



REGULAR COMMISSION MEETING
Tuesday, June 11, 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. RECOMPETE Site Visit Update

B. Annual Month to Month Lease Update.....1

V. APPROVAL OF CONSENT AGENDA

A. Regular Commission Meeting Minutes – May 28, 2024.....2-5

B. Vouchers in the amount of \$500,911.83.....6

VI. COMPLETION OF RECORDS

A. Monthly Delegation of Authority Report.....7-9

VII. PLANNING AND CAPITAL PROJECTS

A. Marine Trade Center – Economic Development Administration Covenant of Purpose, Use and Ownership.....10-17

VIII. LOG YARD

A. Log Loader Update

IX. MARINE TRADES AND MARINE TERMINALS

No items

X. PROPERTY

A. Item for Consideration – GSA Homeland Security Lease.....18-20

XI. MARINAS

No items



XII. AIRPORTS

No items

XIII. OTHER BUSINESS

No items

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS

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

XVII. FUTURE AGENDA.....21

XVIII. NEXT MEETINGS

- A. June 25, 2024 – Regular Commission Meeting
- B. July 9, 2024 - Regular Commission Meeting
- C. July 23, 2024 – Regular Commission Meeting

XIX. UPCOMING EVENTS

- A. Dept. of Commerce Forestry Trade Mission – June 8-15, 2024 - Finland
- B. WPPA Finance & Administration Seminar – June 26-28, 2024 - Vancouver
- C. WPPA Staff Retreat – July 16-17, 2024 – Port Angeles, WA

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

XX. EXECUTIVE SESSION

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

XXI. 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.

| CURRENT MONTH TO MONTH AND LICENSES - As of May 31, 2024 | | | | | | |
|--|--|----------|------------------------------------|---|-----------------------|---|
| | June 2022 we had 29 June 2023 we had 21 June 2024 we have 19 | | | | | |
| | Tenant Name / Location | Document | SF | May 2024 Monthly Rent | Start Date | Comments |
| 1 | 2 Grade, LLC Land - 2417 W 19th | MTM | 24,000 SF Land | \$2,496.00 \$0.104 | 7/22/2015 | |
| 2 | 2 Grade, LLC Garage - 2032 S. O Street | MTM | 3,000 SF Bldg | \$936.00 \$0.31/SF \$73 elect | 2/1/2016 | |
| 3 | Accurate Angle Crane 400 Block Marine (crane storage) | MTM | 480 SF Land | \$64.30 \$0.13 | 4/17/2014 | Rent paid annually |
| 4 | Andy Choi 801 Marine | License | Reduced to 10,322 SF Bldg | \$607.55 \$0.058 | 7/1/2018 | To execute Amendment for reduced area |
| 5 | Biobased Trading 202 N Cedar #1 Office and Telestacker storage near Wash Pad | MTM | 399 SF Bldg 2,400 Land | \$1,151.93, \$1.15, \$0.288 CAM \$40, Util \$65 | 8/1/2017 | Port desires flexibility |
| 6 | Bluewater Boatworks 830 W Boathaven | License | 1,500 SF Bldg | \$1,220.63 \$0.81 | 4/1/2021 | Port desires flexibility |
| 7 | Clallam County Fire District Seiku Airport | MTM | 3,200 SF Hangar 5,400 SF Access | \$450 \$0.14 | 3/1/2011 | Non escalating rent |
| 8 | Clallam County Emergency Command Center (DART) at FIA | License | 970 SF Bldg | In-Kind | 4/28/2023 | License expires 5/31/2024 |
| 9 | Dash Air Shuttle Inc. Fairchild Airport Terminal | MTM | 100 SF Bldg | \$35.00; \$0.35 CAM \$200, Util \$100 | 1/9/2024 | Port desires flexibility |
| 10 | Ebb Carbon, Inc. 1300 Blk Marine Dr/Terminal 7 | License | Terminal 7 and Land | No charge | 10/17/2023 | License expires 4/30/2024 |
| 11 | FAA Antenna and Equipment, FIA | Holdover | 360 SF | \$750.00 \$2.08 | 10/10/2011 | Term Lease Holdover status |
| 12 | High Tide Seafoods 3rd Street Lot | MTM | 3,000 SF Land | \$50.00 \$0.016 | 6/1/1989 | To Replace with new term lease with new owner |
| 13 | High Tide Seafoods 820 Marine Dr | Holdover | 6,000 SF Bldg | \$1,693 \$0.28 | 1/15/2003 | To Replace with new term lease with new owner |
| 14 | Insitu Ecosystems LLC 2140 W 18th St (1050 Bldg) | MTM | 2,801 SF Bldg 1,239 SF Land | \$1,323.42 \$0.47 \$300 elect | 9/15/2019 | Port desires flexibility |
| 15 | Merrill & Ring Airport Log yard | MTM | Reduced to 1 AC in Feb 2024 | \$1,045.44 \$0.024 | 5/27/2014 | Flexibility for Tenant |
| 16 | Port Angeles Hardwood, LLC 2140 W 18th St (1050 Bldg) | MTM | 23,625 SF | \$8,859.38 \$0.375 | 11/1/2022 | Flexibility for Tenant |
| 17 | Rite Bros. Aviation Fuel Farm Equipment/FIA | Holdover | 11,700 SF Land and Fuel Equip | \$870.75 \$0.074 | 5/1/2005 4/30/2010 | Term Lease Holdover status |
| 18 | Stabicraft Marine USA Inc. 2007 S. O Street (adjacent fenced land) | License | 9,379 SF Land | \$387.17 \$0.04 | 6/21/2023 | Temporary Use |
| 19 | Tomcat Transport, LLC 2602 W 18th St (truck parking) | Holdover | 1200 SF Land | \$120.00 \$0.10 | 6/22/2022 | Term Lease Holdover status. |



REGULAR COMMISSION MEETING
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MINUTES

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Connie Beauvais, Commissioner
Colleen McAleer, Commissioner
Steve Burke, Commissioner
Paul Jarkiewicz, Executive Director
John Nutter, Dir. of Finance & Admin.

Chris Hartman, Dir. of Engineering
Scott Hough, Marine Terminal Manager
Katharine Frazier, Grants & Contracts Mgr.
Braedi Joutsen, Clerk to the Board
Caleb McMahon, Dir. of Econ. Development

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE

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

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

None.

III. APPROVAL OF AGENDA

- Motion to approve the agenda with the additions of Log Yard Loader to item VIII and Strategic Plan Update to item XIII, as presented: Comm. McAleer
- 2nd: Comm. Burke
- Vote: 3-0 (Unanimous)

IV. WORK SESSION

- A. April Financial Report
- Presentation: John Nutter
 - Discussion
 - No Action

V. APPROVAL OF CONSENT AGENDA

- A. Regular Commission Meeting Minutes – May 14, 2024
- B. Vouchers in the amount of \$362,276.12
- Discussion
 - Motion to approve the consent agenda as presented: Comm. Beauvais
 - 2nd: Comm. McAleer
 - Vote: 3-0 (Unanimous)

VI. COMPLETION OF RECORDS

No items

VII. PLANNING AND CAPITAL PROJECTS

- A. Item for Discussion – 820 Marine Drive Warehouse Rehabilitation
- Presentation: Chris Hartman
 - Discussion
 - No Action
- B. Item for Consideration – T1/T3 Construction Support Services Agreement – WSP
- Presentation: Chris Hartman
 - Discussion
 - Motion to authorize the Executive Director to execute a Professional Service Agreement with WSP USA for Terminal 1 and Terminal 3 Repairs Construction Support Services in an amount not exceeding One Hundred Fifty Thousand Dollars



and No Cents (\$150,000.00) and to make minor amendments to the agreement as may be needed: Comm. Burke

- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)

VIII. LOG YARD

- A. Log Yard Loader Update
- Presentation: Paul Jarkiewicz
 - Discussion
 - No Action

IX. MARINE TRADES AND MARINE TERMINALS

No items

X. PROPERTY

- A. Item for Consideration – GSA Homeland Security Lease
- Presentation: Cherie Gottschalk
 - Discussion
 - No Action
- B. Item for Consideration – Edgewood Drive
- Presentation: Cherie Gottschalk
 - Discussion
 - Motion to authorize the purchase of the Kalbfleisch property for the accepted offer price of \$375,000 and authorize the Executive Director to sign documents on behalf of the Port for the purchase: Comm. McAleer
 - 2nd: Comm. Burke
 - Vote: 3-0 (Unanimous)

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS

- A. Item for Consideration – Clean Ports Grant Program – Matching Funds
- Presentation: Katharine Fraizer
 - Discussion
 - Motion to introduce Resolution 24-1295, a resolution of the Board of Commissioners of the Port of Port Angeles, committing matching funds and authorizing the Executive Director to apply for a Federal Environmental Protection Agency Grant for Zero-Emission equipment and shore power upgrades: Comm. Burke
 - 2nd: Comm. Comm. McAleer
 - Vote: 3-0 (Unanimous)
 - Motion to waive second consideration: Comm. McAleer
 - 2nd: Comm. Burke
 - Vote: 3-0 (Unanimous)
 - Motion to adopt Resolution 24-1295, a resolution of the Board of Commissioners of the Port of Port Angeles, committing matching funds and authorizing the Executive Director to apply for a Federal Environmental Protection Agency Grant for Zero-Emission equipment and shore power upgrades: Comm. Beauvais
 - 2nd: Comm. McAleer



- Vote: 3-0 (Unanimous)

B. Strategic Plan Update

- Presentation: Paul Jarkiewicz
- Discussion
- No Action

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS

Comm. Beauvais – Update on the Revenue Advisory Committee Meeting and a recap of the Makah Tribal Meeting

Comm. McAleer asked the other Commissioners their thoughts on inviting the individuals running for Washington Congress. The consensus was to extend an invitation after the primary election.

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

None.

XVII. FUTURE AGENDA

XVIII. NEXT MEETINGS

- A. June 11, 2024 – Regular Commission Meeting
- B. June 25, 2024 - Regular Commission Meeting
- C. July 9, 2024 – Regular Commission Meeting

XIX. UPCOMING EVENTS

- A. Maritime Festival – June 8-9, 2024 – Port Angeles, WA
- B. MTC Groundbreaking Ceremony 10:00 am – June 9, 2024 – Port Angeles, WA
- C. Dept. of Commerce Forestry Trade Mission – June 8-15, 2024 - Finland
- D. WPPA Staff Retreat – July 16-17, 2024 – Port Angeles, WA

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

XX. EXECUTIVE SESSION (1:44:07-1:44:55)

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

- Comm. Beauvais recessed the meeting to convene an executive session. The anticipated length of the executive session is 60 minutes. Following the executive session, the Commission may take action in public session.
- Discussion: Two (2) items concerning legal or financial risks, discussing such matters in executive session are appropriate pursuant to RCW 42.30.110.(1)(i).
- Recess: 6 minutes
- Start Time: 10:50 am
- End Time: 11:32 am ***Ended Executive Session Early-No Action**



- No Action

Public Session of Commission Meeting Reconvened: 11:32 am

Commissioner Beauvais noted that as a result of the executive session there was no action to be taken.

XXI. ADJOURN (1:44:56-1:45:05)

Comm. Beauvais adjourned the meeting at 11:32 am.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

Connie Beauvais, President

Colleen McAleer, Vice 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 May 24, 2024 – June 5, 2024

Accounts Payable

| | Begin Check # | End Check # | | |
|---|--------------------------|------------------------|-----------|-------------------|
| For General Expenses and Construction | | | | |
| Accts Payable Checks (computer) | 418279 | 418314 | \$ | 85,320.23 |
| VOIDED/ZERO PAYABLE CHECKS | | | \$ | - |
| Accts Payable ACH | 002870 | 002879 | \$ | 49,549.24 |
| Accts Payable ACH | 002946 | 002969 | \$ | 39,940.76 |
| VOIDED/ZERO PAYABLE ACH | | | \$ | - |
| Wire Transfer – Excise Tax | | | \$ | 7,667.74 |
| Wire Transfer - Leasehold Tax | | | \$ | - |
| Total General Expenses and Construction | | | \$ | 182,477.97 |
| Payroll | | | | |
| Employee Payroll – Draws (Direct Deposit) | | | \$ | - |
| Voided Payroll Check | | | \$ | - |
| Employee Payroll Checks PPD (Direct Dep) | 002880 | 002945 | \$ | 185,560.19 |
| Wire Transfer – (Payroll Taxes, Retirement, Deferred Comp, L&I, PMFL) | | | \$ | 132,873.67 |
| Total Payroll | | | \$ | 318,433.86 |
| Total General Exp & Payroll | | | \$ | 500,911.83 |

Date: June 11, 2024

Port Representative

Port Representative

Commissioner, Steven D. Burke

Commissioner, Connie Beauvais

Commissioner, Colleen McAleer

MONTHLY REPORT TO THE BOARD OF PORT COMMISSIONERS

May 2024

SUBJECT: REPORTS REQUIRED UNDER THE PROVISIONS OF THE DELEGATION OF AUTHORITY

| REPORT | NO ACTION | ATTACHED |
|--|-----------|----------|
| Lease Renewals/Options and 1 Year or Less Agreements at Market Rates; Leases, Assignments, Subleases, Berthage/Dockage, & Miscellaneous (Use, Equipment, Hangar, Marina Slips) | | X |
| Lease Bond, Rental Insurance Deviations | X | |
| Work Contracts (\$50,000 or less) Executed | X | |
| Work Contracts Completed | X | |
| Change Orders Authorized | X | |
| Work by Port Crews or Day Labor (\$50,000 or less) | X | |
| Claims Settled | X | |
| Professional & Consulting Services Awarded and Architectural, Engineering & Technical Services Awarded | | X |
| Fees Waived | X | |
| Uncollectible Accounts Written Off | X | |
| Experts Engaged for Litigation | X | |
| Grant Applications/Award | X | |
| Travel Outside WA, OR, ID and BC, Canada | X | |
| Surplus Personal Property (under \$10,000) | X | |

**LEASES, RENEWALS, AMENDMENTS, MISC. AGREEMENTS and OPTIONS EXECUTED
of One Year or Less Approved by Executive Director
(In Accordance with the Delegation of Authority, Res. 20-1216*)**

May 2024

| TENANT NAME | DOCUMENT | LOCATION | FORM OF SURETY | SQ FEET | TERM | MONTHLY RENT |
|---------------------------------------|----------------------|-------------------------|-------------------------------------|------------------------------|---------------------------------|-------------------------------------|
| Sequim Bay Yacht Club | Second Lease Renewal | 2577 W. Sequim Bay Road | \$3,825.78 Assigned Bank Account | 951 SF Bldg 1,740 SF Land | 1 year 6.01.2024 - 5.31.2025 | \$1,275.26 x 50% (\$637.63) |
| Westech Environmental Consulting, LLC | Lease | 937 Boathaven Dr | \$2,471.04 Deposit | 624 SF Office | 1 year 6.01.24 - 5.31.2025 | \$823.68 (\$1.32/SF) \$50 CAM |

* New Leases, Amendments, Agreements of One Year or Less Approved by Executive Director in accordance with the Delegation of Authority (Res. 20-1216 dated 02-13-2020) Section 1C, and for Marine Terminal Services Agreements (Res. 20-1216 dated 02-13-2020) Section 1F, provided that such agreements shall be for a term of one year or less.

**PROFESSIONAL & PERSONAL SERVICES
AWARDED BY THE EXECUTIVE DIRECTOR
(In Accordance with Delegation of Authority)
May 2024**

| CONSULTANT | PROJECT | EST. COST | OTHER CONTRACT PROVISIONS |
|-----------------------|---|------------------|--|
| HDR Engineering, Inc. | Marine Trade Center Cultural Resource Support Services | \$45,220 | Time & Material, Not to Exceed |
| | | | |
| | | | |
| | | | |

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

June 11, 2024

**SUBJECT: ECONOMIC DEVELOPMENT ADMINISTRATION –
COVENANT OF PURPOSE, USE AND OWNERSHIP**

Presenter: Chris Hartman, Director of Engineering

RCW & POLICY REQUIREMENTS:

Resolution 24-1290, Delegation of Administrative Authority to the Executive Director, does not specifically delegate the authority to record a restriction to the future use of real property owned by the Port.

BACKGROUND:

The Port was awarded a \$7.28 M Public Works Assistance Program grant through the Economic Development Administration in April of 2022 for the development of the Marine Trade Center.

ANALYSIS:

A condition of the grant requires the Port to execute and record a Covenant of Purpose, Use, and Ownership that applies certain specified restrictions on the use of the property over the useful life of the improvements, which EDA has determined to be 20 years.

Notably, the Port agrees not to sell, transfer, convey, or mortgage any interest in the Project Property, nor shall the Port use the Project Property for purposes other than the Project Purposes without the prior written approval of the EDA.

ENVIRONMENTAL IMPACT:

N/A

FISCAL IMPACT:

The recording fee will cost approximately \$310.50.

RECOMMENDED ACTION:

Authorize the Executive Director to execute and record the attached Covenant of Purpose, Use, and Ownership.

ATTACHMENT: EDA Covenant of Purpose, Use, and Ownership

COVENANT OF PURPOSE, USE AND OWNERSHIP

This Covenant of Purpose, Use and Ownership (“Covenant”) dated this _____ day of _____, 2024, is made by Port of Port Angeles with an address of 338 West First Street Port Angeles, WA 98362 (“Recipient”) for the benefit of the United States Department of Commerce, Economic Development Administration located at 1401 Constitution Avenue, NW, Washington, DC 20230 with a regional office at Seattle Regional Office 915 Second Avenue, Room 1890 Seattle, Washington 98174-1012 (“EDA”):

RECITALS:

WHEREAS, pursuant to the Public Works and Economic Development Act of 1965 (42 U.S.C. § 3121 *et seq.*) (“PWEDA”), Recipient has applied to, received and accepted from EDA a Financial Assistance Award dated April 13, 2022 (“Award”), in the amount of seven million two hundred eighty-two thousand seven hundred thirty-six_ Dollars (\$7,282,736) (“EDA Award Amount”) for EDA Award No. 07-79-07719, as may be amended; and

WHEREAS, the Award is subject to certain terms and conditions pursuant to which Recipient agreed to comply with, *inter alia*, the applicable requirements of EDA’s regulations at 13 C.F.R. Chapter III and government-wide regulations set out at 2 C.F.R. part 200; and

WHEREAS, pursuant to the application submitted by Recipient requesting said Award, which includes all forms, documentation, and any information submitted to EDA as part and in furtherance of the request for the Award, including any information submitted after the initial application (“Grant Application”) and pursuant to the Award, the EDA Award Amount is to be used for the purpose of financing the acquisition of and/or improvements to the real property described in “Exhibit A,” attached hereto and made a part hereof (the “Project Property”) consisting of infrastructure to support the 18-acre Marine Trades Industrial Park, including grading of the sites for lease, or other economic development purposes as may be approved by EDA in writing (the “Project”); and

WHEREAS, 20 years from the date this Covenant is recorded, as determined by EDA, is the Estimated Useful Life, as defined in 13 C.F.R. § 314.1, of the improvements made to the Project Property pursuant to the Project; and

WHEREAS, the Award provides, *inter alia*, that Recipient will not sell, transfer, convey, or mortgage any right to or interest in the Project Property, or use the Project Property for purposes other than, or different from, those purposes set forth in the Award and the Grant Application made by Recipient therefor (“Project Purposes”), such alienation or use being prohibited by 13 C.F.R. part 314 and by 2 C.F.R. part 200; and

WHEREAS, in accordance with PWEDA, EDA is not authorized to permit the sale, transfer or conveyance of Project Property to parties that are not eligible to receive EDA grants unless EDA is repaid the Federal Share as defined at 13 C.F.R. § 314.5 (“Federal Share”); and

Effective Date:

WHEREAS, Recipient, as owner of the Project Property agreed to record this Covenant in the appropriate office for the recording of public records affecting real property so as to constitute notice to all persons of any and all restrictions on title to and use of all or part of the Project Property.

NOW THEREFORE, in consideration of financial assistance rendered and/or to be rendered by EDA and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and to ensure that the benefits of the Project will accrue to the public and be used as intended by both EDA and Recipient consistent with the Project Purposes, Recipient hereby covenants and agrees as follows:

1. COMPLIANCE WITH AWARD AND REGULATIONS

Recipient shall comply with the terms and conditions of the Award and the regulations set forth in 13 C.F.R. Chapter III and 2 C.F.R. part 200.

2. RESTRICTIONS DURING ESTIMATED USEFUL LIFE

For the Estimated Useful Life set forth above, Recipient will not sell, transfer, convey, or mortgage any interest in the Project Property, nor shall Recipient use the Project Property for purposes other than the Project Purposes without the prior written approval of EDA.

3. LEASE OF PROJECT PROPERTY

The Grant Application provides for and the Award authorizes Recipient to lease Project Property. Each lease arrangement shall: be consistent with the Grant Application and authorized general and special purpose(s) of the Award; provide adequate employment and economic benefits for the area in which Project Property is located; be consistent with EDA policies concerning, but not limited to, non-discrimination, non-relocation, and environmental requirements; and be for adequate consideration, as defined in 13 C.F.R. § 314.1. Recipient further agrees that whenever the Project Property is leased, Recipient shall include in the lease an express reference to this Covenant whereby the tenant expressly accepts and agrees to be bound by this Covenant.

4. PROJECT PURPOSES AND TRANSFER OF PROJECT PROPERTY

Recipient further covenants that in the event the Project Property is used for purposes other than the Project Purposes, or is sold, transferred, conveyed, or mortgaged without the prior written approval of EDA, Recipient will compensate the Federal Government in the amount of the Federal Share, which amount shall be determined at the sole discretion of EDA, such amount being: (a) EDA's pro-rata share of the fair market value of the Project Property as further set forth in 13 C.F.R. § 314.5, as that provision may be amended from time to time, (b) the EDA Award Amount, or (c) the amount of grant funds actually disbursed.

5. CHARGES; LIENS

Recipient shall protect the title and possession of all Project Property and pay when due all taxes, assessments, mechanic and/or materialmen liens, and other charges, fines, and impositions now existing or hereafter levied or assessed upon the Project Property.

6. PRESERVATION AND MAINTAINANCE OF PROJECT PROPERTY

Recipient shall keep Project Property in good condition and repair during the Estimated Useful Life and shall not permit or commit any waste, impairment, or deterioration of Project Property, but shall give written notice thereof to EDA without delay.

7. INDEMNIFICATION

To the extent permitted by law, Recipient agrees to indemnify and hold the Federal Government harmless from and against all liabilities that the Federal Government may incur as a result of providing an award to assist, directly or indirectly, in the preparation of the Project Property or construction, renovation, or repair of any facility on the Project Property, to the extent that such liabilities are incurred because of toxic or hazardous contamination of groundwater, surface water, soil, or other conditions caused by operations of the Recipient or any of its predecessors (other than the Federal Government or its agents) on the Project Property. *See also* 13 C.F.R. § 302.19 (“Indemnification”).

8. INSPECTION

EDA may make or cause to be made reasonable entries upon and inspection of Project Property by EDA or an authorized representative of EDA.

9. CONDEMNATION

The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of Project Property, or any part thereof, or for any conveyance in lieu of condemnation shall be used by Recipient to compensate EDA for EDA’s Federal Share. EDA’s Federal Share of said condemnation proceeds shall be equal to that percentage which the EDA Award Amount bore to the total project costs under the Award for which the condemned property was acquired or improved. *See also* 13 C.F.R. § 314.5 (“Federal Share”).

10. REMEDIES

Upon Recipient’s breach of any term or condition of the Award or term or condition of this Covenant, then EDA, its designees, successors, or permitted assigns may declare the amounts owed to EDA (i.e., the Federal Share) with interest thereon at the rate set forth in 31 U.S.C. § 3717, immediately due and payable, such amounts being: (a) EDA’s pro-rata share of the fair market value of the Property as further set forth in 13 C.F.R. § 314.5, as that provision

may be amended from time to time, (b) the EDA Award Amount, or (c) the amount of the grant funds actually disbursed (the “Indebtedness”). The amount shall be determined at the sole discretion of EDA in accordance with EDA’s authorities and regulations, and Recipient agrees that the Indebtedness shall be due and payable by Recipient to EDA upon the termination of the Award for material noncompliance or upon any attempt to use, transfer or alienate any interest in the Project Property in violation of the Award or of the regulations in 13 C.F.R. Chapter III or 2 C.F.R. part 200 and does, moreover, agree that such Indebtedness shall be extinguished only through and upon the full payment of the Indebtedness to the Federal Government.

11. REMEDIES CUMULATIVE

EDA may enforce any and all remedies afforded by law or equity, including seeking and obtaining a judicial determination(s) compelling Recipient to comply with the terms and conditions of the Award and this Covenant, which may be exercised concurrently, independently or successively.

12. FOREBEARANCE NOT A WAIVER

Any forbearance by EDA in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by EDA shall not be a waiver of EDA’s rights under this Covenant.

13. RELEASE

EDA and the Recipient agree that, so long as the possession and use of Project Property by Recipient has been only for the purposes set forth in the Award and the Grant Application, then after the Estimated Useful Life of the improvements to Project Property, Recipient may request a release of the Federal Interest in accordance with 13 C.F.R. part 314, which will not be withheld except for good cause, as determined in EDA’s sole discretion; provided, however, that in accordance with 13 C.F.R. part 314, restrictions upon the religious use or discriminatory practices in connection with the use of Project Property shall survive this Covenant and any release thereof, which shall be evidenced by a separate recorded covenant.

15. GOVERNING LAW; SEVERABILITY

This Covenant shall be governed by applicable federal law, if any, and if there is no applicable federal law by state law, and nothing contained herein shall be construed to limit the rights EDA, its designees, successors, or assigns are entitled to under applicable federal or state law. In the event that any provision or clause of this instrument conflicts with applicable law, such conflict shall not affect other provisions of this instrument which can be given effect without the conflicting provision, and to this end the provisions of this instrument are declared to be severable.

16. RECORDING COVENANT AGAINST TITLE

Pursuant to 13 C.F.R. part 314, Recipient further agrees that Recipient shall execute and place on record against the title to the Project Property acquired or improved in whole or in part with the Award, this Covenant of Purpose, Use and Ownership. Recipient shall furnish EDA with the original, recorded Covenant as executed or a certified copy.

17. NOTICE

Any notice from EDA to Recipient provided for in this Covenant shall be sent by certified mail to Recipient's last known address or at such address as Recipient may designate to EDA, except for any notice given to Recipient in the manner as may be prescribed by applicable law as provided hereafter in this Covenant. Likewise, any notice from Recipient to EDA shall be sent by certified mail to EDA's address.

18. PARTIES BOUND BY THIS COVENANT

This Covenant and this Covenant's rights, privileges, duties and obligations shall inure to the benefit of and be binding upon each of the parties hereto, together with their respective successors and permitted assigns.

19. RESTRAINT ON TITLE

It is stipulated and agreed that the terms hereof constitute a reasonable restraint on alienation of use, control, and possession of or title to the Project Property given to evidence and secure the Federal Interest expressed herein.

20. COVENANT RUNS WITH LAND

This Covenant shall run with the land.

21. AUTHORITY TO EXECUTE COVENANT

Recipient represents and warrants to and covenants with EDA that Recipient has been duly authorized by Recipient's governing body by all necessary action and has received all necessary third party consents to enter into this Covenant.

IN WITNESS WHEREOF, Recipient has hereunto set its hand as of the day and year first above written by its duly authorized officer.

RECIPIENT

By: _____

Title: _____

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me, a Notary Public in and for said County and State, this ____ day of _____, 20__, by _____ on behalf of _____.

Notary Public
My commission expires: _____

Exhibit A
Property Description

| | |
|---------------------------|--|
| Tax Parcel 063000-00-1000 | Lot 1, Block 10 |
| Tax Parcel 063000-00-1035 | Lot 20, Block 10; Lots 1 – 20, Block 11; Lots 1 - 20, Block 12 |
| Tax Parcel 063000-00-1305 | Lots 8-10 and portions of Lots 11 and 12, Block 13 |
| Tax Parcel 063000-00-3512 | Portion of Lot 4, Block 35, lying north of Marine Drive |
| Tax Parcel 063000-00-3518 | Portion of Lot 5, Block 35, lying north of Marine Drive |
| Tax Parcel 063000-00-3527 | Portion of Lot 6, Block 35. lying north of Marine Drive |
| Tax Parcel 063000-00-3533 | Portion of Lot 7, Block 35, lying north of Marine Drive |
| Tax Parcel 063000-00-3542 | Lot 8-10, Por. Vacated Alley, Block 35, except streets |
| Tax Parcel 063000-00-3600 | Lots 1-10, Por. Vacated Street and Alley, Block 36 |
| Tax Parcel 063000-00-3700 | Block 37, portion of Lot 1 and portion of vacated Cedar Street |
| Tax Parcel 063000-07-9400 | Block 3 Tidelands West and Vac. Streets abutting estuary area |

Also:

Portions of Lots 1 – 10, Tideland Block 4

Fill material extending from Pine Street to Cedar Street between the Ordinary High Tide line and the Inner Harbor Line within Port Management Agreement 22-080013, Parcel 2; and

Associated vacated sections of Cedar Street, Pine Street, Valley Street, Front Street and First Street.

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

Date: June 11, 2024

Subject: Proposed Lease Extension – General Services Administration
US Dept. of Homeland Security, 1908 S. O Street, Port Angeles

Presented by: Caleb McMahon, Director of Economic Development

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:

Since June of 2009, General Services Administration, for U.S. Homeland Security has leased an office at 1908 O Street, Port Angeles. The current lease expires June 24, 2024. The Lessee would like to extend the lease for five additional years. Years 1 and 2 are confirmed years for the lease, and the Lessee requests the final three years as optional with proper notice. During years 3 through 5, the Lessee may terminate the lease with 120 days written notice to the Port.

ENVIRONMENTAL IMPACT: None.

FISCAL IMPACT:

| | |
|--------------------|--------------------|
| 2021: Gross Income | \$123,048.30 |
| Cost | <u>\$52,437.87</u> |
| Net | \$70,610.43 |
| 2022: Gross Income | \$126,883.74 |
| Cost | <u>\$52,659.92</u> |
| Net | \$74,223.82 |

| | |
|--------------------|--------------------|
| 2023: Gross Income | \$131,259.48 |
| Cost | <u>\$42,455.53</u> |
| Net | \$88,803.95 |

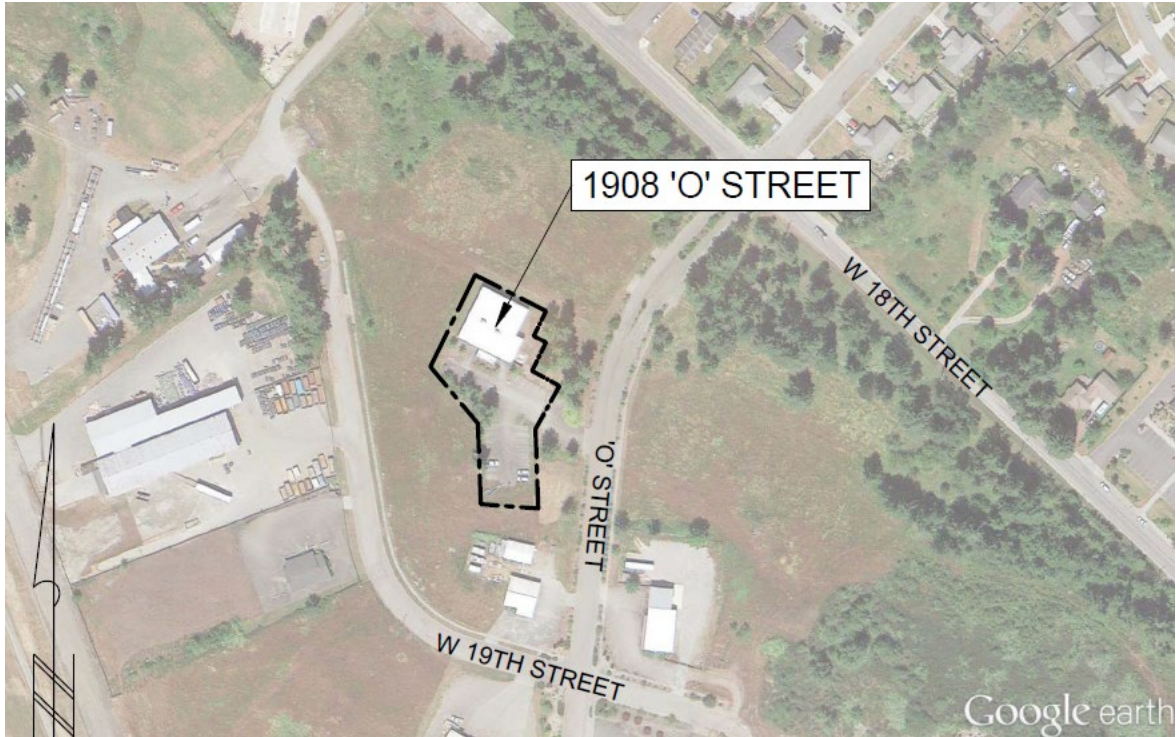
Proposed Lease Term: Five-year term from June 25, 2024 through June 24, 2029.

Proposed Rent Structure: The Current annual revenue for base rent and operating rent is \$131,259.49. The Proposed Rent for the five year term is annual revenue of \$138,036.06. The monthly breakdown of charges are below.

| Current Rate | | | | |
|-----------------------------|---------------------------|---------|--------------------|---------------------|
| 1908 S. O Street | Notes | Rate/SF | Monthly Rate | Annual Rate |
| 6,028 SF Office Rent | Increased by CPI | \$1.00 | \$6,028.00 | \$72,336.00 |
| Operating Rent | Static amount during term | | \$4,910.29 | \$58,923.49 |
| Current Monthly Rate | | | \$10,938.29 | |
| Current Annual Rent | | | | \$131,259.49 |

| New Rate Starting 6/25/2024 | | | | |
|--|---------------------------|----------|--------------------|---------------------|
| 1908 S. O Street | Notes | Rate/SF | Monthly Rate | Annual Rate |
| 6,028 SF Office Rent | Static amount during term | \$1.0936 | \$6,592.72 | \$79,112.59 |
| Operating Rent | (Increases with CPI) | | \$4,910.29 | \$58,923.49 |
| Proposed Monthly Rate for 5 Year Term | | | \$11,503.00 | |
| Proposed Annual Rent | | | | \$138,036.06 |

RECOMMENDED ACTION: Port staff recommend accepting this five-year lease extension and authorizing the Executive Director to sign the lease amendment on behalf of the Port.



Future Agenda Items –Commission Meeting

6/11/2024

June 25, 2024 (Regular Commission Meeting)

- May Financial & Cash/Investment Report
- Report on Maritime Festival
- Strategic Plan Update
- IFC – Olympic Peninsula Seafood

July 9, 2024 (Regular Commission Meeting)

- Monthly Delegation of Authority Report

July 23, 2024 (Regular Commission Meeting)

- June Financial Report
- 2nd Quarter Operations Report

August 13, 2024 (Regular Commission Meeting)

- Monthly DofA Report

August 27, 2024 (Regular Commission Meeting)

- CPP Discussion

Upcoming Events/Announcements

- Dept. of Commerce Forestry Trade Mission – June 8-15 (Finland)
- June 26-28 WPPA Finance & Admin Seminar (Vancouver)
- July 16-17 WPPA Staff Retreat (Port Angeles)

Future

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