

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held at 1110 Osprey Pointe Blvd., Suite 201., Pasco, WA 99301
May 24, 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, Executive Director Randy Hayden, Director of Airports Buck Taft, Port Counsel Dan Hultgrenn, Director of Economic Development Gary Ballew, Director of Finance Donna Watts, Director of Properties Mayra Reyna, Deputy Director of Airports Don Faley, and Administrative Assistant Audrey Burney

Guests: Bill Barlow – Benton Franklin Transit, Tom Kastner and Paul Giever – Meier Architect

APPROVAL OF AGENDA

Commissioner Gordon moved and Commissioner Ryckman seconded to approve the agenda with the addition of items 9.E. Southern Resident Orcas (Puget Sound) and 9.F City of Connell Project. Motion carried unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of May 7, 2018.
- b) Vouchers and Warrants #89963 - #90058 in the amount of \$375,732.38

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

PUBLIC HEARINGS & RESOLUTIONS

Resolution 1483 – Implementing HRA-VEBA Plans - Ms. Keller informed Commissioners that staff met with Port employees in April and discussed the Health Reimbursement Arrangement Voluntary Employees' Beneficiary Association (HRA-VEBA) program. The plan allows the Port to remit annual sick leave sell back and vacation sell back contributions on behalf of all eligible employees into a HRA-VEBA Account. Staff is working toward an implementation date of October 1, 2018 in order to allow first contributions to the plan to take effect in December.

Commissioner Gordon moved and Commissioner Klindworth seconded to approve Resolution 1483, authorizing the establishment of the Health Reimbursement Arrangement/Voluntary Employees' Beneficiary Association (HRA-VEBA) Plans. Motion carried unanimously.

Commissioner Gordon moved and Commissioner Ryckman seconded to approve Port Personnel Policy 350 HRA VEBA. Motion carried unanimously.

Resolution 1484 – CERB Loan Grant – Mr. Ballew reported that the Port received a grant/loan from the Community Economic Revitalization Board (CERB) through the committed private partner program. The grant/loan is to support the development of a hangar at the Airport Business Center that will house the ARM Aerial Monitoring Facility, operated by Battelle for the Department of Energy. CERB awarded the Port of Pasco a loan of \$1,700,000 on July 27, 2017. Resolution 1484 is in regards to repayment of that loan and passage is a pre-condition before the Port of Pasco can enter

into a final contract with CERB. Staff is pursuing completion of the initial award conditions now that we have executed a lease agreement with Battelle.

Commissioner Gordon moved and Commissioner Klindworth seconded to pass Resolution 1484, which authorized Executive Director Randy Hayden to sign an agreement with CERB and declare that the Port will repay the \$1,700,000 general obligation loan per the terms of the offer. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

AROMATICS – Mrs. Reyna reported to Commissioners that Aromatics has been a tenant since May 2017. They have submitted a proposal for Warehouse 5 Bay 1 with a request to amend their current lease in Warehouse 6 Bay 4. Staff has been in negotiations with them to accommodate some of their unique needs. They are in need of an office space, a lab and the increased power that is available in Warehouse 5 Bay 1.

Lease Highlights:

W5B1:

- The new lease will be for a term of 5 years, ending in May of 2023.
- The tenant has proposed to lease W5B1 with escalating rent that starts at 50% of our published rate for the first 8 months, then increasing to 75% of published rate for the next 11 months, and increasing to full published rate (with 5-yr discount) for the remaining 48 months. The proposed rent for W5B1 will be \$558,540.
- The typical 3-year CPI adjustment will be determined June 2021.
- In the proposal, they will be leasing additional square footage in W5B2, however, because that space will not be occupied by them until approximately January 2020, staff has made the decision to not include it in this proposal.

W6B4:

- Aromatics is also requesting that W6B4 be amended to establish the “minimum” to be 21,600 sf until such time W5B2 becomes available. This is a deviation from their current lease which has them occupying increased square footage until the full bay is leased.
- As the lease is now, the Port would receive \$260,308 in rent until the lease expires. With the proposed amendment, the Port will still receive a minimum of \$96,975 for W6B4. (The reduction in rent will be \$163,000).
- However, Aromatics plans on moving from W6B4 to W5B2 starting in January 2020 (when it is available) for additional projected revenue of ~\$365,000.
- If the Port were to lease the unused portion of W6B4 to a different tenant, it would be the Port’s responsibility and expense to build a hard wall (floor to ceiling) as a separation. However, it will be the tenant’s responsibility to have it separately metered or sub-metered for any utilities.
- The tenant will continue paying published rate of \$.2363 sf/mo. If they expand beyond their current “minimum” space, they notify the Port in writing so we may bill them according to space usage; likewise, if they contract back to their “minimum” space, we also require written notice to reduce the billing amounts.

Commissioners asked to discuss minimum lease in executive session.

Buyer's Agency Agreement/Tippett – Mr. Ballew reported that staff has been working to identify potential industrial land for Port acquisition, per direction from Commission. Port of Pasco has an existing agreement with Tippett to investigate properties along the east side of the Airport. This existing agreement allows other work to be assigned under the agreement and staff would like to include identifying industrial land as part of the agreement.

Staff asked that Tippett Companies provide an alternate Broker Fee Arrangement than what was in the original agreement (flat 7%). They provided the following 'institutional client' commission schedule.

- Gross sales price up to \$500,000 – 6%
- Gross sale price between \$500,001 and \$1,000,000 – 5% or \$30,000 whichever is greater
- Gross sale price between \$1,000,001 and \$2,000,000 – 4% or \$50,000 whichever is greater
- Gross sale price between \$2,000,001 and \$5,000,000 – 3% or \$80,000 whichever is greater
- Gross sale price greater than \$5,000,000 2.5% or 150,000 whichever is greater

Commissioner Klindworth moved and Commissioner Gordon seconded to authorize Port staff to add industrial property acquisition to the existing buyers Agency Agreement with Tippett Companies and the 'Institutional Client' commission schedule adopted as Exhibit A. Motion carried unanimously.

ITEMS FOR DISCUSSION

Barge Terminal Dockage Agreement – Mrs. Reyna informed Commissioners that staff is continuing to work with PCA on finalizing a site plan for the Barge Terminal Proposal. In addition, staff is working with PCA to ensure there is enough clearance from the track for any other traffic that may use the premises.

Airport Land Use – Mr. Hayden and Mr. Taft attended the May 17th City of Pasco Planning Commission to provide input for the public hearing on the proposed urban growth boundary (UGB) expansion. Staff supported land being added for industrial growth, but objected to a 160 acre parcel and adjacent land to the north of the airport being added for residential development. After lengthy public input and discussion amongst the Planning Commission, the vote was 5-4 to approve the UGB expansion as proposed, including the 160 acre parcel and land to the north which contain airport protection zones 2 and 4. The item will next go before the City of Council for approval, then onto the County Planning Commission and County Commissioners. Ultimately, the UGB expansion is the decision of Franklin County.

Director Reports:

1. Executive Director:
 - a. Dams & Salmon – The federal agencies are discussing to appealing the 9th circuit court of appeals decision approving additional spill to the Supreme Court.
 - b. Court Ordered Spill – preliminary data reflects concentrations of dissolved gas above recommended standards due to increased spill operations

- c. Contracted with Jim Darling with Maul Foster & Alongi to facilitate a strategic planning process. The process will include two meetings with him this fall.
 - d. Mr. Jim Toomey has stepped in to provide short-term leadership of the Mason County EDC
 - e. HAEFIC BOARD– Triports has a position available. They meet 1 time a month. Commissioner Klindworth expressed interest in joining the board.
- 2. Airport Director:
 - a. Enplanements for April are up 6% for the month and up 1% for the year.
 - b. Alaska is dropping the PDX flight on August 25
 - c. Alaska is adding a flight in November to Seattle.
 - d. Mr. Taft will be at ACI Jump Start conference June 4 – 6 in Cleveland, OH. He will be meeting with Alaska, American and United Airlines.
 - e. Dianna Beeler received a plaque at WAMA, appreciating her for all of her work with WAMA. She also received a letter of thanks from a customer of the airport.
 - f. Removed old Industrial Park signs near the entrance to the Eastside Industrial Airport area.
- 3. Economic Development and Marketing Director:
 - a. Briefed Commission on K&L Gates – Policy Insight for recently passed “Opportunity Zones.”
- 4. Properties Director:
 - a. Attended the Northwest Marine Terminal Association meeting. The Port of Pasco is planning on hosting next year summer meeting.
 - b. Chep Gauntt has broken ground on his building.
- 5. Finance Director:
 - a. Working with outside Consultant for to verify the balance of Port versus Airport funds over the last 6 years.
- 6. Deputy Director of Airport:
 - a. Attended WAMA:
 - i. HB 1656, Community Aviation Revitalization Loan Program
 - 1. Provided low interest rate loans to airports to pursue revenue generating projects.
 - 2. The plan was for \$5 million in seed money.
 - 3. Passed by State House and Senate
 - 4. Vetoed by the Governor due to language he wanted for the Board that would be responsible for overseeing the program.
 - ii. HB 3009, Commercial and Professional Aviation Scholarship Program
 - 1. This is in Committee
 - 2. Provide student loans for Aviation related courses. Focused on pilots due to current shortage.

Commissioner's Reports:

- 1. Commissioner Klindworth:
 - a. Attended ACI Commissioners Conference in Las Vegas
- 2. Commissioner Gordon:
 - a. Attended first WPPA Meeting

3. Commissioner Ryckman:

- a. Attended the WPPA Meeting .
- b. Attended the dedication Mural for the Latino Heritage Mural Celebration at the Columbia Gardens Wine & Artisan Village.

ORCAS – Commissioner Ryckman updated staff that Kathy Pittis, a Commissioner with the Port of Anacortes, is part of the Governor’s Commission tasked with recovering the Southern Resident Orcas which reside in Puget Sound year round. She has asked for a letter from Ports on recommended actions for this cause. Vicky Keller is drafting the letter for review.

Commissioner Ryckman moved and Commissioner Klindworth seconded to direct staff to create a letter for potential solutions that focus on short-term solutions for Orca Recovery in Puget Sound. Motion carried unanimously.

Connell Discussion – Mr. Hayden informed Commissioners that the City of Connell did purchase the land from the property owner to pursue development of a tourist visitors center. He also met with the Mayor and City Manager of Connell and the next step is to create an inter-local agreement, with the City of Connell.

RECESS

At 12:22 p.m., Commissioner Ryckman recessed the meeting for an eighteen minute lunch break. At 12:40 p.m. the meeting was reconvened.

EXECUTIVE SESSION

At 12:40 p.m., Commissioner Ryckman announced the board would go into executive session for thirty minutes to discuss with legal counsel representing the agency or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or likely to become a part, and to consider the minimum price at which real estate will be offered for sale or lease. At 1:10 p.m. the meeting was reconvened.

ITEMS FOR ACTION/CONSIDERATION

Aromatics – Commissioner Gordon moved and Commissioner Klindworth seconded to authorize the Executive Director to execute a 5-year term lease with tenant Aromatics Inc. as presented and as approved by the Port attorney at a ramped rate up to 18-months for Warehouse 5 Bay 1 and to take other actions as may be necessary to carry out the proposed lease. The special lease rate is being approved because Aromatics is a small, local company in need of an incubator-type ramped rate to grow their business. Motion carried unanimously.

Commissioner Gordon moved and Commissioner Ryckman seconded to authorize the Executive Director to amend the current lease for Warehouse 6 Bay 4 reducing the minimum leased space to 21,600 square feet for the remaining term of the lease. Motion carried unanimously.

CALENDAR OF EVENTS

Commissioners and Staff discussed the calendar of events.

ADJOURNMENT

The meeting adjourned at 1:24 p.m.

Port of Pasco Commission:

Jean Ryckman, President



Jim Klindworth, Vice President



Vicki Gordon, Secretary