

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held at 1110 Osprey Pointe Blvd., Pasco, WA 99301
June 22, 2017 | 10:30 a.m.

CALL TO ORDER

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

Present: Commissioner Ron Reimann, Commissioner Jim Klindworth, Commissioner Jean Ryckman, Port Counsel Dan Hultgrenn, Executive Director Randy Hayden, Director of Airports Buck Taft, Director of Economic Development and Marketing Gary Ballew, Director of Properties Mayra Reyna, Director of Finance Donna Watts, Deputy Director of Airports Don Faley, and Administrative Assistant Audrey Burney

Guests: Lee Unterwegner – JUB, Riley Witt – Stantec Engineering and Architect, David Porter – Economic Development Corporation & Stephanie Siemens – Benton Franklin Council of Governments, Scott Musser – Musser Bros, Inc.

APPROVAL OF AGENDA

Commissioner Ryckman moved and Commissioner Klindworth seconded to approve the added item 8.F Layne Donaldson Lease amendment to the agenda as changed. Motion carried unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of May 25, 2017
- b) Special Meeting Minutes of June 1, 2017
- c) Vouchers and Warrants ##87740-87798 issued from Bank of America in the amount of \$436,025.22. #88000-88130 issued from Umpqua Bank in the amount of \$572,857.51 in the amount of \$1,008,882.73.
- d) W2B1 Concrete Dock Phase 1 – Accepted as Complete

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

PUBLIC HEARINGS & RESOLUTIONS

Resolution 1457, Guidelines for Land Lease Terms & Investments – Commissioner Klindworth moved and Commissioner Ryckman seconded to approve Resolution 1457 that provides guidelines to staff on developing lease terms for land leases given levels of investment by the lessee in the property. Motion carried unanimously.

Resolution 1458, Move the first Commission Meeting in July – Commissioner Ryckman moved and Commissioner Klindworth seconded to approve Resolution 1458 to move the first Commission meeting in July from July 13 to July 12, 2017. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

Pollution Renewal Container Terminal – The Executive Director reported that Darren McEuin from Conover Insurance prepared a quote for the renewal of pollution insurance for the barge terminal. The premium has gone down from \$4,840 to \$4,736 for the same amount of coverage. Commissioner Ryckman moved and Commissioner Klindworth seconded to approve the barge

terminal pollution insurance renewal with Tokio Marine Specialty Insurance Company. Motion carried unanimously.

Musser Auto Auction Lease – Mr. Ballew summarized the Tri-Cities Airport Business Center Lease with Musser Bros Auto Auction. The proposed use is an auto auction, with the lease rate of \$2,587 per month for 4.6 acres. During the initial term the lease will generate in excess of \$310,000. The 4.6 acres is located at the west end of the Tri-Cities Airport Business Center. The lease has language that requires all improvements to be completed no later than June 2018. The lease term is 10 years with two additional 10-year renewals. Prior to the second renewal the lease requires the Port to provide notice to the lessee on whether the Port is interested in extending the lease beyond the 2nd renewal.

Commissioners had concerns about the addition of lease language allowing the auction of items other than passenger vehicles. Mr. Scott Musser attended a portion of the meeting and was able to discuss his additions to the lease.

After discussion, the parties agreed to amend the lease so that:

- Auto auction was defined to only include autos, recreational vehicles, pickups, boats, sport utility vehicles, all-terrain vehicle and motorcycles.
- Items that do not meet the above definition may be auctioned from time to time so long as they are kept inside a structure
- Or if too large for a structure, staged on the north side of the proposed auction building to provide site screening
- Items will not be stored on site longer than 60 days

United Airline Lease Agreement – Mr. Taft reported that United Airlines has returned the signed amendment that extends the operating agreement through December 21, 2019. Commissioner Ryckman moved and Commissioner Klindworth seconded to approve the second amendment to the United Airlines operating agreement. Motion carried unanimously.

AIP 44 East GA Apron Bids – Mr. Taft summarized that on June 6th, staff received bids for the East General Aviation Apron Project, this year's major AIP project. This ramp project will complete all of the general aviation parking area in front of the FBOs. The low bid came in approximately 17% over the engineer's estimate. Mr. Taft introduced Lee Unterwegner with JUB, who outlined some of the reasons for the increase costs:

- The cost of doing business in the Tri-Cities at this time is very high
- Concrete specifications required by FAA limit the supplier to a sole source in the area and they are able to charge a premium.
- The first phase in 2012 had a disposal cost of \$4.25 a sq/yard and JUB estimated this cost at \$6.50 sq/yard for this phase. Bids came in at \$10 sq/yard.
- Contractors are saying that the 17 catch basins need to be custom made.

Mr. Taft stated that the additional costs for the project resulting from the high bids can be covered with an additional year's worth of AIP entitlement dollars (approximately \$2.4M) that were programmed, but not needed, for the terminal expansion project. These extra entitlement funds could also be used for next year's Taxiway A project, but staff recommended using AIP discretionary dollars instead.

JUBs fee for this project is \$761,940. The design fee is \$282,120 and construction management is \$479,820. These fees were previously approved by Commission.

Commissioner Klindworth moved and Commissioner Ryckman seconded to award the East General Aviation Apron Project to Granite Construction in the amount of \$5,270,839.10 including Washington State Sales Tax. Motion carried unanimously.

Franklin PUD Easement Request – Mr. Hayden reported that the Franklin PUD requested an easement near their substation at the Pasco Processing Center to install new fiber optics equipment. The easement is 25'X35' in a narrow strip of land between their substation and Burlington Loop. Staff is in favor of granting the easement as it is located in a non-marketable piece of land and this will enhance broadband capacity of the Foster Wells Business Park.

Commissioner Klindworth moved and Commissioner Ryckman seconded to authorize the Executive Director to grant an easement to the Franklin PUD at the Foster Wells Business Park. Motion carried unanimously.

Donaldson Lease Amendment – Mrs. Reyna reported that Donaldson LLC is a tenant with a long term land lease at the Airport Industrial Park that wants to amend his lease to include a longer renewal term. He is requesting that the renewal term be changed from 5-years to 20-years to secure financing needed for improvements to his building on the site. Staff is currently in negotiations to update the renewal term and other articles in the lease amendment bringing the older lease language in line with our current standard language. Commissioner Ryckman moved and Commissioner Klindworth seconded to authorize the Executive Director to sign a lease amendment with Donaldson LLC for a 20-year renewal term in a form satisfactory to him and the Port attorney. Motion carried unanimously.

Supreme Court Rulings Affecting Public Agencies – Mr. Hayden reported that the Washington State Supreme Court just handed down a ruling about what can be discussed during Executive Session relating to minimum lease price. The court ruled that the discussion should be narrowly focused on just the actual minimum lease price unless there had been open session discussion on how other factors could influence the price.

There's also been a ruling on an official's personal phone being the subject of a public records search. Port Attorney Dan Hultgrenn provided an analysis and direction to Commission on how to comply with these rulings.

ITEMS FOR DISCUSSION

May 2017 Financial Statement – Ms. Watts discussed the May 2017 Financial Statement

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

Somos Pasco – Mr. Ballew presented the Somos Pasco/ Pasco Vision update to Commissioners. Somos Pasco is creating a long range vision and action plan for Pasco with economic and community wide priorities. Staff is not asking for action, however, staff would like Commissioners to consider the role of the Port in key areas identified as part of the vision. For example, in waterfront development the Port will have a large role, while in areas such as education the Port may be in more of a support role.

RECESS

At 12:20 p.m., Commissioner Reimann recessed the meeting for fifteen minutes. At 12:35 p.m. the meeting was reconvened.

Somos Pasco - Mr. Ballew introduced David Porter – Economic Development Administration (EDA) & Stephanie Siemens – Benton Franklin Council of Governments. Commissioners and Mr. Porter discussed ideas regarding Somos Pasco.

EXECUTIVE SESSION

At 1:25 p.m., Commissioner Reimann announced that the board would go into executive session for fifteen minutes to consider the minimum price at which real estate will be offered for sale or lease. At 1:40 p.m. Mr. Taft announced on behalf of the Port of Pasco Commissioners that executive session would be extended for another five minutes. At 1:45 p.m. the meeting reconvened.

Airport Directors Report:

Mr. Taft reported on:

1. Enplanements for the month of May are up 2%.
2. Tri-Cities Airport had an FAA inspection and there were no findings.
3. Mr. Barrett, who currently farms the airport circles, asked if he can farm garlic in the airfield on a site of approximately 68 acres. Staff is evaluating the request.
4. Re-engaging with FAA to get land released by the Big Cross Track & Soccer field.
5. TSA Baggage Handling system 95/5 grant – Bids came in under budget. This will save the Port some money from our match. Bids will be presented to Commission for approval at a later date.

Air Service Development Update – Mr. Taft reported Jack Penning with Volaire Aviation represented the Tri-Cities Airport at the recent ACI Jumpstart Air Service Development Conference in Providence, RI. He met with United, Alaska and Sky Value Airlines. Mr. Taft has also worked with Jack Penning to develop an air service working plan for the remainder of the year.

An air service Conference with Volaire Aviation will be held in the Tri-Cities October 16 – 18. Having the airlines here and letting them see the Airport and Pasco, Kennewick, and Richland areas may possibly help the Tri-Cities Airport get new service.

TSA Privatization – Mr. Taft summarized that staff was recently asked to look into the privatization of the TSA checkpoint and how it is working in the Montana airports. After talking with managers of three of those airports, his conclusion was that if there is no major reason to switch to privatization, that an airport is better off staying with direct TSA service. Airports that have moved to private security companies managed by TSA did so for very specific reasons that are not applicable to the Tri-Cities Airport.

Connell Investment Opportunities – Mr. Hayden reported that staff had a follow-up meeting with a small group of community leaders in Connell to discuss opportunities for Port investment. David Hart, owner of Michael J's, shared the results of a short questionnaire that ran in the Franklin County Graphic asking respondents to fill in the blank "Connell needs _____". Out of 89 returned survey's, the top 3 wishes were:

1. Expanded Library
2. More Retail
3. Tie: Recreation Facilities; Restaurant

Staff will be following up with further discussions in Connell and evaluating how the Port can assist. Commission expressed agreement for appropriate Port investment in Connell.

ITEMS FOR INFORMATION/NO DISCUSSION

Executed Leases:

1. Matheson T-Hangar I-69 #2 on a month-to-month basis, effective June 1, 2017. Lease value is \$2,312.82 annually, the Director of Airports has signed the agreement in compliance with the Port's delegation of authority policy.

ITEMS NOT ON THE AGENDA

1. Mr. Hayden mentioned that Properties Director Mayra Reyna was featured in an excellent article on Big Pasco in the Journal of Business.
2. Mr. Hayded reported on a conference he attended in Moscow ID on how to revitalize small towns.
3. Mr. Hayden reported that Buck Taft has been selected for the next class of Leadership Tri-Cities.
4. Mr. Ballew reported that staff will be meeting with Project Bulldog proponents next week.
5. Mrs. Reyna mentioned that she was notified that Aromatics is in need of doubling their space at Big Pasco Warehouse 6 Bay 4.


EXECUTIVE SESSION


At 3:20 p.m., Commissioner Reimann announced that the board would go into executive session for five minutes 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 3:25 p.m. the meeting reconvened.

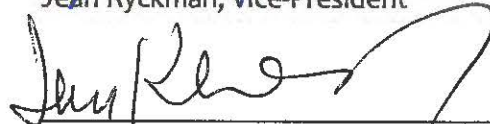
ADJOURNMENT

The meeting adjourned at 3:30 p.m.,

Port of Pasco Commission:


Ronald Reimann, President


Jean Ryckman, Vice-President


Jim Klindworth, Secretary

