

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held at 1110 Osprey Pointe Blvd., Suite 201., Pasco, WA 99301
March 08, 2018 | 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 Properties Mayra Reyna, Director of Marketing and Economic Development Gary Ballew, Director of Finance Donna Watts, Deputy Director of Airports Don Faley, and Administrative Assistant Audrey Burney

Guests: Bill Barlow – Planning Manager at Benton Franklin Transit, Paul Giever and Thomas Kastner with Meier, Traci Jao – TRIDEC, and Maria Peña – City of Connell

APPROVAL OF AGENDA

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

CONSENT AGENDA

- a) Regular Meeting Minutes of February 8, 2018.
- b) Vouchers and Warrants #89449 - 89612 in the amount of \$15,719.09
- c) Terminal Project – Accepted as complete

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

ITEMS FOR ACTION/CONSIDERATION

TRIDEC 2018 Agreement – Traci Jao with Tri-Cities Development Council (TRIDEC) presented the 2018 Plan of Work to Commissioners. TRIDEC's mission is to improve the economic health of the Tri-Cities Region by facilitating job creation and capital investment in primary employment industries in Benton and Franklin counties.

Commissioner Klindworth moved and Commissioner Gordon seconded to authorize the Executive Director to execute the 2018 Economic Development Agreement with TRIDEC. Motion carried unanimously.

W5B4 docks and Canopies – Recommendation to reject all bids – Mr. Hayden reported that staff received bids on February 27, 2018 for the Big Pasco Industrial Center Warehouse 5 Bay 4 concrete docks and canopies project. All bids were over the engineers estimate for base bid, two bids did not include bid bond or bid guarantee.

Commissioner Gordon moved and Commissioner Klindworth seconded to reject all bids, to re-bid the project and to authorize the Executive Director to sign the contract for the project, once re-bid, up to \$205,000.00 contract amount including sales tax, including any alternates that may be chosen. Motion carried unanimously.

PUBLIC HEARING & RESOLUTIONS

Public Hearing – Receive comments on proposed New Commission District Boundaries – At 11:00 a.m. Commissioner Ryckman opened the Public Hearing to receive comment on potential redistricting of Commission District boundaries. The Port redistricted in 2011 and since that time has seen a dramatic population growth in and around the City of Pasco that has skewed population figures between the three districts. Based upon the 2016 population census from the Franklin County Auditor, today's Port District population numbers are:

District 1: 25,048 (Commissioner Gordon)

District 2: 29,129 (Commissioner Ryckman)

District 3: 33,997 (Commissioner Klindworth)

Staff proposed a redistricting plan to rebalance population throughout the three districts, though redistricting is not required until after the 2020 Census. Staff believes there are benefits to redistricting prior to the 2020 census and proposed several redistricting plans.

There was no public comment.

Commissioner Ryckman closed the public hearing at 11:14 a.m.

Commission will make a decision on redistricting at the next regular commission meeting.

Resolution 1480, Port of Pasco Attendance Incentive Program on paid leave – Commissioner Klindworth moved and Commissioner Gordon seconded to approve Resolution 1480, the Port of Pasco Attendance Incentive Program on Sick Leave. Motion carried unanimously.

ITEMS FOR DISCUSSION

Connell Investment – Mr. Hayden introduced Maria Peña, City of Connell Administrator. She presented two letters of support regarding the Welcome Center for the City of Connell. Connell City Council voted to purchase land for the Welcome Center. The land being purchased is an abandoned railway and is adjacent to a parcel currently owned by the City. The parcel will include a walking path that would provide a trail from Heritage Park to Pioneer Park. The vision is that the welcome center would include an information center and bathrooms. It would provide visitors with easy access to information about businesses, services, community events, maps, jobs, housing, as well as providing a seating area and shade. Using a train depot design for the center would tie in with the former use of the parcel as well as the history of Connell. The City of Connell is committed to the project and is grateful for the investment that the Port of Pasco is willing to make for the Greater Connell community with economic growth.

Commissioners unanimously agreed for staff to continue working on planning of the Visitor Center for the Greater Connell area to support tourism and economic development. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

Amended & Restated Musser Lease – Mr. Ballew updated Commissioners of the amended leases for Musser Bros Auto Auction project. Staff recommended splitting the leased areas into two lots, a 1.31 acre lot with a thirty year lease with a twenty year renewal and a 3.1 acre lot with a thirty year lease. At their February 22, 2018 meeting, Commission concurred with this recommendation and directed staff to prepare an amended and restated leases for Commission approval.

On the 1.31 acre lease, the renewal requires that the lessee be in compliance with the existing lease, the rental rate be determined by an appraisal, and that the lessee invest 20% of the assessed value of the building back into the external portion of the building.

Commissioner Gordon moved and Commissioner Klindworth seconded to authorize the Executive Director to execute a thirty-year lease with a twenty-year option for 1.31 acres with Scott Musser at the Tri-Cities Airport Business Center and to make minor changes, with approval by the Port attorney, as may be needed to finalize the agreement; and to authorize the Executive Director to execute a thirty-year lease for 3.1 acres with Scott Musser at the Tri-Cities Airport Business Center and to make minor changes, with approval by the Port Attorney, as may be needed to finalize the agreement; and that these lease agreements amend and restate the agreement of the parties, and supersedes that certain ground lease dated October 31, 2017. Motion carried unanimously.

Amended and Restated A1 Hospitality Lease - Mr. Ballew updated Commissioners on the amended lease for A1 Hospitality, Inc. for the development of a hotel at the Tri-Cities Airport Business Center. A-1 Hospitality has received approval from Marriot to build a Courtyard branded hotel. Staff provided a strike through version of the lease showing the modifications required by A-1 Hospitality's bank. The language changes primarily focused on the relationship between the lessee and their mortgage holder. Staff believes that the execution of the restated lease will clear any remaining financing hurdles and that ground breaking will occur this summer.

Commissioner Ryckman moved and Commissioner Gordon authorized the Executive Director to execute the amended and restated lease with A-1 Hospitality Inc. for approximately 2.9 acres at the Tri-Cities Airport Business Center and to make minor changes, with approval by the Port attorney, as may be needed to finalize the agreement. This agreement supersedes and replaces that ground lease dated October 12, 2017. Motion carried unanimously.

TerraGraphics Lease – Mrs. Reyna reported that TerraGraphics is a local engineering firm that has outgrown their office building in downtown Pasco. They are looking to continue expanding as a company but need to consolidate their employees. TerraGraphics' main interest is being the first tenant in a new Osprey Pointe Building, in the meantime, they are looking to lease a portion of the previous Parsons office.

- They will start off renting ¼ of the building and plan to occupy ½ of the building 11,000 square feet by January 2019. They will be expanding in 2,500 square feet increments at a time.
- TerraGraphics requested a waiver of the first month of rent while they consolidate and move their staff to this location. They will still be obligated to pay the leasehold tax during this time.
- Staff established a CAM fee of \$1.73 square feet (covers maintenance of the HVAC system, landscaping, electricity, and water & sewer fees)
- TerraGraphics proposed a \$10.00 square feet lease rate, staff counter proposed a \$10.50 square feet rate, which is the rate they are bringing forward to the Commission.
- The security deposit for this lease will increase in proportion to the amount of space TerraGraphics is leasing at any given time.
- If the Port were to lease the unused portion of this building to a different tenant, it would be the Port's responsibility and expense to build a hard wall (floor to ceiling) as a separation.

Commissioner Klindworth moved and Commissioner Gordon seconded to authorize the Executive Director to execute a lease with TerraGraphics Environmental Engineering, Inc. for a term of three years and 17 days for a portion of building T1-2010 located at 2926 E Ainsworth at a rate of \$10.50 per square foot per year with the first month's rent waived and allowing staff to make minor changes,

with approval by the Port attorney, as may be needed to finalize the agreement. Motion carried unanimously.

RECESS

At 12:06 p.m., Commissioner Ryckman recessed the meeting for a twenty-minute lunch break. At 12:26 p.m. the meeting was reconvened.

ITEMS FOR DISCUSSION

January 2018 Financial Statements – Mrs. Watts discussed the financial statements.

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

ITEMS FOR ACTION/CONSIDERATION

Les Schwab, Building #61 & 60A, Airport Industrial Park – Mrs. Reyna reported to Commissioners that Les Schwab Tires Center is seeking to lease 10,000 square feet in Building 60A/61, located at 3410 Swallow, in the airport industrial park. Due to the poor condition of the floors, staff is recommending a rate of \$.10 square foot.

Commissioners want to make certain the lease has a provision that the lessee recognizes the deficiency of the floor, that the floor is in poor condition, that the lease has some sort of injury/damage waiver agreement and that they have proper insurance coverage.

Commissioner Ryckman moved and Commissioner Klindworth seconded to accept the rate of \$.10 square foot per month and to approve the lease with Les Schwab Tire Centers of Washington, Inc. Subject to receive a signed lease with an injury/damage waiver due to the floor and that they hold proper insurance. Motion carried unanimously.

Gauntt NW Lease Amendment, New Stearman Building, Entrance of Airport Industrial – Mrs. Reyna reported that Gauntt NW leased 1.9 acres located at the entrance to the Tri-Cities Airport Industrial Park. He will be constructing a multi-tenant building to lease. He had originally proposed one building but has since added the build out of a coffee shop at the entrance to the industrial park. In order to do this development the bank requested a fifty-year lease. His current lease is for 20 years with a 10 year option to renew.

Staff prepared a lease amendment allowing for three options to renew for ten years each and included in the amended lease a re-investment requirement of 20% assessed value at each option to renew. Tenant counter-offered to pay 10% of the assessed value at the 30-year mark of the lease.

Commissioner Klindworth moved and Commissioner Gordon seconded to authorize the Executive Director to execute a lease amendment with Gauntt Northwest to allow three 10-year options to extend the lease for up to 50-years with the provision that there is a reinvestment requirement of 20% of assessed value at the 30-year mark of the lease. Motion carried unanimously.

Franklin PUD Easement Request – Mr. Taft informed Commissioners that Franklin PUD requested an easement from the Port to install fiber up to the City of Pasco's Desert Estate Lift station off of Artesia Drive at the west side of the Tri-Cities Airport. The Port Attorney has reviewed the easement.

Commissioner Ryckman moved and Commissioner Gordon seconded to approve the non-exclusive Right of Way Easement with the Franklin Public Utility District No. 1 to install Fiber to Desert Estates lift station at the west side of the Tri-Cities Airport. Motion carried unanimously.

ITEMS FOR DISCUSSION

TCRCC Economic Gardening – Mr. Hayden informed Commissioners that the Tri-Cities Regional Chamber of Commerce approached Tri-Ports about helping fund their “Economic Gardening” program. The request is for \$7,000 from each Port to underwrite one business each. The principle of Economic Gardening is to foster growth of existing mid-size companies already in your community that are neither start-ups, nor major companies. The program targets “second stage companies” of between 10-99 employees and annual revenues between \$1 million to \$50 million. After discussion, it was determined that the Port funds could likely not be used for this type of direct investment, although it was a beneficial program.

DNR Update – Mr. Hayden reported that staff now has two appraisals completed for the 125-acre parcel of ground that the Port would like to purchase from the Department of Natural Resources.

- DNR/Port jointly funded appraisal from Valbridge Appraisers listed an price of \$37,360/acre
- Port funded appraisal from Associated Appraisers of Walla Walla listed a price of \$34,160/acre

Both appraisals came in significantly higher than our budgeted amount of \$20,000 to \$25,000.

Staff discussed a few options to move forward:

1. Purchase the entire 125-acre parcel. Total cost would be \$4,470,000 assuming an average purchase price in the middle of the appraisals.
The current amount available in our Economic Development fund is \$2,945,000 which would leave a funding gap of \$1,525,000.
2. Purchase only the amount of land we can afford with our existing funds. At an average appraisal price of \$35,760, our fund balance of \$2,945,000 would allow a purchase of 82 acres.
3. Looking for land elsewhere at a cheaper price.

Commissioners agreed to have staff continue negotiating with DNR and to also see what else is available.

Economic Development Report

Mr. Ballew reported:

1. That this was his fourth year attending the World Ag Expo in Tulare, California and the third year as part of the Marketing Collective, the Eastern Washington Economic Development Alliance (EWEDA). EWEDA used a firm to contact every vendor at the show and create appointments with those firms looking to expand and who have an interest in Washington.
2. He reported on his visit to Woodland, California which is one of our comparison cities from Somos Pasco. Woodland, CA is predominantly Hispanic, though just around 50%. They also have a higher professional employment level and given their proximity to UC Davis, they may be a good case study for how Pasco can attract professionals in the Tri-Cities. There is a lot of

development on the west end, while the east side is older and poorer. They are home to the mission, with a homeless problem. They are historically agriculture driven.

City of Pasco Council Tour – Mr. Hayden informed Commissioners that the Port invited all members of the City of Pasco Council to a special VIP tour of the Port of Pasco on Friday, March 9th at 10 a.m. Commissioner Klindworth and Commissioner Gordon will attend the Tour.

Airport Director's report

Mr. Taft reported:

1. Enplanements were down 2% for the month of February 2018 and are down 1% for the year
2. Alaska schedule is back to normal. Portland starts March 11th. Aircraft size is back to normal.
3. Voltaire conference is cancelled. United and American backed out. He is still planning on attending ACI Jumpstart in June. He will be meeting with Delta Airlines in May and Alaska would like to meet sometime this year.
4. The east general aviation ramp reconstruction project is moving into the next phase.
5. On April 19th, Tridac is hosting a lunch with the Horizon CEO and will be inviting corporate leaders to discuss Horizon's level of service.

Executive Director's Report

Mr. Hayden reported:

1. The recently passed state budget included a total of \$13 million for CERB traditional programs and an additional \$10 million for broadband projects.
2. The Tri-Cities Regional Chamber is launching the public input stage of their Tri-City Wide Regional Vision, following a similar process to Somos Pasco. The Port will provide links to this effort on our website with an explanation of the different objectives.
3. The Riverfest event will be held on September 8th at Columbia Park. The Pasco Chamber is the lead of this event. The event will cost approximately \$70,000 - \$80,000 dollars and the Port of Pasco will be sponsoring \$5,000 to the event. The committee decided on Columbia Park because this area will accommodate a larger turnout and a barge tugboat.
4. Port staff has prepared letters to Rep. Newhouse and Rep. McMorris-Rodgers expressing our support for HR 3144. HR 3144 keeps the 2014 Biological Opinion in place while a court-ordered EIS is completed. The Port Commission provided a resolution of support for HR 3144 last year. Commissioners signed the letters.

Director of Properties Report

Mrs. Reyna Reported:

1. Derrick Stricker contacted Mrs. Reyna because they needed a location to film a movie. Mrs. Reyna found a location and had the building ready, however, they ended up not needing the space.

ITEMS FOR ACTION/CONSIDERATION

Battelle Hangar Lease Update – Mr. Hayden reported that Port staff has continued the lease negotiations for the new Battelle Hangar. At the last meeting, staff was directed to continue lease negotiations and attempt to keep the security bond language in the lease. Since that meeting, the Port attempted to retain the bond language, but received notice from PNNL's legal department that DOE would not approve the lease with the bond language.

Commissioner Ryckman moved and Commissioner Gordon seconded to authorize the Executive Director to execute the lease as presented (not including the security bond language) with minor modifications and the approval of Port Counsel. Motion carried unanimously.

Meier Agreement to design Battelle Hangar – Approval – Mr. Hayden reported that staff has received Meier proposal to provide design and construction services for the new Battelle Hangar at the Tri-Cities Airport Business Center. The proposed fees are \$125,000 for design and \$25,000 for construction services. The construction services amount is only an estimate and may change depending on services actually provided. Washington State fee guidelines for this size and type of project are \$133,000 for design and \$60,000 for construction services, so the fees appear reasonable.

By the terms of the proposed lease, Battelle will reimburse the Port up to \$100,000 for design services if the project does not move forward after receiving construction bids.

Commissioner Klindworth moved and Commissioner Gordon authorized the Executive Director to execute the agreement with Meier, Inc. for design and construction services on the Battelle Hangar once a lease with Battelle has been executed. Motion carried unanimously.

EXECUTIVE SESSION

At 2:45 p.m., Commissioner Ryckman announced that the board would go into executive session for ten minutes to consider 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 likely to become, a party. At 2:55 p.m. the meeting reconvened.

RECESS

At 2:56 p.m., Commissioner Ryckman recessed the meeting until March 9 at 10:00 a.m. for the City of Pasco Council Tour.

CALL TO ORDER

Commissioner Klindworth called the reconvened meeting to order at 10:06 a.m. on March 9, 2018.

Present: Commissioner Jim Klindworth, Commissioner Vicki Gordon, Executive Director Randy Hayden, Director of Properties Mayra Reyna, Director of Marketing and Economic Development Gary Ballew

Tour Attendees: Mayor Pro-Tem Craig Maloney, City of Pasco Council Members - Blanche Barrajas, David Milne, and Ruben Alvarado and City of Pasco Staff Economic Development Manager Michael Morales.


ITEMS FOR DISCUSSION

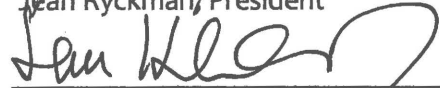
City Council Tour – VIP Port of Pasco Tour – Mr. Hayden presented a briefing about the Port of Pasco and the Port industry as a whole to the new and existing City of Pasco Council members. Following the presentation, the group participated in a driving tour of the Port properties.


ADJOURNMENT

The meeting adjourned at 12:25 p.m.

Port of Pasco Commission:


Jean Ryckman, President


Jim Klindworth, Vice-President


Vicki Gordon, Secretary