to as "Collateral Agreements"). Likewise, any material breach or default under any Collateral Agreements shall be deemed a material breach or default under the terms of this Lease. If any

Collateral Agreements are terminated for a material breach or default of Lessee, then the Port shall, without limiting any other remedies it may have, be entitled to terminate this Lease upon five (5) days' written notice to Lessee.

7.12.5 In addition to the foregoing remedies specified in this article, the Port may exercise any remedies or rights under the laws of the State of Washington. Under no circumstances shall the Port be held liable in damages or otherwise by reason of any lawful re-entry or eviction. The Port shall not, by any re-entry or other act, be deemed to have accepted any surrender by Lessee of the Premises or be deemed to have otherwise terminated this Lease or to have relieved Lessee of any obligation hereunder.

7.12.6 The Port shall be under no obligation to observe or perform any covenant of this Lease after the date of any material default by Lessee unless and until Lessee cures such default.

7.12.7 A fee of Five Hundred Dollars (\$500.00) shall be assessed to Lessee for each Default Notice issued to Lessee to defray the costs associated with preparing, issuing, and serving such notice. This fee shall be payable on the first (1st) day of the month following the issuance of the notice.

7.13 **NON-WAIVER**: Neither the acceptance of Rent nor any other act or omission of the Port after a default by Lessee shall operate as a waiver of any past or future default by Lessee, or to deprive the Port of its right to terminate this Lease, or be construed to prevent the Port from promptly exercising any other right or remedy it has under this Lease. Any waiver by the Port shall be in writing and signed by the Port in order to be binding on the Port.

7.14 **NOTICES**: Any notice, demand, request, consent, approval or communication that either Party desires or is required to give to the other Party shall be in writing addressed to the other Party at the addresses as follows:

| | |
|-------------|--|
| TO THE PORT | Port of Port Angeles P.O. Box 1350 Port Angeles, Washington, 98362 |
|-------------|--|

| | |
|------------|--|
| TO LESSEE: | Arrow Marine Services, Inc. P.O. Box 2376 Port Angeles, WA 98362 |
|------------|--|

or such address as may have been specified by notifying the other Party of the change of address. Notice shall be deemed served on the date of actual delivery or the first attempted delivery as shown on the return receipt if mailed with the United States Postal Service by certified mail, return receipt requested.

7.15 **AGENT FOR SERVICE**: Lessee agrees that if Lessee is in unlawful detainer, pursuant to Chapter 59.12 RCW, and the Port is unable to serve Lessee with the unlawful detainer pleadings after one service attempt, then the Port shall be deemed to have complied with the service requirements of Chapter 59.12 RCW if it mails such pleadings via certified mail to the address set

forth in the notice section of this Lease and posts such pleadings in a conspicuous location on the Premises. Service shall be deemed complete on the next third day following the day of mailing.

7.16 **SECURITY**: Lessee specifically acknowledges that the Port has no duty to provide security for any portion of the Premises or surrounding areas. Lessee assumes sole responsibility and liability for the security of itself, its employees, customers, and invitees, and their respective property in or about the Premises. Lessee agrees that to the extent the Port elects to provide any security, the Port is not warranting the effectiveness of any such security personnel, services, procedures or equipment and that Lessee is not relying and shall not hereafter rely on such security personnel, services, procedures or equipment. The Port shall not be responsible or liable in any manner for failure of any such security personnel, services, procedures or equipment to prevent or control, or apprehend anyone suspected of personal injury or property damage in, on or around the Premises.

7.17 **QUIET ENJOYMENT**: The Port acknowledges that it has ownership of the Premises and that it has the legal authority to lease the Premises to Lessee. The Port covenants that Lessee shall have quiet enjoyment of the Premises during the term of this Lease so long as the terms are complied with by Lessee and subject to the Port's right of entry onto the Premises as set forth herein.

7.17.1 The Port reserves the right to grant easements and other land uses on the Premises to others when the easement or other land uses applied for will not unduly interfere with the use to which Lessee is putting the Premises or interfere unduly with the approved plan of development for the Premises. No easement or other land uses shall be granted to third parties, until damages to the Lessee have been dealt with appropriately, or waiver signed by Lessee.

7.17.2 Lessee understands that various federal agencies, including the Department of Homeland Security and U.S. Coast Guard, have the authority to restrict access to certain areas on property owned by the Port in order to counter a terrorist or other threat. Such restrictions could impact Lessee's ability to access the Premises for an indefinite period of time. Since such restrictions on access are outside the control of the Port, Lessee agrees that such interruptions shall not be deemed a violation of this Lease or the Covenant of Quiet Enjoyment.

7.18 **PORT MAY ENTER PREMISES; INSPECTION**: The Port reserves the right to inspect the Premises after written notice (except where the Port reasonably believes there exists or is about to exist an emergency, in which case no notice is required) at any and all reasonable times throughout the term of this Lease, provided that it shall not unduly interfere with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the Premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for a reasonable period of time prior to the expiration or sooner termination of the Lease.

7.19 **TIME**: It is mutually agreed and understood that time is of the essence of this Lease and that a waiver of any default of Lessee shall not be construed as a waiver of any other default.

7.20 **INTERPRETATION**: This Lease has been submitted to the scrutiny of the Parties hereto and their counsel, if desired. In any dispute between the Parties, the language of this Lease shall, in all cases, be construed as a whole according to its fair meaning and not for or against either the Port or Lessee. If any provision is found to be ambiguous, the language shall not be construed against either the Port or Lessee solely on the basis of which Party drafted the provision. If any word, clause, sentence, or combination thereof for any reason is declared by a court of law or equity to be invalid or unenforceable against one Party or the other, then such finding shall in no way affect the remaining provisions of this Lease.

7.21 **HOLDING OVER**: If Lessee remains in possession of said Premises after the date of expiration of this Lease without the Port's prior written consent, such holding over shall constitute and be construed as tenancy at sufferance only, at a monthly rent equal to one hundred fifty percent (150%) of the rent owed during the immediately preceding month under this Lease and otherwise upon the terms and conditions in this Lease and shall continue to be responsible for payment of applicable CAM Expenses and leasehold excise tax obligations. If Lessee holds over with the Port's prior written consent, then until such time as a new written Lease is executed by the Parties hereto, Lessee shall continue to make payments to the Port on a month-to-month basis as provided for in this Lease. Such holdover tenancy may be terminated by either Party at the end of any such monthly period by sending written notice not less than five (5) days before the end of such period. Such holdover tenancy shall be subject to all terms and conditions contained herein.

7.22 **PROMOTION OF PORT COMMERCE**: Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote the activities of the Port.

7.23 **SURVIVAL**: All obligations of Lessee, as provided for in the Lease, shall not cease upon the termination of this Lease and shall continue as obligations until fully performed. All clauses of this Lease, which require performance beyond the termination date, shall survive the termination date of this Lease.

7.24 **GOVERNING LAW**: This Lease, and the right of the Parties hereto, shall be governed by and construed in accordance with the laws of the State of Washington, and the Parties agree that in any such action jurisdiction and venue shall lie exclusively in Clallam County, Washington.

7.25 **ESTOPPEL CERTIFICATES**: At Lessee's request, the Port agrees to execute and deliver to Lessee or its lender(s), a customary estoppel certificate in a form acceptable to the Port which sets forth the following information: (i) the terms and conditions of this Lease, (ii) the status of the Rent payments under the Lease; and (iii) the Port's knowledge of any breaches or anticipated breaches of the Lease. The Port shall have no obligation to execute an estoppel certificate which requests any information other than as set forth above. Lessee agrees to reimburse the Port for all attorneys' fees paid by the Port for the review and opinion of such attorney acting on the request for such estoppel certificate and in negotiating acceptable language in the estoppel certificate. A failure to reimburse the Port within sixty (60) days of the mailing of notice of such charges shall constitute a default under the terms of this Lease.

7.26 **ATTORNTMENT**: In the event the Premises are sold, Lessee shall attorn to the purchaser upon the sale provided that the purchaser expressly agrees in writing that, so long as Lessee is not

in default under the Lease, Lessee's possession and occupancy of the Premises will not be disturbed and that such purchaser will perform all obligations of the Port under the Lease.

7.27 **ENTIRE AGREEMENT:** This Lease contains all of the understandings between the Parties. Each Party represents that no promises, representations or commitments have been made by the other as a basis for this Lease which have not been reduced to writing herein. No oral promises or representations shall be binding upon either Party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Lease executed with all necessary legal formalities by the Commission of the Port of Port Angeles, or its designee.

7.28 **COMMISSIONS AND FEES:** In the absence of any agreement between the Parties to the contrary, each Party represents and warrants to the other that it has not been represented by, or introduced to the other by, any broker or agent. In the absence of any agreement between the Parties to the contrary, each Party hereby agrees to indemnify and hold the other harmless from and against any and all fees, commissions, costs, expenses (including attorneys' fees) obligations and causes of actions arising against or incurred by the other Party by reason of any claim for a real estate commission or a fee or finder's fee by reason of any contract, agreement or arrangement with, or services rendered at the request of, the indemnifying Party.

7.29 **VALIDATION:** IN WITNESS WHEREOF, the Port has caused this instrument to be signed by its Executive Director, or other designee, by authority of the Commission of the Port of Port Angeles, and this instrument has been signed and executed by Lessee, on the day and written below.

LESSOR:

LESSEE:

PORT OF PORT ANGELES

ARROW MARINE SERVICES, INC.

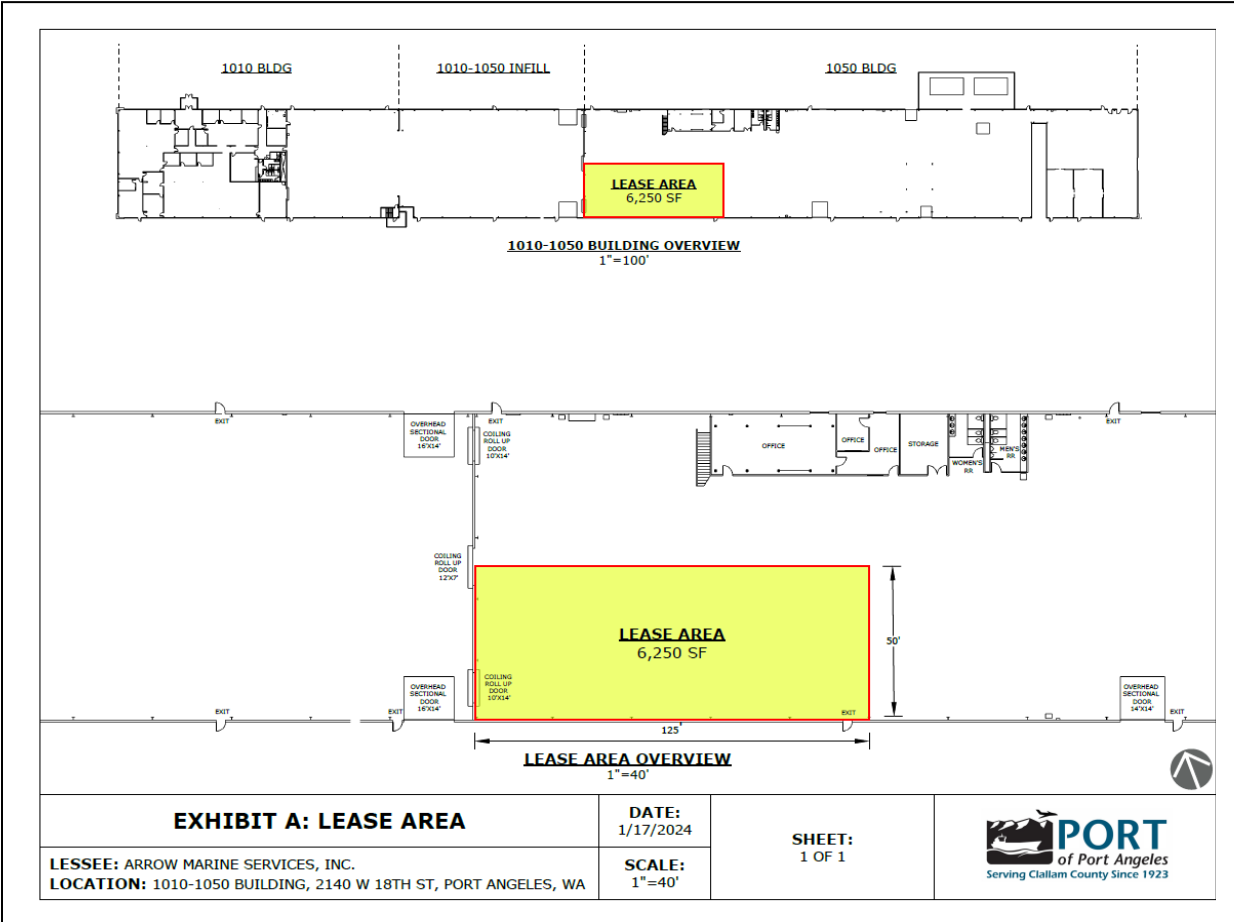
Paul S. Jarkiewicz
Its: Executive Director

Jack L. Harmon
Its: President

Date: _____

Date: _____

EXHIBIT A – Leased Premises



Initials: _____
Lessee

Initials: _____
Port

EXHIBIT B -Repair and Maintenance Inclusion List

Premises improvements to be repaired and maintained by the Port of Port Angeles as follows:

ACCESS ROADS & PARKING
CATCH BASINS, GRATES, FRAME
DRINKING FOUNTAINS
DOORS, EXTERIOR
DOOR HARDWARE, EXTERIOR
DRAINAGE PIPE
ENTRANCES & STOREFRONTS
ELECTRICAL SERVICE & DISTRIBUTION
FIRE EXTINGUISHERS & CABINETS
FOUNDATION DRAINAGE
GLAZING
GUTTERS & DOWNSPOUTS
HYDRANTS
HANDRAILS AND RAILINGS
HVAC
INSULATION
MANHOLES & CLEANOUTS
PAINTING, EXTERIOR
PAVING & SURFACING
PAVEMENT MARKING & PARKING LINES
PLUMBING (OUTSIDE OF TENANT LEASED SPACE)
RESTROOM CLEANING, COMMON AREAS
ROOFING SYSTEMS (DECKING)
SANITARY SEWAGE SYSTEMS (EXTERIOR MAINS)
SEALANTS & CAULKING/EXTERIOR
SIDING
SIDEWALKS/CURBS
SNOW REMOVAL
STORM SYSTEMS
SWEEPING AND LEAF BLOWING
THERMAL & MOISTURE PROTECTION
WATER DISTRIBUTION (EXTERIOR MAINS)
WEATHERSTRIPPING & SEALS
WINDOWS, EXTERIOR

Lessee shall be responsible for repair and maintenance of all Premises improvements not identified on this Exhibit B.

Initials: _____
Port of Port Angeles

Initials: _____
Lessee

Future Agenda Items –Commission Meeting

1/23/2024

February 13, 2024 (Regular Commission Meeting)

- Monthly DofA
- IFC – GSA New Term Lease
- IFC CRTC 1050 New Term Lease
- PAYC Presentation
- SYBC Presentation

February 27, 2024 (Regular Commission Meeting)

March 12, 2024 (Regular Commission Meeting)

- Monthly DofA

March 26, 2024 (Regular Commission Meeting)

Upcoming Events/Announcements

- Feb 2-10: Seattle Boat Show (Seattle)
- Feb 2: WPPA Port and Maritime Day (Olympia)
- Feb 24-25: Northwest Aviation Conference (Puyallup)
- April 2-4: AFRC Annual Conference (Stevenson)
- April 24-26: Olympic Logging Conference (Victoria, BC)

Future

- Boatyard and Marina Rules & Regulations
- Port Emergency Response Plans and Activities
- Employee Handbook Update and Resolutions