

**MINUTES OF THE PORT OF WALLA WALLA  
COMMISSION MEETING  
Thursday, April 10, 2025**

The meeting of the Port of Walla Walla Commission was called to order at 9:00 a.m. by Commission President Kip Kelly at the Walla Walla Regional Airport, 45 Terminal Loop Rd, Suite 214, Walla Walla, Washington.

**In attendance via conference call or in person:**

Kip Kelly, Commissioner  
Ron Dunning, Commissioner  
Amy Schwab, Commissioner  
Jay Hester, Economic Development Director  
Paul Gerola, Economic Development Special Projects  
Jennifer Skoglund, Airport Manager  
Meagan Blair, Governmental Affairs/Community Outreach  
Joe Keown, Auditor/Treasurer  
Karla Miller, Administrative Assistant  
Jared Hawkins, Legal Counsel  
Julia Eastham, Walla Walla Union-Bulletin  
Griffin Beach, Elkhorn Media  
Greg Thompson  
R. L. McFarland  
Craig Woodard  
Coleen Rehn

**PLEDGE OF ALLEGIANCE**

Commissioner Schwab led all in attendance in reciting the Pledge of Allegiance.

**DECLARATIONS REGARDING CONFLICTS OF INTEREST**

No conflicts of interest were declared.

**ADOPTION OF AGENDA**

Commissioner Dunning moved, and Commissioner Schwab seconded, to adopt the agenda as presented. Motion unanimously carried.

**PUBLIC COMMENTS**

There were no public comments made.

**APPROVAL OF MINUTES**

Commissioner Schwab requested the minutes of the Thursday, March 27, 2025, Port commission meeting be amended on page 2, New Business, Burbank Industrial Park-Roadway and High Dock Design, to reflect a change from "4435,000" to "\$435,000." Commissioner Schwab moved, and Commissioner Dunning seconded, to approve the minutes of the Port Commission meeting, held on Thursday, March 27, 2025, as amended. Motion passed unanimously.

## **FINANCIAL REPORTING**

Port Auditor/Treasurer Keown provided Commissioners with the Cash Balance Report and Aged Reports for both the Port and the Airport.

## **PAYMENT OF BILLS**

The Port Commission reviewed Port and Airport Check History Report lists as provided by Port Auditor/Treasurer Keown. Said lists were audited, authenticated, and certified as required per RCW 42.24.080 and reimbursement claims were certified as required by RCW 42.24.090. Commissioner Dunning moved, and Commissioner Schwab seconded, to approve for payment the Check History Report lists summarized in the April 10, 2025, Warrant Approval Document, which is incorporated and attached to these minutes. Motion unanimously carried.

## **NEW BUSINESS**

### **A. Port of Walla Walla**

#### **1. Land & rail Track Lease Agreement - Wallula Shipping Terminal – Columbia Rail**

Economic Development Director Gerola provided Commissioners with proposed lease terms for a land and rail track agreement at the Port of Walla Walla's Wallula Shipping Terminal. Commissioner Schwab moved, and Commissioner Dunning seconded, to authorize the Executive Director to enter into a land and rail track lease agreement between the Port of Walla Walla and Columbia Rail at the Port's Wallula Shipping terminal as indicated in the enclosed staff report and execute the necessary documents to complete the agreement upon legal counsel review and approval. Motion passed unanimously.

#### **2. US 12 Phase 8 Corridor Completion Project Update**

Meagan Blair, Governmental Affairs, provided Commissioners with an update on the funding for US Hwy 12 Phase 8. The Commission indicated its willingness for the Port of Walla Walla to contribute Port of Walla Walla resources towards completion of US Hwy 12 Phase 8.

## **CORRESPONDENCE & REPORTS**

### **A. Review Calendar of Events**

Economic Development Director Hester reviewed the calendar of events

### **B. Executive Director and Staff Report**

Economic Development Director Hester and staff reported on various matters of Port business.

## **COMMISSIONER REPORTS**

The Commissioners reported on meetings they recently attended and other Port-related matters.

## **NEXT MEETING & LOCATION**

Thursday, April 24, 2025, at 9:00 a.m.

In person and/or (Remote) Video or Conference Call  
45 Terminal Loop Road, Conference Room  
Walla Walla, WA 99362


**ADJOURNMENT**

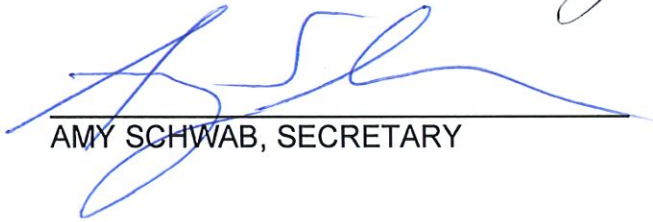
Commissioner Schwab moved, and Commissioner Dunning seconded, to adjourn the Port Commission meeting at 10:02 a.m. Motion passed unanimously.

**APPROVED:**

**PORT OF WALLA WALLA COMMISSIONERS**

  
\_\_\_\_\_  
KIP KELLY, PRESIDENT

  
\_\_\_\_\_  
RONALD W. DUNNING, VICE PRESIDENT

  
\_\_\_\_\_  
AMY SCHWAB, SECRETARY

# Warrant Approval Document

April 10, 2025

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We the undersigned Commissioners of the Port of Walla Walla, of Walla Walla County Washington, do hereby certify that the merchandise or services hereinafter specified have been received.

## Port of Walla Walla - General Fund

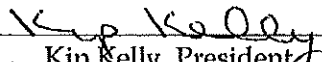
Approved for payment are check numbers 21091 through 21125 and direct deposit numbers D000001119 through D000001126, and ACH/EFT numbers W000000240 through W000000260 in the amount of \$1,011,074.02 to be paid from the Port of Walla Walla General Fund on the above stated date.

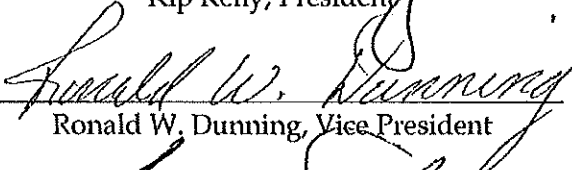
## Walla Walla Regional Airport - General Fund

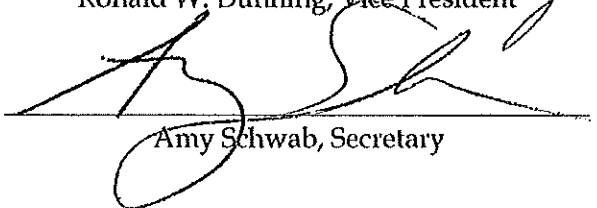
Approved for payment are check numbers 25285 through 25326, and direct deposit numbers D000002187 through D000002198 and ACH/EFT numbers W000000185 through W000000193 in the amount of \$243,486.21 to be paid from the Walla Walla Regional Airport General Fund on the above stated date.

Approved By:

Port of Walla Walla Commissioners

  
Kip Kelly, President

  
Ronald W. Dunning, Vice President

  
Amy Schwab, Secretary

## **Port of Walla Walla** **Staff Report**

**TO:** Port of Walla Walla Commission

**FROM:** Patrick H. Reay, Executive Director  
Jay Hester, New Economic Development Director  
Paul Gerola, Economic Development Special Projects

**SUBJECT:** Land & Rail Track Lease Agreement - Wallula Shipping Terminal - Columbia Rail

**DATE:** April 10, 2025

**PROJECT LOCATION:** Wallula Shipping Terminal

**JURISDICTION:** Port of Walla Walla

**PURPOSE:** Action Item

### **STAFF RECOMMENDED DIRECTION:**

Port staff recommends the Port Commission authorize the Executive Director to enter into a Land & Rail Track Lease Agreement between the Port of Walla Walla and Columbia Rail at the Port's Wallula Shipping Terminal.

The staff recommendation accomplishes the following goals and policies outlined in the Port's adopted Comprehensive Plan:

- **Goal 1:** "Increase the economic vitality of Walla Walla County through the retention, expansion, start-up, and recruitment of desired businesses and industries."
  - ❖ Policy 1.3
- **Goal 4:** "Maintain flexibility and creativity in real estate transactions (selling and leasing of property) to attract new, emerging, and relocating businesses and industries."
  - ❖ Policy 4.1 & Policy 4.3
- **Goal 5:** "Provide for efficient and cost-effective transportation linkages."
  - ❖ Policy 5.3

### **PROPOSED MOTION:**

I move that we authorize the Executive Director to enter into a Land & Rail Track Lease Agreement between the Port of Walla Walla and Columbia Rail at the Port's Wallula Shipping Terminal as indicated in the enclosed staff report and execute the necessary documents to complete the agreement upon legal counsel review and approval.

### **BACKGROUND:**

Port of Walla Walla is the owner of certain real property (Port's Wallula Shipping Terminal) located near the Wallula Junction where US Highway 12 and U.S. Route 730 merge. Enclosed as Attachment A-1 is a map of the Port's Wallula Shipping Terminal.

In June 1997, the Port entered into a twenty (20) year lease agreement with Walla Walla Grain Growers (now "Northwest Grain Growers") for roughly 0.71 acres of land at the Port's Wallula Shipping Terminal (hereinafter "Premises"). Walla Walla Grain Growers used the premises for the purpose of constructing, operating, and maintaining a spur rail line from the adjacent Union Pacific Railroad mainline for the transportation of grain railcar to their river storage/shipping terminal immediately to the north.

Walla Walla Grain Growers was responsible for all costs associated with the installation of the required rail line infrastructure, entrance access improvements and road crossings, signage and signals if required, pavement markings, the required county road turn-around, and all required governmental permits and inspections.

The lease agreement between the Port and Walla Walla Grain Growers expired May 31, 2017.

**DISCUSSION/ANALYSIS:**

Columbia Rail is interested in leasing the roughly 0.71 acres of land at the Port's Wallula Shipping Terminal once used by Walla Walla Grain Growers. Columbia Rail will use the land and rail spur to ship grain railcars to Northwest Grain Growers river storage/shipping terminal.

Below are some of the key elements to the proposed lease agreement:

**Lease Term**

- Initial Term: Commence May 1, 2025 and shall terminate at midnight on December 31, 2026.
- Renewal Options: Nine (9) additional, successive one (1) year terms commencing immediately upon expiration of the Initial Term of this Lease.

**Land Lease Rent & Railcar Throughput Fee**

- Columbia Rail agrees to pay as rental for the Premises an annual land base rental ("Land Lease Rent") and annual Railcar Throughput Fee ("Railcar Throughput Fee") as set forth on Attachment A-2.

**Use of Premises**

- Columbia Rail shall use the Premises exclusively for Railroad Common Carrier transport. It is agreed / understood the primary purpose of this agreement (and lessee market approach regarding use of the premises) shall be for the transport of grain railcars to Northwest Grain Growers river storage / shipping terminal neighboring immediately to north of the Premises.
- The Premises shall not be used for the following purposes unless the Port gives its advance written approval to Columbia Rail: the storage or off the track holding / placement, of fertilizers, petroleum products, non-food grade oils, herbicides, pesticides, coal, and all products classified as hazardous by EPA. Columbia Rail does not anticipate transport of any of these commodities (any such transport to be made in a continuous through movement across the Premises) but will pre-notify the Port in such case that Northwest Grain Growers has any such commodity movement inbound or outbound.

**Inspections, Maintenance, and Repair**

- Columbia Rail shall, at its expense, be responsible for maintenance and all required safety inspections of the rail spur line and shall further be responsible for control of all vegetation within the demised Premises.
- Columbia Rail will conduct basic monthly rail inspections and perform, if necessary, minor track maintenance. Lessee will provide the Port with an annual report of the monthly rail inspections and any minor track maintenance improvements. The annual report will be submitted to the Port.
- Columbia Rail will communicate and coordinate with UPRR on any rail service activity on the Premises.
- Columbia Rail will communicate and coordinate with Federal rail inspectors, and other operators regarding the Premises.

**LEGAL REVIEW:** Yes.

**FISCAL IMPACT:** None. See Attachment A-2

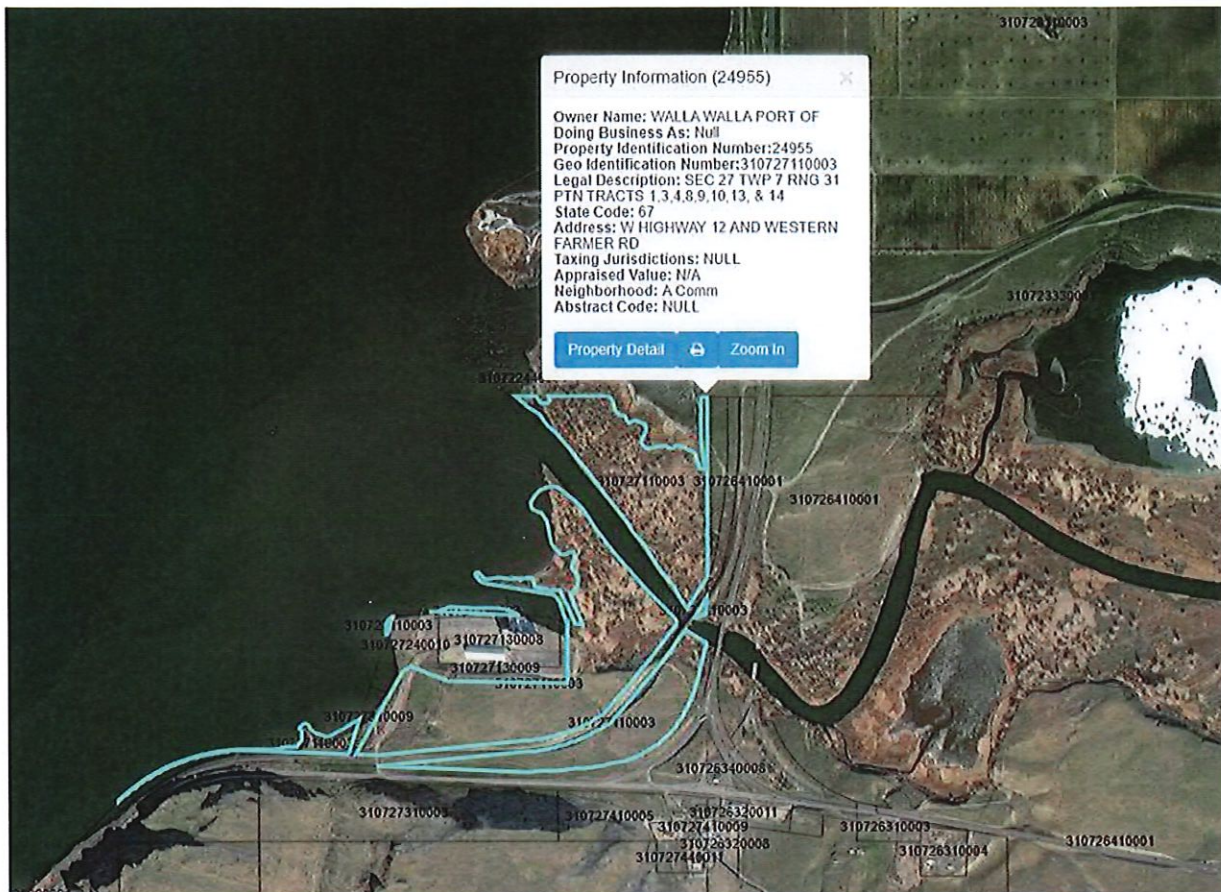
**ALTERNATIVE(S):**

1. Amend the terms and conditions of the Land & Rail Track Lease Agreement with Columbia Rail.
2. Do not enter into a Land & Rail Track Lease Agreement with Columbia Rail.

**ATTACHMENT:**

|                |  |
|----------------|--|
| Attachment A-1 | Premises Map of the Port's Wallula Shipping Terminal |
| Attachment A-2 | Land Lease Rent & Railcar Throughput Fee             |









| Columbia Rail - Wallula Shipping Terminal                      |            |          |                            |   |  |                               |                                   |                             |
|--|------------|----------|----------------------------|---|--|-------------------------------|-----------------------------------|-----------------------------|
| Land Leased  | 0.71 Acres |          |                            |   |  |                               |                                   |                             |
| Land Value   |            |          |                            |   |  |                               |                                   |                             |
| Land Value in Lease - 2025                                     |            |          |                            | \$ 20,000.00                                  | per acre                                     |                               |                                   |                             |
| 10% of Existing Land Value                                     |            |          |                            | \$ 2,000.00                                   | per year                                     |                               |                                   |                             |
| Land Lease   |            |          |                            |   |  |                               |                                   |                             |
| Year   | Start      | End      | Land Value                 | Annual Land Lease Cost - 10%<br>X .71 acres   | Annual State Leasehold Tax<br>12.84%         | Annual Land Lease Payment     |                                   |                             |
| Initial Term   | 05/01/25   | 12/31/26 | \$ 20,000.00               | \$ 1,420.00                                   | \$ 182.33                                    | \$ 1,602.33                   |                                   |                             |
| Renewal Option 1   | 01/01/27   | 12/31/27 | \$ 20,000.00               | \$ 1,420.00                                   | \$ 182.33                                    | \$ 1,602.33                   |                                   |                             |
| Renewal Option 2   | 01/01/28   | 12/31/28 | \$ 20,000.00               | \$ 1,420.00                                   | \$ 182.33                                    | \$ 1,602.33                   |                                   |                             |
| Renewal Option 3   | 01/01/29   | 12/31/29 | \$ 20,000.00               | \$ 1,420.00                                   | \$ 182.33                                    | \$ 1,602.33                   |                                   |                             |
| Renewal Option 4   | 01/01/30   | 12/31/30 | \$ 25,000.00               | \$ 1,775.00                                   | \$ 227.91                                    | \$ 2,002.91                   |                                   |                             |
| Renewal Option 5   | 01/01/31   | 12/31/31 | \$ 25,000.00               | \$ 1,775.00                                   | \$ 227.91                                    | \$ 2,002.91                   |                                   |                             |
| Renewal Option 6   | 01/01/32   | 12/31/32 | \$ 25,000.00               | \$ 1,775.00                                   | \$ 227.91                                    | \$ 2,002.91                   |                                   |                             |
| Renewal Option 7   | 01/01/33   | 12/31/33 | \$ 25,000.00               | \$ 1,775.00                                   | \$ 227.91                                    | \$ 2,002.91                   |                                   |                             |
| Renewal Option 8   | 01/01/34   | 12/31/34 | \$ 25,000.00               | \$ 1,775.00                                   | \$ 227.91                                    | \$ 2,002.91                   |                                   |                             |
| Renewal Option 9   | 01/01/35   | 12/31/35 | \$ 30,000.00               | \$ 2,130.00                                   | \$ 273.49                                    | \$ 2,403.49                   |                                   |                             |
| Railcar Throughput Fee   |            |          |                            |   |  |                               |                                   |                             |
| Year   | Start      | End      | Total Annual Railcar Loads | Railcar Rate Under 3,000 Railcar Loads<br>(1) | Railcar Rate Over 3,000 Railcar Loads<br>(1) | Annual Railcar Throughput Fee | Annual State Leasehold Tax 12.84% | TOTAL Annual Throughput Fee |
| Initial Term   | 05/01/25   | 12/31/26 | 0                          | \$ 16.67                                      | \$ 8.33                                      | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 1   | 01/01/27   | 12/31/27 | 0                          | \$ 17.17                                      | \$ 8.58                                      | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 2   | 01/01/28   | 12/31/28 | 0                          | \$ 17.69                                      | \$ 8.84                                      | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 3   | 01/01/29   | 12/31/29 | 0                          | \$ 18.22                                      | \$ 9.10                                      | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 4   | 01/01/30   | 12/31/30 | 0                          | \$ 18.76                                      | \$ 9.38                                      | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 5   | 01/01/31   | 12/31/31 | 0                          | \$ 19.33                                      | \$ 9.66                                      | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 6   | 01/01/32   | 12/31/32 | 0                          | \$ 19.90                                      | \$ 9.95                                      | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 7   | 01/01/33   | 12/31/33 | 0                          | \$ 20.50                                      | \$ 10.24                                     | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 8   | 01/01/34   | 12/31/34 | 0                          | \$ 21.12                                      | \$ 10.55                                     | \$ -                          | \$ -                              | \$ -                        |
| Renewal Option 9   | 01/01/35   | 12/31/35 | 0                          | \$ 21.75                                      | \$ 10.87                                     | \$ -                          | \$ -                              | \$ -                        |
| (1) Railcar Throughput Fee will increase by 3% annually        |            |          |                            |   |  |                               |                                   |                             |
| Terms and Conditions subject to Final Port Commission Approval |            |          |                            |   |  |                               |                                   |                             |