

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
October 24, 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 Finance Donna Watts, Director of Economic Development Gary Ballew, Director of Properties Mayra Reyna, Deputy Director of Airports Don Faley, Administrative Assistant Audrey Burney

Guests: Thomas P Kastner – Meier, Carl Adrian – TRIDEC

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 October 24, 2019.
- b) Vouchers and Warrants #92902 – 93003 and direct deposit #DD19674 – DD19717 in the amount of \$685,640.13.

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

PUBLIC HEARINGS & RESOLUTIONS

Resolution 1517 – Change the date and time of the first meeting in December 2019 –
Commissioner Klindworth moved and Commissioner Gordon seconded to approve Resolution 1517 changing the date and time of the first scheduled meeting in December to Wednesday, December 11, 2019 at 10:00 a.m. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

Leggari Products, LLC – Mrs. Reyna reported to Commissioners that she has been in discussion with Leggari Products a current tenant in Warehouse 5 Bay 2. They have grown out of the available power in their leased warehouse space and are in need of making electrical upgrades to allow their business to grow. They have requested a one-month waiver of rent in exchange for making the generic electrical improvements and they do understand that they are responsible for leasehold tax, fees and utilities, while they make improvements to the space.

Commissioner Ryckman moved and Commissioner Gordon seconded to authorize the Executive Director to allow one month of rent waived for Leggari Products. Motion carried unanimously.

TC Airport Business Center: The Landing, LLC – Mr. Ballew brought forward a proposed lease for 2.05 acres at the Tri-Cities Airport Business Center for the development of a multi-tenant retail space and a multi-tenant flex space. The lease is similar to other recent leases at the Tri-Cities Airport Business Center with the following exceptions:

- Lease rate is \$2,828 per month. This equates to a blended annual lease rate of \$0.38 per square foot based on \$0.52 per square foot for the retail portion and \$0.27 per square foot on the interior portion. The retail portion matches Circle K and exceeds the projected lease for the Marriot Courtyard. The interior rate is higher than our other interior leases.

- The lease term is 30 years with one twenty year renewal. Renewal requires one of the following at the Port's Discretion:
 - Require the Lessee invest 20% of the assessed value in the external appearance of the property, or
 - Approve a reinvestment plan provided by the Lessee.
- Rent starts on Certificate of Occupancy for the shell and tenant improvements for one suite to be no later than December 31, 2020. Lessee pays leasehold excise tax in the interim.
- CPI increase capped at 2% annually, not to exceed 6% over three years, versus 3% annually, not to exceed 9% in our other leases. This is in exchange for a higher frequency on market rate adjustment, every six years versus nine years.
- Commercial surety bond acceptable to Port versus cash deposit or irrevocable letter of credit.
- The flex space is built prior to the retail space, which will be completed in six months of the opening of the flex space. The Lessee requested this modification as they will utilize the flex space to stage construction of the retail space.
- Improvements are approved by the Port per covenants prior to commencement of any construction activities.

Commissioner Klindworth moved and Commissioner Ryckman seconded to authorize the Executive Director to execute the proposed lease as discussed and take other actions as necessary to carry out the lease of 2.05 acres at the Tri-Cities Airport Center to the Landing, LLC. This authority includes accepting minor modifications to the lease as may be approved by the Port Attorney. Motion carried unanimously.

Golder's 2020 Budget – Mr. Hayden reported that Golder submitted a budget request of \$53,797 to provide project management, groundwater monitoring, and closeout work for the 2020 Marine Terminal Cleanup project. The Port's cost, after factoring in our 37% partner share with Crowley Maritime and assuming a 75% Ecology grant, will be \$4,976. The breakdown of funding for the 2020 budget is as follows:

Port of Pasco:	\$4,976
Ecology Grant:	\$14,929
<u>Crowley Maritime:</u>	<u>\$33,892</u>
Total 2020 Budgets	\$53,797

The Port of Pasco currently has \$376,330 remaining in the Marine Terminal Reserve Account and \$236,040 left in the Ecology grant. Both sums are more than sufficient to cover their respective 2020 budgeted costs.

Commissioner Gordon moved and Commissioner Klindworth seconded to authorize the Executive Director to sign the agreement with Golder Associates for \$53,797 for the 2020 Marine Terminal Cleanup budget. Motion carried unanimously.

ITEMS FOR DISCUSSION

Marine Terminal Wharf Alternatives – Mr. Ballew introduced Ed Debroek and Bruce Erickson from KPFF to Commissioners and Staff. They provided an analysis of the Wharf rehabilitation at the Marine Terminal.

Staff recommends the alternative to repair the wharf for general public access with added facilities to allow cruise ship docking. There was general agreement by Commission and KPFF will move to the next stage of design and permitting for the selected alternative.

TGTS, Inc. – Mrs. Reyna informed Commissioners that staff received a proposal from TGTS, Inc. to lease building T-300 located at 1952 E Dock Street in the Big Pasco Industrial Center. The building is approximately 3,000 square feet and is listed at a published rate of \$863.83 per month (\$.2879 psf/mo). This proposal is for a full published rate, but they are requesting 3 months of free rent during which time they will be cleaning and modifying the space to suit them (they would still be required to pay for the full leasehold tax due during any rent waiver period). This would be a month-to-month lease for a minimum of 6 months at which time they would like to enter into a long term lease. Their current customer, Water 2 Wine cruises would be their first client and would be eventually using this building as a “waiting” area for their clients prior to boarding their cruises.

Commissioner Klindworth moved and Commissioner Gordon seconded to waive the first three months of rent to TGTS, Inc., while they are making improvements, and as long as the leasehold tax is being made and insurance requirements are met. Motion carried unanimously.

RECESS

At 12:15 p.m., Commissioner Ryckman recessed the meeting for thirty minutes for lunch. At 12:45 p.m. the meeting was reconvened.

ITEMS ACTION/CONSIDERATION (Cont'd)

Property Acquisition – Mr. Hayden summarized that at the October 6, 2019 Commissioner meeting, Commission authorized the Executive Director to approve the acquisition of the mineral rights on the 300 acres by the seller, who would sell these mineral rights to the Port at the closing.

The seller provided the proposed mineral rights deed to Port staff and the Port Attorney for review. Due to the nature of the mineral rights there were certain inherent risks associated with the transaction and the lack of warranty deed. The Port Attorney outlined the potential risk associated with the transaction, which is similar in nature to the acquisition of mineral rights by the Port for the Pasco Processing Center.

Commissioner Gordon moved and Commissioner Klindworth seconded to authorize the Executive Director to accept the terms and documents on mineral rights as acceptable to the Port and to acquire the mineral rights at closing from Balcom and Moe Inc., without warranty for a cost of \$148,500. Also, authorizing the Executive Director to waive any remaining contingencies and proceed to closing. Motion carried unanimously.

ITEMS FOR DISCUSSION (Cont'd)

2020 Preliminary Budget – Mrs. Watts discussed the 2020 Proposed Preliminary Budget using the current year projected expenses and revenues, 2018 actual revenues and expenses, 2019 budgeted revenues and expenses and management input. Mr. Ballew discussed the proposed 2020 marketing and economic development Budget.

Commissioner Ryckman moved and Commissioner Gordon seconded approval of the 2020 preliminary budget. Motion carried unanimously.

Colima Trade Mission: Trip Report – Mr. Ballew reported that the City of Pasco and Port of Pasco, with much assistance from community member Ana Ruiz Peralta, have been working with officials from the

State of Colima on a Cooperation and Friendship Agreement. A group of ten individuals went on an exploratory trip to Colima to further develop the relationship. It was a very successful trip and the Colima hosts did a fantastic job of highlighting their community. Staff identified a number of opportunities for further collaboration.

RECESS

At 2:35 p.m., Commissioner Ryckman recessed the meeting for a five minute for break. At 2:40 p.m. the meeting was reconvened.

ITEMS FOR DISCUSSION (Cont'd)

Deferred Compensation – Mr. Hayden informed Commissioners that the Port of Pasco Personnel Policy 310 states the Port participates in a voluntary deferred compensation program (DCP) which will match up to the first one and one half percent (1.5%) of employee contribution. Staff would like to recommend increasing the Port match to 4% commensurate with other ports in our region, eliminate all other guaranteed DCP contributions, and allocate the cost increase for the DCP change outside of the “fully burdened” salary and benefit increase of 2% for the 2020 budget. For budget years after 2020, the DCP contribution would be included in the fully burdened salary/benefits budget calculation. Commission was agreeable to staff presenting this change to represented employees. Formal Commission action will occur at a later date.

Associate Development Organization Alternatives – Mr. Ballew reported that per the Port of Pasco Strategic plan, Port staff analyzed alternatives for an Associate Development Organization (ADO) in Franklin County. An ADO designation is solely within the purview of the Franklin County Commissioners, but the Port could provide a recommendation to the County.

Staff conducted interviews with other multi-county ADO’s, Port lead ADO’s and ADO’s that are similar in size to a Franklin County ADO. Carl Adrian with TRIDEC also provided data on their programs and funding. Staff also obtained information through the Washington Economic Development Association, Department of Commerce and economic development contacts. The presentation recommended retaining TRIDEC as the ADO with enhanced efforts around commercial real estate and recruitment.

ITEMS FOR DISCUSSION

Director Reports:

1. Executive Director
 - a. Connell Visitor Center is bidding with bids due on November 5th.
 - b. Property Purchase: Balcom & Moe will be closing on October 31, 2019. Staff is wondering if Commissioners would like staff to present a resolution at the next meeting naming the newly purchased land Reimann Industrial Center. Commissioners all agreed to the name.
 - c. Press Releases: Staff will be sending out press releases on the land purchase, airport business center lease, and Chicago air service.
2. Airport Director
 - a. September enplanements were up 9% for the month and 12% for the year.
 - i. Alaska was up 4% for September and 9% for the year.
 - ii. Allegiant was up 14% for September and up 13% for the year.
 - iii. Delta was up 10% for September and 9% for the year.
 - iv. United was up 10% for September and 29% for the year.
 - b. United LAX flight will be transitioning to a four day week in January. They will be taking out Tuesdays, Wednesdays and Saturdays and the departure time will be changing from

- 4 p.m. to 7:08 p.m. In February United LAX flight will be 5 times a week and they won't be flying on Tuesdays and Thursdays with departure time changing to 1:50 p.m.
- c. TSA will begin blended precheck lanes starting around the Thanksgiving holiday. We will be the first airport in Washington to have the new blended lanes.
3. Finance Director
 - a. The state auditor is finishing up the accountability audit.
 4. Properties Director
 - a. Pioneer Packaging purchase sale agreement has been executed. Closing date is scheduled for December 10, 2019.
 - b. CHS Rail will be using our rail lines this month.
 - c. The Port's container crane which was sold to Lampson is being dismantled.
 - d. Kenyon Zero Storage's attorney is going back and forth with negotiations on the purchase-sale agreement.
 5. Commissioner Reports
 - a. Commissioner Gordon mentioned that the Benton Franklin Council of Governments sounds like they are turning over their loans portions of their program.
 - b. Commissioner Ryckman reported that WPPA has hired a new deputy director.

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. Peninsula Truck Lines – Peninsula Truck Lines, Inc. were in need of space to park trailers during their paving of their parking lot area. The land we had available for them was 5.32 acres of land on SE Rd. 36. Their lease is for only the duration of October 12 – November 11, 2019. Lease value is \$2,926.00 for the month.
2. Mark Peterson – Mark Peterson entered into a month-to-month lease agreement for T-Hangar 1-69 #5, effective October 9, 2019. Lease value is \$203.24/month or \$2,439 for one year.

EXECUTIVE SESSION

At 4:15 p.m., Commissioner Ryckman announced the board would go into executive session for ten minutes for planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining.

ADJOURNMENT

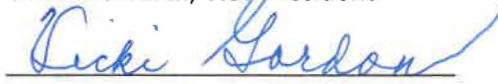
The meeting adjourned at 4:25 p.m.

Port of Pasco Commission:



Jean Ryckman, President

Jim Klindworth, Vice President



Vicki Gordon, Secretary