

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
May 09, 2019 | 10:30 a.m.

CALL TO ORDER

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 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 and Administrative Assistant Audrey Burney

Guests: Jack Penning – Volaire Aviation Consulting

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 April 25, 2019.
- b) Vouchers and Warrants #92007 - #92023 in the amount of \$97,523.57.

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

CONSENT AGENDA

Resolution 1506 – Changing the dates of the second regular scheduled Commission meeting in May and June 2019 – Commissioner Gordon moved and Commissioner Klindworth seconded to change the dates of the second regular scheduled Commission meetings in May and June 2019. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

Christensen, Inc. – Mrs. Reyna informed Commissioners that staff is in negotiations with Christensen, Inc. on a long-term lease for approximately 5 acres and 1,000 linear feet of rail. Christensen is evaluating alternatives since they are looking at investing approximately \$1,000,000 in the property. Their current lease will expire in August 2019. They are in need of an additional 500 linear feet of rail immediately. This month-to-month lease is an interim lease allowing Christensen to continue expanding while we work on signing a long-term lease. Staff requested Commissioners to terminate their current lease when this lease is executed.

Commissioner Gordon moved and Commissioner Klindworth seconded to authorize the Executive Director to execute a month-to-month land lease with Christensen Inc. for 1.37 acres of land and 1,000 linear feet of rail with a double security deposit in lieu of signing Article 37 of the lease once all documentation is received. Executing this lease shall supersede and replace their existing lease, which was due to expire August 31, 2019. Motion carried unanimously.

ITEMS FOR DISCUSSION

Air Service Update – Mr. Taft introduced Mr. Penning with Volaire Aviation Consulting to Commissioners and staff. Mr. Penning provided an update on the state of PSCs air service. He discussed the Tri-Cities Market, the air service landscape, and the Tri-Cities Airport strategy for future airline service.

Mr. Penning and Mr. Taft met with several airlines and discussed current and future service in Tri-Cities Airport (PSC).

Airline updates:

1. Alaska Airlines is happy with current service, they understand staff's frustrations with losing the Portland flight, and however, they do not see that coming back for approximately 3 – 5 years. They will work with scheduling to see about an earlier return flight for the business community. Sometime between 7 and 9 p.m., this way people do not have to wait until midnight to get home.
2. American Airlines – The Phoenix route does not work for American. It is more local traffic and Tri-Cities Airport does not fit their model. They have started flying some northwest markets on RJs into Dallas. If this is successful, PSC could become an option in the next couple of years.
3. Unites Airlines is very happy with Denver and San Francisco LAX is booking below expectations. They expect it to pick up as we approach summer and more people become aware of it.
4. Southwest Airlines – is currently not interested in the market. They were impressed with the information about our community.
5. Sun Country Airlines – discussed San Diego and Palm Springs as potential flight options. They would like staff to provide additional information to them. This would be weekly service similar to Allegiant.
6. Boutique Airlines – Interested in potential PDX service, but it would be to the non-sterile side of the airport.

Director Reports:

1. Airport Director
 - a. Enplanement are up 8% for the month of April and the Airport is up 15% for the year.
 - b. Airline Statistics update for the month of April 2019:
 1. Alaska is down 4%
 2. Allegiant is up 10%
 3. Delta is up 2%
 4. United is up 53%
 - b. Janine Hales with Columbia Center Rotary reached out about placing some stickers in the Airport restrooms to provide a number for potential victims of sex trafficking to contact if needed. She stated these stickers are in the SEATAC restrooms currently. Staff has no issues with this they just wanted to ensure that it is done right and we get a good quality sticker that can be easily removed if needed.

- c. Leibowitz and Horton is working on the design and agreement for the Tri-Cities Airport Car Rental Car Wash, they are approximately 65% done with the design. Mr. Taft estimates that the CFC's will pay \$30,000.

ITEMS FOR ACTION/CONSIDERATION

Eaty Gourmet Extending LOI – Mr. Ballew reviewed that on June 28, 2018, the Port entered into a no cost Letter of Intent (LOI) with Eaty Gourmet, who is interested in developing a mix of uses at Osprey Pointe, which could include a cluster of high-end restaurants, a boutique hotel, outdoor entertainment venue and other residential and commercial uses. The LOI has prohibited the Port from seeking or engaging with another master developer seeking to create a similar development. This exclusivity lasted six months from ratification to December 28, 2018. Commission extended the LOI through April 30, 2019.

Eaty Gourmet provided a Purchase and Sales Agreement (PSA) prior to the expiration date. Staff provided a summary and initial review of the PSA. Mr. Hultgren provided analysis of the form of the agreement and outlined certain shortcomings that would need to be modified. Staff also provided an outline of next steps to move the project forward.

Commissioner Ryckman moved and Commissioner Gordon seconded to extend the Letter of Intent with Eaty Gourmet to July 11, 2019 in exchange for a non-refundable payment of \$20,000, which will be applied to the purchase price, and for Eaty Gourmet to provide evidence to the Port of their capacity to undertake the project. Commissioner Klindworth opposed the motion. Motion carried.

RECESS

At 12:03 p.m., Commissioner Ryckman recessed the meeting for twenty minutes for lunch. At 12:23 p.m. the meeting was reconvened.

ITEMS FOR ACTION/CONSIDERATION (Cont'd)

State Funding for Local Impacts of Snake River Dam Breaching – Mr. Hayden reported that Legislation to appropriate \$750,000 for a study of the impacts caused by Snake River Dam breaching has been approved by the Washington State Legislature. Given the myriad benefits provided by the dams including efficient transportation and renewable energy production, as well as a federal EIS study on the dams already underway, a number of river-dependent associations and agencies have drafted a letter to Governor Inslee urging him to veto the appropriation.

Commissioner Ryckman moved and Commissioner Gordon seconded to authorize staff to add the Port of Pasco name and logo to a letter urging a governor veto of funding for a Snake River Dam breaching effects study. Motion carried unanimously.

ITEMS FOR DISCUSSION

Financial Reports

1. March 2019 Financial Statement – Mrs. Watts discussed the 2019 March financial statements.
2. 1st Quarter Financial Report – Mrs. Watts discussed the 2019 Quarterly Financial Reports.

Tenant Delinquent List – Mrs. Watts discussed the tenant delinquent list.

Quarterly Credit Card Report – Mrs. Watts discussed the quarterly credit card report.

Industrial Development District Boundaries – Mr. Hayden discussed that at the April 10 Workshop, Commissioners directed staff to look into forming an Industrial Development District (IDD) whose boundary would cover the entire Port District. Port Attorney Dan Hultgrenn reviewed the requirements and provided documents for staff review regarding additional procedural requirements that must be followed if a property is added to an IDD

After consideration, staff believes the limiting requirements of land sales within an IDD are significant enough to recommend against a port-wide IDD boundary. However, staff recommended pursuing creation of discrete IDD boundaries for properties where the need for Port development and investment is more clearly defined. From the Port's strategic plan, those areas would be the new industrial park land purchase and the Wharf site. Big Pasco and Osprey Pointe are already in an IDD created in 1958.

Commission directed staff to come back with proposed IDD boundaries when projects are closer to development.

Musser Auto Auction Lease Expansion – Mr. Taft reported that Mr. Musser is interested in expanding his parking lot an additional 2.6 acres towards the airfield. Commissioners were open to the potential of a lease expansion and directed staff to continue moving forward with Mr. Musser and the FAA.

.09 Fund Summary Update – Mr. Ballew updated Commissioners on the .09 Economic Development Funds program in Franklin County. The project review committee recommended funding the process water reuse project for the City of Pasco, the rail interchange for the City of Connell, and the target industry program for TRIDEC. The Franklin County Commission will meet on May 21st to consider the recommendations.

Land Purchasing Financing – Mrs. Watts provided options to purchase land for a new industrial park. The total cost for the land purchase is approximately \$6.8 Million. Staff recommended a request to the Hanford Area Economic Investment Funding (HAEFIC) of \$2.5 Million, paid back over 20 years at an interest rate set at 75% of prime, using \$3.5M from the Port's Economic Development Opportunity Fund, and obtaining the remainder from a banking institution.

After discussion, staff will move forward with an application to HAEFIC for a \$2.5M loan. Commission will need to approve a resolution authorizing the application. Mrs. Watts will move forward with RFQ process with banks.

Property Acquisition Update – Mr. Ballew updated Commissioners on due diligence items that staff has been pursuing since the execution of the Purchase and Sales Agreement with Balcom & Moe on March 209. Tippet and staff have been using a due diligence checklist to keep them on track. The feasibility contingency expires on September 25, 2019.

FWBP Real Estate Inquiries – Mrs. Reyna reported that staff has received two different inquiries for land at the Foster Wells Business Park. Staff is currently working with both potential buyers at this time. Commissioners directed staff to continue with negotiations with all interested parties.

Port of Vancouver Energy Policy – Mr. Hayden informed Commissioners that the Port of Vancouver Commission is considering adopting a policy and resolution titled “Draft Renewable Energy Policy” at their May 14th meeting.

Commissioners asked staff to prepare a public comment letter on the draft resolution to the Port of Vancouver Commission describing impacts of the proposed policy on the Port of Pasco district and region.

Director Reports:

1. Executive Director
 - Columbia East met with the Port to obtain our feedback on a proposal to rezone the 400+ acre Heritage Industrial Park from industrial to residential use and to sell the land to a developer for low income housing. The Port expressed concern about losing so much industrially zoned land from the City inventory and its effects on the tax base for needed public services.
2. Economic Development & Marketing Director
 - a. Staff had several meetings with Visit Tri-Cities about joint marketing of the Tri-Cities and air service.
 - b. Mr. Ballew demonstrated new 360-degree interactive photos which allow exploration of the airport from the website.
 - c. Mr. Ballew provided an update on the LA contest results. There were 7,847 entries, unique entries were 5,261 and Facebook shares were 4,623.
3. Deputy Airport Director
 - a. The Battelle Hangar structure is up and siding should be going up soon.
4. Properties Director
 - a. Attended the Northwest Marine Terminal Association (NWMTA) at the Port of Grays Harbor.
 - b. Omega Morgan’s first train delivery of wind components is expected the week of May 13, 2019 at Big Pasco.
 - c. The maintenance crew is almost done with siding the first side of 5 warehouses to be resided this year.

Commissioner Reports

Commissioner Gordon: Stephanie Seamans is the new Executive Director at Benton Franklin Council of Government.

Commissioner Ryckman: Has been appointed to the TRIDEC Executive Committee and Creative Leadership Sub-Committee.

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

1. Earhart Drive Change Order #2 – The change order amount is \$63,576.05 including Washington State Sales Tax. This change order is related to getting the power service across Earhart Drive to the hotel property. The Marriott hotel will be responsible for running power from Earhart Drive to the Hotel.
2. Mark Peterson – entered into a long-term land lease agreement with the Port for land located at 4312 Stearman Avenue to construct an airplane hangar, effective May 1, 2019. Lease value is \$26,412 for the twenty-year term lease.
3. Whitten Family Investment LLC – Entered into a long-term land lease agreement with the Port for land located at 4314 Stearman Avenue to construct an airplane hangar, effective May 1, 2019. Lease value is \$24,960 for the initial term of the twenty-year lease.

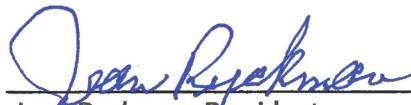
CALENDAR OF EVENTS

Commissioners and staff discussed the calendar of events.

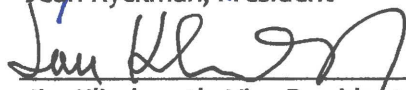
ADJOURNMENT

The meeting adjourned at 3:02 p.m.


Port of Pasco Commission:



Jean Ryckman, President



Jim Klindworth, Vice President



Vicki Gordon, Secretary