

**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  
April 25, 2019 | 10:30 a.m.

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**CALL TO ORDER**

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

**Present:** Commissioner Jean Ryckman, Commissioner Klindworth, Commissioner Vicki Gordon, Port Counsel Dan Hultgrenn, Executive Director Randy Hayden, Director of Economic Development Gary Ballew, Director of Finance Donna Watts, Deputy Director of Airports Don Faley and Administrative Assistant Audrey Burney

Excused: Director of Airports Buck Taft, Director of Properties Mayra Reyna

**Guests:** Mitch Gilbert – Eaty Gourmet & Geof Guidry – John L. Scott

**APPROVAL OF AGENDA**

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Commissioner Klindworth moved and Commissioner Gordon seconded to approve the agenda as amended with added items 5.C East GA Apron and 8.C. Omega Morgan Rigging. Motion carried unanimously.

**CONSENT AGENDA**

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- a) Regular Meeting Minutes of April 11, 2019.
- b) Vouchers and Warrants #91911 - #92006 in the amount of \$715,683.23.
- c) East GA Apron – Re-Accept as Complete

Commissioner Ryckman moved and Commissioner Klindworth seconded to approve the consent agenda. Motion carried unanimously.

**ITEMS FOR ACTION/CONSIDERATION**

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**Pasco School District Building 85 Lease/TCAIP Bldg. 85 Fire System** – The Bids came in at \$172,160. Which is above the engineer’s estimate of \$125,000. Staff is continuing negotiations with the Pasco School District.

**Omega Morgan Rigging** – Staff provided two documents for Commission approval with Omega Morgan:

- Month-to-month land lease for 5 acres
- Rail License agreement

Staff added a cross default clause to both the lease and rail license. On the rail license agreement, Omega Morgan, is requesting payment of a wheelage fee per rail car of \$35 instead of a monthly linear foot fee of \$2.50. Under a wheelage fee, the use of the rail line is non-exclusive.

Lease value is approximately \$11,000.00 for the term of the land lease (estimated to last 3 – 4 months). The tariff is estimated to be approximately \$2,100 per train and Omega Morgan is estimating to have approximately 2 trains (60 cars per train).

Commissioner Klindworth moved and Commissioner Gordon seconded to authorize the Executive Director to execute a month-to-month land lease with Omega Morgan Rigging for 5 acres of land with the addition of a cross-default clause and a doubled security deposit in lieu of signing Article 37 of the lease once all documentation is received.

Also moved to authorize the Executive Director to execute a rail license agreement with Omega Morgan Rigging for non-exclusive use of approximately 750 feet of rail, at a tariff rate of \$35 per rail car, this agreement also contains a cross-default clause. Motion carried unanimously.

## **ITEMS FOR DISCUSSION**

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**Eaty Gourmet** – Mr. Ballew summarized to Commission that on June 28, 2018, the Port entered into a letter of intent with a potential Master Developer interested in developing a mix of uses, which could include a cluster of high-end restaurants, a boutique hotel, outdoor entertainment venue and other residential and commercial uses, at Osprey Pointe.

The no cost letter of intent (LOI) prohibited the Port from seeking or engaging with another master developer seeking to create a similar development. The exclusivity lasted six month from ratification on December 28, 2018. At an earlier meeting this year, Commission extended the LOI through April 30, 2019. The developer indicated that utilization of Opportunity Zone funding will require purchasing the property and is proposing a purchase and sales agreement.

Mitch Gilbert with Eaty Gourmet, provided a picture of the Master plan. The plan included public access to the water front, housing that is a mix of for-sale villas and condos, Amphitheater that holds 5,000 people, marina, an 80-room boutique hotel and a food and wine hall that would have 30 – 40 vendors and production facilities for a bakery, winery and creamery. Mr. Gilbert did mention that he has a memorandum of understanding with Washington State University regarding the creamery and culinary school.

Osprey Pointe is in an Opportunity Zone, and investments in this area could receive capital gains deferrals. The Port of Pasco would have to sell the property and could not be included in the plans of the master developer.

Commissioners raised a number of questions. Staff indicated that they had only received the PSA from Eaty Gourmet from the day before and that they would have further analysis of the proposal at the next Commission meeting.

**Leggari Products, LLC Tour** – Commissioners and Staff went to Leggari Products, LLC location and toured their facility.

Mr. Ballew provided a memo stating that the Port received a letter of intent (LOI) from Leggari Products, LLC regarding the purchase of approximately 5 acres of property located in Big Pasco between the eastern boundary of Osprey Pointe and the Barge Terminal.

The letter of intent does not have an offer price and no formal action is needed. Staff is seeking Commission direction, in knowing if they are interested in selling this property.

Commissioners enjoyed their tour of Leggari Products, LLC facility and Commissioners agree with staff that this use will provide a visual barrier and bridge between the heavy industrial uses of Big Pasco and the lighter commercial uses of Osprey Pointe. The proposed site is not part of Osprey Pointe, but staff is proposing to extend Osprey Pointe covenants to this property. Commissioners are interested in selling this property.

## **RECESS**

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At 12:43 p.m., Commissioner Ryckman recessed the meeting for twenty minutes for lunch. At 1:03 p.m. the meeting was reconvened.

## **ITEMS FOR DISCUSSION**

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**February 2019 Financial Statement** – Mrs. Watts presented the 2018 December financial statements. The 2018 Financial Statements consisted of prior period adjustments for Other Post-Employment Benefits of \$1,271,457, removal of assets related to the construction of taxiway D of \$897,354, removal of assets related to the construction of the new terminal of \$1,450,708 and a loss of disposal of assets related to the construction of the new terminal of \$332,715.

### **Director Reports:**

1. Executive Director
  - a. Meeting with Franklin PUD Commission on Economic Development – Comm. Ryckman, Mr. Ballew, TRIDEC and City of Pasco also attended the meeting. Discussion was on paying for substations, rates for large loads, attracting new industries, growth pays for growth.
  - b. Port Counsel and staff have been looking into boundaries for IDD's regarding industrial development. This topic will be on a future agenda.
  - c. Charles Laird with Tippet Company shared that they are considering a change in use for the Heritage Industrial Center.
  - d. Connell Visitor Center – Staff met with Meier Architects, City of Connell, and Comm. Klindworth. The City of Connell is getting some estimates with contractors to find out if there is a less expensive way to build the visitor center.
2. Economic Development & Marketing Director
  - a. Reported about the Contest "Play LA", and that it has reached a lot of people. There have been approximately 5,800 entries. Most of the entries are referrals. The end of the contest is May 2<sup>nd</sup>. The top ten contestants will be invited to finish the contest at the airport.
3. Deputy Airport Director
  - a. Taxiway A construction started moving dirt.
  - b. The Hotel Project has the 3<sup>rd</sup> floor being installed.
  - c. Earhart and Rickenbacker drives have the sewer system and storm water system in.
  - d. Demolition work connecting Earhart to the Terminal Road way will start on Monday and some of the sidewalks have been installed.
  - e. Battelle Hangar – Steel work and framework will start Monday, April 29, 2019. The foam system for the hangar has some issues that they are working on

- f. The roadway change order for the waterline connection will happen after hours at the Circle K to minimize the impact to the store.
- 4. Finance Director
  - a. Provided the top 20 tax-payers of Franklin County to Commissioners.

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

- 1. Battelle Hangar Change Order #2 – Change order is in the amount of \$29,807.00 including Washington sales tax. The change order is related to a building expansion for locating the hangar fire suppression system. Change order #1 was a credit of \$23,371.00 for cost savings identified by DGR Grant. The original contract amount was \$3,182,740.20, the new contract amount is \$3,189,176.20, an increase of \$6,436.00 to the contract through change order #2.
- 2. Earhart Drive Change Order #1 – The change order amount is \$1,954.64 including Washington sales tax. The change order is related to the waterline installation.

**CALENDAR OF EVENTS**

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Commissioners and staff discussed the calendar of events.


**ADJOURNMENT**


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The meeting adjourned at 2:39 p.m.

Port of Pasco Commission:

  
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Jean Ryckman, President

  
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Jim Klindworth, Vice-President

  
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Vicki Gordon, Secretary