

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held at Port of Pasco, 1110 Osprey Pointe Blvd, Suite 201, Pasco, WA 99301
December 13, 2018 | 10:30 a.m.

CALL TO ORDER

Commissioner Ryckman called the meeting to order at 10:30 a.m.

Present: Commissioner Jean Ryckman, Commissioner Jim Klindworth, Commissioner Vicki Gordon, Executive Director Randy Hayden, Port Counsel Dan Hultgrenn, Director of Airports Buck Taft; Director of Properties Mayra Reyna, Director of Economic Development Gary Ballew, Director of Finance Donna Watts, Deputy Director of Airports Don Faley, Human Resources Vicky Keller, Airport Business Manager Tara White and Administrative Assistant Audrey Burney

Guests: Commissioner Brad Peck – Franklin County, Darren McEuin & Jackie Hernandez – Conover, and Kirt Shaffer – Tippet Company

APPROVAL OF AGENDA

Commissioner Klindworth moved and Commissioner Gordon seconded to approve the agenda as presented. Motion carried unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of November 8, 2018.
- b) Vouchers and Warrants #91031 - 91191 in the amount of \$995,802.93.
- c) Amend January 11, 2018 meeting minutes to approve 2018 – 2020 Capital Budget.
- d) Propak Logistics, Inc. month to month lease language for W5B3.

Commissioner Gordon moved and Commissioner Klindworth seconded to approve the consent agenda as presented. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

Excess Liability, Earthquake, Crime, Marine Liability and Airport Liability – Darren McEuin and Jackie Hernandez with Conover Insurance discussed the insurance renewals for 2018/2019 for Marine Liability, Excess Liability, Airport Liability, Crime and Earthquake insurance. The airport liability increased due to exposure from increased enplanements. The excess liability had a rate increase of 8% and an exposure increase of 29%.

Conover will be going out to market for all of our policies in 2019.

Commissioner Klindworth moved and Commissioner Gordon seconded to accept the 2019 policy year renewals effective December 31, 2018 to December 31, 2019 for Marine Liability, Excess Liability, Crime, and Earthquake,, and to increase the Airport Liability coverage from \$200M to \$300M. The total approved premium amount for all policies is \$131,615. Motion carried unanimously.

PUBLIC HEARING & RESOLUTIONS

Resolution 1499 – Setting forth Port Policy Regarding Rental Rates and Related Polices of the Port of Pasco – Mrs. Reyna presented the updated resolution, setting forth Port policy regarding the rental lease rates and related policies for the Port of Pasco. Staff updated the language in certain sections, and

applied increases to rates where applicable. Commissioner Gordon moved and Commissioner Klindworth seconded to approve Resolution 1499, establishing rental lease rates and related policies, with additional language to Section 3, specifying that market survey results will be shared with Port Commission. Motion carried unanimously.

Resolution 1500 – Updated Financial Policies – Mrs. Watts informed Commission that during the 2017 Federal Single Audit, staff learned that the Port needed to have written policies and procedures for Federal grant requirements pertaining to 2 CFR 200 and 2 CFR 200 Appendix XI Compliance Supplement implemented by the end of 2018. The financial policies have been revised to incorporate the required changes along with other staff recommended updates. The new policy as approved by Commission will govern the procedures in the Financial Procedure Manual implemented at the staff level.

Commissioner Gordon moved and Commissioner Klindworth seconded to approved Resolution 1500 adopting the financial policies of the Port of Pasco. Motion carried unanimously.

Resolution 1501 – Delegation of Authority – Mr. Hayden provided suggested changes to the Delegation of Authority Policy to Commission. Commissioner Ryckman moved and Commissioner Klindworth seconded to approve Resolution 1501, adopting a new Delegation of Authority policy. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

Restricted Operating Reserve Account – Mrs. Watts informed Commissioners that currently, the Commission-restricted operating reserve fund is funded exclusively with Port funds and no airport funds. Staff recommended that the airport begin funding the other 50% needed to increase the restricted operating reserve fund up to 6 months of operating expenses, and explore the idea of adding funding of the airport operating reserve fund into the airline agreements that will be negotiated in 2019. She also discussed that just over \$1 million dollars will be available to be reimbursed to the Port general fund (as airport funds) from the PFC account on Dec. 31, 2018. Commissioner Klindworth moved and Commissioner Gordon seconded to transfer \$1 Million by December 31, 2018 from the PFC account to a newly established Commissioner restricted airport reserve account. The airport reserve account is to be used for operating airport reserve, Commission approved airport capital projects, or other uses at the airport as specifically approved by Commission action. Motion carried unanimously.

2019 – 2021 Capital Budget – Commissioner Gordon moved and Commissioner Klindworth seconded to adopt the 2019 – 2021 Capital Budget. Motion carried unanimously.

Approve 2019 Strategic Plan – Commissioner Gordon moved and Commissioner Klindworth seconded to adopt the 2019 Port of Pasco Strategic Plan. Motion carried unanimously.

Art – Approve 2019 Art Committee Selection – Ms. White reported that the Airport Art Committee has chosen artists to display their artwork inside the Tri-Cities Airport Terminal building for 2019. The art process began September 2018, when the call for art was made. Through two rounds of a selection process and out of 17 art submissions, three artists were recommended in early October to display their work in the terminal building. The recommended artists are: Richard Kimura, Dixie Blankenship and Suzi Vitulli. Ms. White presented the art submissions of the three artists to Commission.

Commissioner Ryckman moved and Commissioner Gordon seconded to approve the art committee recommendation for the three artists to be displayed at the Tri-Cities Airport and to authorize the

Executive Director to sign the Art Loan Agreements with each of the artists listed. Motion carried unanimously.

RECESS

At 12:09 p.m., Commissioner Ryckman recessed the meeting for fifteen minutes for lunch. At 12:24 p.m. the meeting was reconvened.

ITEMS FOR DISCUSSION

October 2018 Financial Statement – Ms. Watts discussed the October 2018 financial statement.

Tenant Delinquent List – Ms. Watts discussed the delinquent report.

Battelle Hangar – Mr. Faley reported that through delegation of authority, the Executive Director awarded the PNNL aircraft hangar project to DGR Grant for \$3,182,740.20, including Washington Sales Tax. The bid price was within the authorized delegation of authority given by Commission during the November 8th Commission meeting. The notice to proceed will be given as soon as the City of Pasco issues the building permit, which is expected to occur the week of December 10th.

Battelle is providing \$550,000 in tenant improvements to this project. Their monthly lease rate for the Hangar is \$185,064.00.

Pacific Northwest Aviation Museum Display Request – Mr. Taft informed Commission that on September 6, 2017 Mailin Bergstrom with the Save the Old Tower non-profit reached out to the airport and asked if she could display items in the terminal relating to the museum. During this time Mr. Taft let her know that the Airport already had a one -year agreement for art displays until December of 2018 and invited her to submit her proposal for the following year’s art committee selection process.

Port staff issued a call for art on September 5, 2018 for the display areas inside the terminal for 2019. Three finalists were chosen by the Commission appointed art committee on October 8, 2018. Selecting the artist, art work and coordinating displays starts in early fall as it takes time to finalize everything prior to displaying the art in the terminal.

On November 11, 2018 Mr. Taft received an email from Malin stating that she is following up to his last email, from September 2017, and she would like to display in 2019. Mr. Taft replied to her email letting her know that the Airport Art Committee had already selected the recommended exhibitors for 2019, but would be happy to host her in 2020. Malin requested that staff reach out to Commissioners with the opportunity to see if they can squeeze the museum exhibit in as their initial request was in 2017.

Staff identified a few additional areas for potential locations for the museum exhibit. According to our advertising consultant, we are at capacity for current advertising space and have a waiting list to get into the airport. We have limited the space available for advertising because we feel a good balance is better for the overall feel of the airport. The PNAM (Pacific Northwest Aviation Museum) display takes up the space of approximately two advertising displays which would cost the museum approximately \$8,000.00 a year to advertise in the terminal. Wherever we place the PNAM display could be viewed as advertising by our consultant, but it could be an easier discussion if staff locates the display at one of our “Art” locations.

As the proposed display has an aviation related theme that is compatible with the activities associated with an airport terminal, Commissioners agreed to having Pacific Northwest Aviation Museum (PNAM) display their exhibit for 1 year only at a blank wall that is not currently being used for advertising or as an art-wall. After that they will need to compete with other artists for an art-wall location.

Multi-jurisdictional Airport Government– Mr. Taft reported to Commissioners that one of his strategic planning goals for 2018 was to look at a multi-jurisdictional airport facility district. Through research, staff identified a few options that could be available for Commission immediately or whenever it is determined they would be needed.

- Joint operations of multiple municipalities acting together by agreement
- County Airport District – districts can be established by a vote of the people. The district may be the area of the county including incorporated cities and towns, or such a portion or portions thereof as the board may determine to be the most feasible for establishing an airport.
- Bi-County Airport District of two counties working together by agreement.

Each option has a different structure, taxing authority, and bonding authority.

Staff reached out to a few airports in Washington and discussed how they are governed. The airports had different thoughts, but did share a general consensus that the RCW governing airports needed to be modernized to better enable airports to take advantage of the regions which they support.

After discussion, Commissioners decided to continue with the current governance of the Tri-Cities Airport and expressed support for staff, at their discretion, working with other airports and the legislature to modernize RCW 14.08.

Property Tour – Kirt Shaffer from Tippett companies joined the Port Commission to tour properties in North Pasco for possible purchase for industrial development.

EXECUTIVE SESSION

At 2:30 p.m., Commissioner Ryckman announced the board would go into executive session for thirty minutes to consider minimum price for a real estate purchase. At 3:00 p.m., Mr. Taft announced on behalf of the Port of Pasco Commissioners that the executive session would be extended for an additional ten minutes. At 3:10 p.m., Mr. Taft announced on behalf of the Port of Pasco Commissioners that the executive session would be extended for an additional ten minutes. At 3:20 p.m., the meeting reconvened.

ITEMS FOR DISCUSSION

Director Reports:

1. Executive Director
 - a. Local developer came in to discuss possible truck stop/convenience store land locations.
 - b. Asked Commissioners if they were agreeable to hiring a government relations consultant in Olympia to advocate for Port issues. Commissioners were supportive on a temporary basis to test the effectiveness of this effort.

2. Airport Director
 - a. Airport Maintenance is losing two employees Bob Davis and Kevin Loesch.
 - b. Executive Director Randy Hayden signed the Republic Parking Agreement that was approved last Commission meeting.
 - c. SkyWest is interested in Hangar space for a maintenance bay for their planes.
 - d. The Holiday Tree in the terminal has been well received. It seems to be a focus piece for the terminal. Several people are taking pictures before they leave or after they arrive.
 - e. Airline Updated Stats
 - i. Enplanements are up 17% for the month and up 4% for the year. For the month of November:
 1. Alaska is up 40%
 2. Allegiant is up 8%
 3. Delta is up 12%
 4. United is down 2%
3. Economic Development and Marketing Director
 - a. Provided Commissioners and staff a copy of the City of Pasco 2019-21 State Legislative Priorities for the year.
 - b. Provided Commissioners and staff a copy of the letter from the Economic Development Administration with the requirements of the EDA grant for the Road Repair and Storm Water Enhancement at Big Pasco Industrial Center.
 - c. RFQ is next week for the Wharf Analysis (Marine Terminal) that will determine how to utilize the area for the community and what upgrades are needed.
 - d. Next week RFP for creative partners marketing. Staff is not dissatisfied with BHW-1, but will be looking to see what else is there.
 - e. Noted an upcoming meeting with Carl Adrian at TRIDEC to discuss ADO status.
4. Finance Director
 - a. The Port of Pasco Economic Development Corporation received a clean audit.
 - b. Staff updated the credit card procedures to provide additional approval oversight.
5. Director of Properties
 - a. The Big Pasco Industrial Center is closed from 7:30 a.m. to 10:30 a.m. on December 15th for the annual Lampson Cable Bridge run.
 - b. There is some interest at the 904 E Ainsworth and 2926 E Ainsworth Office buildings, and some interest for a land lease regarding metal containers for mini-storage.
6. Commissioners Reports
 - a. Commissioner Ryckman
 - i. She had a very busy schedule in Washington DC with WPPA and PNWA meeting with Rep. Denny Hicks, Bill Larsen, and others.

Executed Items: The Executive Director has signed the following agreements in accordance with the Port's Delegation of Authority Policy.

1. **Inland Empire Distribution Systems, Inc.** – This month to month lease amendment allows the current tenant in Warehouse 2 Bay 1 to reduce space from 36,000 square feet to 28,800 square feet. Monthly lease value is \$8,712.00.

2. **Rick Dorman** – entered into a month-to-month T-hangar lease agreement (Building 1-69, #3) with the Port of Pasco on December 1, 2018. Monthly lease value is \$197.51 and yearly lease value is \$2,370.12.
3. **Propak Logistics, Inc. W5B4** – This is a 5-year term lease with 1 option to renew for 1 year. Propak requested 2 changes to the lease language. The lease language was previously presented to Port Commission, and the motion was passed to have the leases executed pending language modifications that met with Port Executive Director and Port Counsel’s approval. Monthly lease rate is \$9,448.60/mo. (this includes a 7% discount for a 5-year lease). Lease value is \$566,916 for the 5-year term of the lease.
4. **Propak Logistics, Inc. – T-179 + Land** – This is a 5-year term lease that had 2 requested changes to the lease language. The lease language was previously presented to the Port Commission, and the motion was passed to have the leases executed pending language modifications that met with Port Executive Director and Port Counsel’s approval. Monthly lease rate for the building is \$10,379.13 and monthly lease rate for land is \$3,380.18. These prices include a 7% discount for a 5-year lease with 1 option to renew for 1 year. Lease value is \$825,558.60 for the 5-year term of the lease.
5. **City of Pasco – Police Department** – This was a 1-day license agreement granting use of the premises for Patrol movement and communication while searching a building/residence and shall not use them for any other purposes. The building used was 904 E Ainsworth, Port of Pasco’s prior office building. There was no charge for the use of the building.

CALENDAR OF EVENTS

Commissioners and staff discussed the calendar of events.

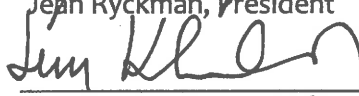
ADJOURNMENT

The meeting adjourned at 3:58 p.m.


Port of Pasco Commission:



Jean Ryckman, President



Jim Klindworth, Vice-President



Vicki Gordon, Secretary