

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
September 12, 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 Jim Klindworth, Commissioner Vicki Gordon, Port Counsel Dan Hultgrenn, Executive Director Randy Hayden, Director of Airports Buck Taft, Director of Economic Development Gary Ballew, Director of Properties Mayra Reyna, Director of Finance Donna Watts, Deputy Director of Airports Don Faley, Administrative Assistant Audrey Burney and Human Resource Vicky Keller

Guests: Patrick Guettner, Joe Poire – Executive Director of Port of Whitman, Dave Guyll – Conover Insurance, Jack Lynch – MacKay & Sposito, Kirt Shaffer – Tippett Company, & Bill Barlow, BFT

APPROVAL OF AGENDA

Commissioner Ryckman moved and Commissioner Klindworth seconded to approve the agenda with the added agenda item 8.H. Pioneer Packaging. Motion carried unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of August 22, 2019.
- b) August 22, 2019 Vouchers & Warrants Correction
- c) Vouchers and Warrants #92636 - 92726 and direct deposit #DD19492 – DD19587 in the amount of \$1,652,975.85

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

ITEMS FOR ACTION/CONSIDERATION

Broadband, LLC – Mr. Hayden introduced Joe Poire the Executive Director of Port of Whitman to answer questions that Commissioners had regarding the Statewide Port Broadband, LLC. Discussion included economic development benefits that ports could bring to broadband development, volume brokering of data backhaul, and the financial proforma of the LLC.

Commissioner Ryckman moved and Commissioner Gordon seconded to authorize the Executive Director to enter into the intergovernmental operating agreement for the formation of the Washington Ports Broadband, LLC with minor changes as approved by staff and legal counsel, and to execute all documents associated with the implementation of the operating agreement. Motion carried unanimously.

PUBLIC HEARINGS & RESOLUTIONS

Global Trac, LLC – Mrs. Reyna reported that staff has been working with Global Trac, LLC to finalize a purchase and sell agreement for 2 acres located at Foster Wells Business Park. Port Commissioners previously approved the purchase price of \$1.81 per square foot for a total of \$157,687.20. A boundary line adjustment has been completed to decrease the size of the parcel to 2 acres, and is pending finalization of deed transfers with the Franklin County assessor's office. Prior to the sale of any land, the Port is required to declare the property as surplus.

1. Resolution 1513 – Declaration of Property as Surplus and Aauthorization of Sale of Lands –
Commissioner Gordon moved and Commissioner Klindworth seconded to adopt Resolution

1513 declaring the revised Parcel 2 of Binding Site Plan #2011-07 in the Foster Wells Business Park as surplus and authorizing the sale of lands. Motion carried unanimously.

2. Purchase and Sell agreement – Commissioner Gordon Moved and Commissioner Klindworth seconded to authorize the Executive Director to execute the agreement to Purchase and Sell Real Estate with Global Trac, LLC for Parcel 2 at Foster Wells Business Center consisting of 2 acres with \$5,000 earnest money at \$1.81/psf (\$157,687.20), to make minor modifications as approved by Port Attorney and to execute other documents as required to complete the sale. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION (Cont'd)

FAA Grant, AIP# 47 Winter field Equipment – Mr. Taft reported that the Port has received its 2019 AIP#47 grant in the amount of \$2,735,429.00 and is a 90% federal 10% local split. This project will fund the procurement of two multi-task equipment vehicles and a de-icer tanker vehicle. These items will assist in the snow removal process for the airfield.

Commissioner Klindworth moved and Commissioner Gordon seconded to accept AIP#47 to be used for the purchase of snow removal equipment at the Tri-Cities Airport. Motion carried unanimously.

Award Bids on Winter Equipment – Mr. Faley summarized that on August 29, 2019, the bids were opened for the airport's snow removal equipment procurement project, which is this year's AIP project. The bid included two bid schedules for the purchase of two multi-task equipment vehicles and one runway liquid deicer vehicle. The combined low bids for both schedules for the project were approximately 10% below the estimate.

Commissioner Klindworth moved and Commissioner Gordon seconded to award the bid for schedule 1, for the Multi-Task Equipment to M-B Company for \$1,616,004.92 including Washington State Sales Tax, pending FAA AIP grant approval. Motion carried unanimously.

Commissioner Klindworth moved and Commissioner Gordon seconded to award the bid for schedule 2, for the Runway Deicer Vehicle to M-B Company for \$325,511.29 including Washington State Sales Tax, pending FAA AIP grant approval. Motion carried unanimously.

State Governmental Representation – Mr. Hayden reported that one of the 2019 Strategic Plan goals was to hire a state lobbyist to assist with upcoming capital budget requests such as infrastructure for the new land purchase and development of the Wharf site. Staff has interviewed and received proposals from two firms, Gordon Thomas Honeywell (GTH), and Arbaugh Associates, and recommended contracting with GTH.

Commissioner Ryckman moved and Commissioner Gordon seconded to authorize the Executive Director to enter into a contract with Gordon Thomas Honeywell for state lobbying services. Motion carried unanimously.

Pacific Northwest Aviation Museum (PNAM) Old Tower Lease Amendment #3 – Mr. Taft reported that PNAM has requested to add to their leased premises the third, fourth and fifth floors of the Old Navy tower in building 72. An Amendment has been prepared to reflect this additional space and to clarify the utility payment arrangement of the tenants in building 72. The proposed monthly lease rate is \$761.79 for 18 years with a total lease value of \$127,963.92.

Commissioner Klindworth moved and Commissioner Gordon seconded to approve the lease amendment with PNAM to add the top three floors and clarify the utility payment arrangement of the tenants in building 72 and approve the Executive Director to sign the amendment. Motion carried unanimously.

PUBLIC HEARINGS & RESOLUTIONS (Cont'd)

Medical Insurance – Miss Keller introduced Mr. Gyll from Conover Insurance and he discussed the 2019-2020 medical insurance, the Port of Pasco Medical Reimbursement Plan, dental and vision insurance.

Commissioner Gordon moved and Commissioner Klindworth seconded to approve the 2019-2020 renewal with Delta Dental at no premium increase; and to approve the 2019-2020 renewal with Washington State Farm Bureau Premera Heritage PLUS plan, moving from the \$1,500 to the \$2,000 deductible. Motion carried unanimously.

Resolution 1512, Medical Reimbursement Plan – Commissioner Klindworth moved and Commissioner Gordon seconded to adopt resolution 1512, reauthorizing the Port of Pasco Medical Reimbursement Plan for calendar year January 1, 2020 to December 31, 2020, and authorize Verde Services to administer this plan for the Port of Pasco. Motion carried unanimously.

ITEMS FOR DISCUSSION

Land Purchase Update – Mr. Ballew invited Kirt Shaffer with Tippett Company to provide a land purchase update regarding the terms of the leaseback with the seller of the land, who will be the lessee after the Port purchases the property. The due diligence period has been extended from September 24, 2019 to October 11, 2019 with a closing date of no later than November 8, 2019.

RECESS

At 12:00 p.m., Commissioner Ryckman recessed the meeting for fifteen minutes for lunch. At 12:15 p.m. the meeting was reconvened.

EXECUTIVE SESSION

At 12:15 p.m., Commissioner Ryckman announced the board would go into executive session for thirty minutes to consider the minimum price at which real estate will be offered for sale or lease. At 12:45 p.m., the meeting was reconvened.

ITEMS FOR DISCUSSION (Cont'd)

Land Purchase Financing Update – Mrs. Watts provided an update regarding the land purchase. The total costs associated with the land purchase for the industrial park will be approximately \$6.8 million. Staff has obtained a Hanford Area Economic Investment (HAEFIC) Fund loan of \$2,250,000 for 20 years at 75% of prime rate. The remaining funds needed to purchase the land are approximately \$4.66 Million, which includes closing costs and other costs. The Commission has elected to spend all of the Economic Development Opportunity Fund set aside of \$3,600,000 and go out for a bank loan for \$1,013,000. Staff is waiting proposals from banks for the \$1,013,000 and is working on having the HAEFIC loan and bank loan waive any prepayment penalties.

ITEMS FOR ACTION/CONSIDERATION (Cont'd)

Farming Washington Agriculture History Project – Mr. Hayden reported that the Port Commission received a request from Kara Rowe, CEO of North by Northwest to help fund an agricultural history outreach project. The history project will be used to educate the next generation of students in Washington State about the history of Washington Agriculture through articles, videos and curriculum.

Commission Gordon moved and Commissioner Klindworth seconded to approve a contribution to the Farming Washington State: Washington State Agriculture History Project in the amount of \$1,500.00 Motion carried unanimously.

Donaldson, LLC – Mrs. Reyna reported that Donaldson, LLC would like to enter into a long-term land lease for approximately 1.24 acres adjacent to his current building and land lease in the airport industrial park located at 4502 Stearman Ave, effective September 1, 2019.

Lease Deviations:

- Language indemnifying Donaldson, LLC from contamination that may have existed on the ground prior to the term of the lease.
- Negotiations for this lease were started in 2018, and the tenant has requested we honor the price we had quoted.
- This lease requires the lessee to build a structure/building within 48 months of the lease, if not, the lease will revert to a 5-year lease.
- The security required for this lease is 12 month's rent, as the tenant is unwilling to sign a personal guarantee.

The Lease value is \$117,180.00 for the twenty-year term of the lease.

Commissioner Klindworth moved and Commissioner Gordon seconded to approve the Executive Director to execute the lease, as modified and described, once the tenant has provided proof of insurance and deposit/bond. Motion carried unanimously.

Pioneer Packaging – Mrs. Reyna received a letter of intent from BS Group, LLC (Pioneer Packaging) to purchase 2.7 acres at the Foster Wells Business Park. The 2.7 acres is located at the corner of Foster Wells and Industrial Way. They are looking to build a 45,000 to 50,000 square foot distribution facility that would require 12 – 18 employees including office, warehouse, drivers and outside sales personnel.

They are offering \$235,224 for Lot 1 consisting of 2.7 acres with \$5,000 earnest money, non-refundable, which will go toward the purchase price if the sale is completed. There is a due diligence period requested of 90 calendar days from the execution of the letter of Intent. The price they are offering is \$2.00 per square feet or \$86,500 per acre.

Commissioner Ryckman moved and Commissioner Klindworth seconded to authorize the Executive Director to sign the Letter of Intent. Motion carried unanimously.

ITEMS FOR DISCUSSION (Cont'd)

July 2019 Financial Statement – Mrs. Watts discussed the July 2019 Financial Statements.

Delinquent List – Mrs. Watts discussed the Delinquent list.

Potential Land Sale at Big Pasco – Mrs. Reyna reviewed that Leggari Products, LLC had previously submitted a letter of intent regarding the possible purchase of approximately 5 – 7 acres on the west side of the Big Pasco barge slip and directly east of Osprey Pointe. At the time, the Port Commission indicated they were interested in the concept but wanted an appraisal prior to further consideration. Staff reported that the appraisal has now been received. Commission asked staff to start the negotiation process.

Director Reports:

1. Executive Director
 - a. Ran into an individual that works at Benton Franklin Juvenile Justice center and asked if the Port would be interested in a Community Service Project for their youth. Mr. Hayden suggested a weed clean up and native plant project at the Port's walking trail near Sacajawea State Park. The project was acceptable and the youth are expected to begin their supervised work sometime in October.
 - b. Riverfest had a great turn out to share the many benefits of our dams and river system.
 - c. The Connell Visitor Center building permit is almost complete and the project will be put out to bid as soon as the permit is received.
2. Airport Director
 - a. Working with United Way to display one of their "Festival of Trees" holiday trees in the terminal. The tree will be on display from October 28 – November 22nd. The large airport holiday tree will go up sometime after Thanksgiving.
 - b. August enplanements were up 9 percent for the month and 13 percent for the year.
 1. Alaska is down 7 percent for August and up 9 percent for the year.
 2. Allegiant stayed flat at a 0 percent growth for August and is up 13 percent for the year.
 3. Delta is up 14 percent for August and up 8 percent for the year.
 4. Untied is up 31 percent for August and up 32 for the year.
 - c. August seats were up 5 percent and 11 percent for the year.
 - d. NWAAE Conference in Fairbanks is September 22 – 25.
 - e. Allegiant Conference September 30 – October 3 in Las Vegas.
 - f. Visiting Alaska HQ November 12.
 - g. Don and I will be flying to Seattle tomorrow to meet with FAA to discuss the master plan with emphasis placed on expanding runway 12-30.
3. Economic Development & Marketing Director
 - a. Staff launched an extensive upgrade to the airport website and presented the major changes to Commission.
 - b. Staff had two meetings with Greater Spokane Incorporated regarding proposed 0.09 Legislation, one in Tri-Cities and one in Spokane. The legislation will primarily provide 0.09 funding to border counties (Spokane and Clark), also allow renewal of now non-rural but border counties (Benton and Whatcom), and extend the funding out to 2045 for the remaining counties.
4. Deputy Airport Director
 - a. Twice a year – military training exercises touch and go
 - b. Tri-annual emergency exercises 9:30 – 12:00 p.m., Pasco Fire/SWAT team. County and City Public partners.
5. Properties Director
 - a. Crew continuing to work on the residing and dock removal project.
 - b. Staff is still looking for a tenant that might replace the Scouler Company downstairs.
 - c. Pasco Jaycees license agreement is executed and they will be having their parking lot in the Haunted Forest.
 - d. During the month of August there were a total of 9 barges at the Container Terminal.
 - e. Tri-Cities Hispanic Chamber of Commerce Gala is on December 13, 2019.

Commissioners Reports:

Commissioner Gordon is attending the Columbia Basin Development League on October 29, 2019 from 9:30 a.m. to 5:00 p.m.

ITEM FOR INFORMATION/NO DISCUSSION

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

1. Pasco Jaycees – Pasco Jaycees has signed a license agreement for 1.54 acres located behind building T1-2010 at 2326 E Ainsworth Ave. for every Friday and Saturday evening of October 11, 12, 18, 19, 25, 26 and Thursday October 31, 2019 for the Haunted Forest. The license agreement value is \$770.00 for the month of October.
2. Apollo Sheet Metal – TCAIP, 3409 Stearman – Apollo Sheet metal entered into a month-to-month lease, effective September 1, 2019 for Building #141 and .8 acres of land located at 3409 Stearman Avenue, in the Tri-Cities Airport Industrial Park. Lease value per month is \$1,700.00.

ADJOURNMENT

The meeting adjourned at 3:14 p.m.

Port of Pasco Commission:



Jean Ryckman, President



Jim Klindworth, Vice-President



Vicki Gordon, Secretary