

Port of Pasco Commission

Minutes of Regular Meeting of Port Commission

Held at 1110 Osprey Pointe Blvd., Suite 201, Pasco, WA 99301

December 10, 2015 | 10:30 a.m. | Meeting called to order by Commissioner Jim Klindworth

CALL TO ORDER

Present: Commissioner Jim Klindworth, Commissioner Ron Reimann, Commissioner Jean Ryckman, Port Counsel Dan Hultgrenn, Executive Director Randy Hayden, Director of Airport Ron Foraker, Director of Finance & Administration Linda O'Brien, Director of Economic Development Gary Ballew, Director of Properties Sam Good, Deputy Director of Airports Buck Taft, Executive Assistant Vicky Keller and Administrative Assistant Audrey Burney

Guest: Darren McEuin with Conover Insurance and David Robison with Strategic Management

APPROVAL OF AGENDA

Commissioner Reimann moved and Commissioner Ryckman seconded to approve the agenda as presented. Motion carried unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of November 12, 2015
- b) Vouchers & Warrants 84288 - 84486 in the amount of \$1,682,032.14
- c) Taxiway Alpha Pavement Maintenance – Accept as Complete
- d) Stearman Ave Storm Drain – Accept as Complete
- e) De-icing Tank Repairs – Accept as Complete

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

FINANCIAL

Insurance Renewals – Mrs. O'Brien introduced Darren McEuin with Conover Insurance. Mr. McEuin presented and discussed the 2016 renewal quotes for the Excess Liability, Crime, Earthquake and Marine Liability Policies. Commissioner Reimann moved and Commissioner Ryckman seconded to approve the earthquake insurance with National Fire & Marine Insurance for a \$10 million coverage limit, a deductible of 2 percent per occurrence with a maximum deductible of \$250,000, and a premium of \$32,978.30. Motion passed unanimously.

Commissioner Ryckman moved and Commissioner Reimann seconded to approve the renewal for the Excess Liability Insurance with Navigators Insurance/Marsh USA for a \$50 million coverage limit with a renewal premium of \$12,282.00. Motion carried unanimously.

Commissioner Reimann moved and Commissioner Ryckman seconded to approve the renewal of the Crime Liability with Zurich North America for a \$10 million coverage limit (\$1 million for "faithful performance of duty") with a renewal premium of \$10,502.11. Motion carried unanimously.

Commissioner Ryckman moved and Commissioner Reimann seconded to approve the renewal of the Marine Liability insurance with United States Fire Insurance Company for a \$2 million coverage limit and a premium of \$10,000. Motion carried unanimously.

ENGINEERING AND CONSTRUCTION

Terminal Building Expansion Project: Project Update – Mr. Robison updated Commissioners on the status of the Terminal Building Expansion project. He highlighted that we had a credit in the amount of \$83,910.88. The project is currently on schedule.

RECESS

At 11:35 a.m. Commissioner Klindworth recessed the meeting five minutes. Meeting was reconvened at 11:40 a.m.

FINANCIAL

October 2015 Financial Statement – Mrs. O'Brien discussed the October 2015 financials and answered any questions from Commissioners.

Tenant Delinquent List – Mrs. O'Brien discussed and answered questions from Commissioners regarding the tenant delinquent list

Bond Rating Letter – Mrs. O'Brien informed Commission that the Port of Pasco will retain an A- rating for the 2016 year.

RECESS

Commissioner Klindworth recessed the meeting at noon for fifteen minutes for lunch. Meeting was reconvened at 12:15 p.m.

EXECUTIVE SESSION

At 12:15 p.m., Commissioner Klindworth announced that the board would go into executive session for 45 minutes to consider the minimum price at which real estate will be offered for sale or lease and to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party. At 1:00 p.m., Mr. Taft announced on behalf of the Commission that executive session would extend 15 minutes. At 1:15 p.m. the regular meeting was reconvened.

ECONOMIC DEVELOPMENT

Barge Terminal Market Analysis – Mr. Ballew highlighted a few topics. First, online advertising of the airport targeted at northeast Oregon started a month ago. Information on increased traffic to the website was not available by the day of the meeting, but facebook traffic shows that people are seeing and responding to the advertisements. Secondly, there was a meeting with a dairy processing firm on the Dairy Processing project and they had a great discussion. The group felt that Port and Connell efforts to plan for a new dairy processing park were right on track and waste water treatments is going to be key to any dairy processing operation. Thirdly, Mrs. Reyna and Mr. Ballew toured the Franklin County Emergency Management building at the Airport Industrial Park. They are potentially interested in a new location and may be interested in the Wagenaar Center at Osprey Pointe.

Revised Broker Policy – Mr. Ballew provided a revised broker policy that provides further clarity regarding the payment of broker fees when an existing tenant enters into a new lease for expanded space. The prior policy did not allow a broker to be compensated for the successful expansion of an existing tenant, nor did it state what that compensation would be. Staff proposed modifying the existing policy to allow compensation for a "Significant" expansion. The revision provides that the licensed real estate professional representing the existing tenant in the expansion is due a 3% fee on the

expanded lease if: the expanded lease is equal to or exceeds one year and, the expanded lease is for an additional building or, the expanded lease is for a minimum of a ½ bay in the warehouses.

Commissioner Reimann moved and Commissioner Ryckman seconded to adopt the use of and Compensation for Professional Real Estate Services policy as presented. Motion passed unanimously.

Development of Osprey Pointe CCR's – Mr. Ballew provided the Osprey Pointe Protective Covenants and Restrictions for the Osprey Pointe Business Center. He informed Commissioners that the proposed CCR's do not cover Osprey Pointe North (North of Ainsworth). The two primary purposes of the CCR's are to make certain that the build out of Osprey Pointe meets the Port's vision for the area and the creation of an Association to take over long term maintenance and management of the business park when the Port is no longer the primary owner of the property. Commissioners discussed the restriction on residential development and requested staff remove the restrictions and resubmit the CCR's for review. Staff will bring back the topic in the January meetings.

Snake River DNR Property – Mr. Ballew informed Commissioners that DNR had reversed their position regarding Snake River Property. DNR contacted Mr. Hayden to notify him that DNR would like to proceed with negotiations for the Port Purchasing the land referred to as Snake River Property. Mr. Ballew said that the Port would continue informing legislators and other interested parties regarding their progress but that he did not expect the Port to pursue specific legislation regarding the property this session.

AIRPORT

Outbound Baggage System Design, Mead & Hunt – Mr. Foraker updated Commission about Mead & Hunt's contract for design of the terminal outbound baggage system. In 2013, the Port filed for two grants that would cover the design and separately for the equipment and installation. After TSA's acceptance of Mead & Hunt's contract, they will begin preparing an "OTA" (Other Transaction Agreement) to cover reimbursement to the Port. The portion of the contract currently being reviewed is for design only and the agreement with TSA will be for the dollar amount of Mead & Hunt's design contract. Reimbursement will be provided on a 95/5 percent TSA/Port Split. Commissioner Reimann moved and Commissioner Ryckman seconded to authorize the Executive Director to execute the contract with Mead & Hunt for design of the Airport Terminal Outbound Baggage System in an amount not to exceed \$135,000 once TSA has approved the scope of work and to approve the TSA grant once the Port attorney has approved the grant as to form. Motion passed unanimously.

Director's Report

1. Mr. Foraker has not heard back from the airlines on the 2016 Rates & Charges. Allegiant asked a clarification question on the budget but it was not directly related to the rates and charges.
2. Jack Penning, Sixel Consultants has scheduled meetings with Alaska Airlines in Seattle on January 15th, Sky West Airlines in St. George, Utah on January 19th, United Airlines in Chicago on February 3rd. We will be meeting with Delta Airlines either in Puerto Rico late February or Tallahassee in April. Jack has not heard from American Airlines.
3. Battelle PNNL scientist, Doug McMakin and PNNL Media Advisor Susan Bauer are working with TSA on a media event between Christmas and the New Year. Doug McMakin is the inventor of the Advanced Imaging Technology in use at all airports today for passenger screening. PNNL will be doing a story and live interview along with local news media.
4. Mr. Foraker announced that the Port entered into an agreement with the US. Department of Wildlife for bird mitigation on properties owned by the Port of Pasco, City of Pasco and Burlington Northern. The cost increased approximately \$120 from last year, making \$4374 the contract cost to the Port of Pasco.

5. Mr. Foraker announced that November was a very good month with boardings increasing by 11% for the month and 5% year to date.

PROPERTY MANAGEMENT

Propak Warehouse 5, Bay 4 – Commissioner Ryckman moved and Commissioner Reimann seconded to allow Propak Logistics to begin tenant improvements in W5-B4 as early as December 10, 2015 without rent payment for December with the condition that the lease has been properly signed, notarized and executed; the first month's rent for January 2016 paid; required security deposit provided and proof of insurance received prior to move-in. Motion passed unanimously.

Information International Associates – Commissioner Reimann moved and Commissioner Ryckman seconded to authorize the Executive Director to execute a lease with Information International Associates for building T1-2010 located at 2926 E. Ainsworth in substantially the form of the Port's Standard lease, to commence no later than April 1, 2016. Motion passed unanimously.

GENERAL ADMINISTRATION

2016 Salary Ranges – Commissioner Ryckman moved and Commissioner Reimann seconded to approve the updated salary ranges for the Port of Pasco Administration and Management positions effective January 1, Through December 31, 2016. Motion passed unanimously.

POSITION	MINIMUM	MAXIMUM
Executive Director	\$129,000	\$175,000
Director of Airports	\$103,500	\$145,000
Deputy Director of Airports	\$84,000	\$114,000
Director, Finance and Administration/Auditor	\$100,000	\$145,000
Director, Economic Development and Marketing	\$91,500	\$122,500
Director of Properties and Development	\$91,500	\$122,500
Facilities Engineer	\$62,500	\$81,000
Administration and Human Resource Generalist	\$59,000	\$85,000
Senior Accountant	\$52,500	\$70,800
Accountant	\$45,000	\$60,600
Maintenance Supervisor	\$65,000	\$88,000
Police Chief/Terminal Manager	\$65,000	\$91,400
Business Manager	\$52,000	\$69,500
Administrative Assistant/Receptionist	\$39,000	\$53,000
Property Leasing Associate	\$52,000	\$69,500

Commissioners confirmed the authority of the Executive Director to make salary adjustments for administration and management personnel within the salary ranges listed above. Furthermore,

Commissioners confirmed they would retain salary action authority for the Executive Director and Director of Finance and Administration/Auditor.

Attorney Billing Rate – Commissioner Reimann moved and Commissioner Ryckman seconded to approve the Attorney's billing rate to \$165.00 per hour starting in 2016. Motion passed unanimously.

Deed Releases on Portions of Big Pasco Property – Commissioner Reimann moved and Commissioner Ryckman seconded the authorize the Executive Director to execute the Releases of Restriction and Flowage Easement between the United States of America and the Port of Pasco on the parcels recorded in the real property records of Franklin County, Washington, under Auditor's Files Numbers 262980, 263334, 318437, and 404398. Motion passed unanimously.

ITEMS NOT ON AGENDA

- a. Mr. Hayden reported to Commissioners that the Lampson Hangar had flood damage and the Port will pay for a portion of the restoration.
- b. Mr. Ballew informed Commissioners that Downtown Pasco Development Association will continue holding the Tree Lighting Ceremony on Saturday, December 15, 2015.

EXECUTIVE SESSION

At 3:20 p.m., Commissioner Klindworth announced that the board would go into executive session for 30 minutes to review the performance of a public employee. At 3:55 p.m. the regular meeting was reconvened.

GENERAL ADMINISTRATION

Commissioner Reimann moved and Commissioner Ryckman seconded to approve the salary adjustments effective January 1, 2016 as follows:

Executive Director – Increase of 2.75% plus \$9,000 for new annual salary of \$157,987.50.

Director of Finance & Administration – Increase of 2.75% plus \$6000 for new annual salary of \$143,685.00.

NEXT MEETING

Regular Commission Meeting – Thursday January 14, 2016

ADJOURNMENT

The meeting was adjourned at 3:55 p.m.

Port of Pasco Commission:



Jim Klindworth, President



Ronald Reimann, Vice-President



Jean Ryckman, Secretary

