

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held at 1110 Osprey Pointe Blvd., Suite 201., Pasco, WA 99301
June 28, 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 Properties Mayra Reyna, Director of Finance Donna Watts, Deputy Director of Airports Don Faley and Administrative Assistant Audrey Burney

Guests: Bill Barlow – Benton Franklin Transit, Thomas Kidwell and Eric Weinheimer – Farm 2005, Mitch Gilbert- CVO EatyGourmet Co. LLC,

APPROVAL OF AGENDA

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

ITEMS FOR DISCUSSION

Farm 2005 – Mr. Kidwell and Mr. Weinheimer wanted to have a discussion in Executive Session with Commission. Port Counsel informed them that Ports have very strict rules due to the Open Public Meetings Act. Commission, staff and legal counsel are the only people allowed in executive session, which can only be entered into for limited reasons.

Mr. Kidwell and Mr. Weinheimer are hoping to set up individual meetings with Commissioners to discuss the proposed UGA expansion and real-estate matters. Port Counsel mentioned to Commissioners and Farm 2005 that Commission members do not need to accept these meetings. If they do accept they should only receive information, and neither party should discuss what other Commissioners said to avoid a “chain-meeting” in circumvention of the Open Public Meetings Act.

CONSENT AGENDA

- a) Regular Meeting Minutes of June 14, 2018.
- b) Vouchers and Warrants #90133- #90232 in the amount of \$1,227,395.31

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

PUBLIC HEARINGS & RESOLUTIONS

Resolution 1486 – Change the date of second meeting in July and Change the location of the second meeting in August - Commissioner Klindworth moved and Commissioner Gordon seconded to adopt Resolution 1486 to change the date of the second meeting in July, from July 12 to July 11, and to change the location of the second meeting in August, from Osprey Pointe to Michael J’s restaurant in Connell, WA. Motion carried with unanimous approval.

ITEMS FOR ACTION/CONSIDERATION

Wilkerson Welding Debt – Mrs. Watts reported to Commission that Wilkerson Welding entered into a term lease from October 2016 to September 2018 for the purpose of fabricating supplies for the Wine Village project at the Port of Kennewick. Due to weather and other financial issues he faced, he was unable to complete that job or pay for his lease. He left the building August 2017. His bond covered all of the lease payments and late fees up until that time; however new rent charges accrued until the building was re-leased in January 2019 to the Pasco School District. The Accounting department recommended writing off the remaining balance owed by Wilkerson since many efforts have already been made to collect the rent and because verbal communication held with Mr. Wilkerson prior to his exit of the building may have led Mr. Wilkerson to believe that rent would stop accruing when he vacated the building. At that time, staff had been expecting the Pasco School District to lease the building immediately upon Mr. Wilkerson’s exit.

Commissioner Gordon moved and Commissioner Klindworth seconded to write off the remaining balance owed by Wilkerson Welding. Motion carried unanimously.

Teton Gold – Mrs. Reyna updated Commissioners that Teton Gold, LLC at the previous commission submitted a letter of intent to purchase Parcel 4 of the Foster Wells Business Park. This parcel is approximately 2.43 acres and is directly west of their current location, which was purchased and developed in 2016. They are looking to use this parcel as yard storage space.

Staff has counter-offered a higher price as directed by Port Commission at the previous meeting. Currently, Teton is considering the counter offer and staff has jointly agreed with Teton Gold to seek out comparable sales to justify the higher counter-offer.

Tri-City Delivery, Inc. – Mrs. Reyna informed Commissioners that Tri-City Delivery submitted a counter-proposal for Warehouse 3 Bay 1 and 2 acres of land for a 5-year term with a 5 year option to renew. Their proposal is to pay \$0.18 per sf for the first 3 years of the lease, then increase to published rate plus a CPI increase, and first 4 month’s rent waived to offset moving and start-up expenses at a larger facility. Tri-City Delivery has also requested a large number of improvements to the warehouse.

Published lease rate:	Building:	\$9,054.72/month	Land:	\$800/month
Proposed lease rate:	Building:	\$7,776/month	Land:	\$800/month
		For the initial 3 years, with an adjustment to published rate and a CPI being applied at the onset of the 4 th year based on the published rate at that time.		
Estimated Expenses by the Port:		\$70,000.00		

Commissioner Klindworth moved and Commissioner Gordon seconded to authorize the Executive Director to execute a lease with Tri-City Delivery, Inc. at a reduced rate for Warehouse 3 Bay 1 located at 2405 E Ainsworth and approximately 2 acres directly north, including four months of waived rent and capping Port expenses on tenant improvements at \$70,000. The Executive Director shall also be authorized to make minor changes to the lease, with approval by the Port attorney, as may be needed to finalize the agreement. Motion carried unanimously. The incentives are being offered to help a growing, local business.

OP Letter of Intent – Mr. Ballew updated Commission that on June 4, staff and Commissioner Gordon were able to meet with a development team interested in developing Osprey Pointe as a

Master Developer. They are seeking to develop a mix of uses, which could include a cluster of high-end restaurants, a boutique hotel, outdoor entertainment venue and other residential and commercial uses.

Staff has been working with the developer, and created a Letter of Intent (LOI) that both parties would sign. The LOI prohibits the Port from seeking or engaging with another master developer seeking to create a similar development. This exclusivity would last six months or until a master development agreement is in place, whichever is sooner. The exclusivity would not prohibit the Port from discussions on a potential second office building.

The LOI also includes a nondisclosure section, which has been fully vetted and modified by our Port attorney. Staff believes that the LOI represents an opportunity that would be difficult for the Port to replicate and is worth a six-month inconvenience to see if we can write a master development agreement that works for both the Port and the developer.

Commissioner Gordon moved and Commissioner Ryckman seconded to authorize the Executive Director to sign the Letter of Intent as presented. Motion carried unanimously.

AIP 45 and 46 Grants – Mr. Taft reported that the Port expects to receive its 2018 AIP 45 and 46 grants at any time. Both grants are a 90% Federal 10% local split. Staff expects to receive the grants at the same time.

- AIP 45 is in the amount of \$9,419,121. The project will fund the Taxiway A realignment and rehabilitation.
- AIP 46 is in the amount of \$757,251. The project will fund the new Master Plan for the Airport.

Commissioner Gordon moved and Commissioner Klindworth seconded to authorize the Executive Director to sign AIP 45 and 46 upon the receipt from the FAA. Motion carried unanimously.

ITEMS FOR DISCUSSION

Farm 2005 – Mr. Hayden presented some diagrams of the Airport and proposed UGB expansion areas for Commissioners. Mr. Hayden noted that the City of Pasco changed the proposed UGB boundaries from the version approved by the Planning Commission to the version approved by the City Council. The latest version added a portion of the Clark Additional to the UGB for residential development.

Director Reports:

1. Executive Director:
 - a. Connell approved the Interlocal agreement for the Visitor's Center. A meeting with an architect has been arranged to begin design.
 - b. Connell notified its partners on the Connell Rail Interchange that while it supports the project, it would devoting time or resources to seek additional funds at this time.
2. Airport Director:
 - a. Working on ramp markings because airlines are flying more E175s. Staff will look to repaint the markings at gates 1, 2 and 3.
 - b. The hotel is coming along and they hope to be breaking ground around August.

- c. The Executive Director approved Change Order #1 in the amount of \$8,126.00 on the online baggage handling project to add an additional power circuit for the second machine.
- 3. Economic Development and Marketing Director:
 - a. City of Pasco, Pasco School District, Columbia Basin College, Pasco Chamber and Port of Pasco created a team and traveled to the All-America City Contest in Denver, Colorado. This year's theme was inclusivity and the Pasco application highlighted the police/community relationship building after the Zombrano shooting, the Pasco City Council redistricting and Somos Pasco. Pasco was not in the top ten. However, the team is excited to hopefully try for next year's contest.
- 4. Properties Director:
 - a. There is no barge for the Fourth of July fireworks. Water Follies will be doing the fireworks display from the docks at Columbia Park.
 - b. PCA (Boise Cascade) is still reviewing the lease and Dockage Agreement. They expect to provide signed copies to the Port next week.
- 5. Finance Director:
 - a. Attended the WPPA Finance Conference in Leavenworth.
- 6. Deputy Director of Airport:
 - a. GA Apron Project – Currently in the last phase of the project. Expected to be completed in mid-August. The contractor located a foundation for an abandoned hangar door track under the existing concrete that needed to be removed.
 - b. TSA – Online Baggage Handling system will be done in December. This will help to minimize impacts for the Airlines.

Commissioners Reports:

- 1. Commissioner Gordon:
 - a. Attended PNWA in Clarkston WA
- 2. Commissioner Klindworth:
 - a. Reported that he was notified that Highway 395 has been dedicated for Congressman Tom Foley. He related a story of how Congressman Foley obtained funding to realign Highway 395 in Connell and how he supported the dedication.

RECESS

At 12:19 p.m., Commissioner Ryckman recessed the meeting for an Eleven minute lunch break. At 12:30 p.m. the meeting was reconvened.

EXECUTIVE SESSION

At 12:30 p.m., Commissioner Ryckman announced the board would go into executive session for thirty-minutes to discuss with legal counsel representing the agency on potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become a part, and to consider the selection of a site or the acquisition of real estate by lease or purchase. At 1:00 p.m. Mr. Ballew announced on behalf of the Port of Pasco Commissioners that executive session would be extended an additional ten-minutes. At 1:10 p.m. Mr. Ballew announced on behalf of the Port of Pasco Commissioners that executive session would be extended an additional five-minutes. At 1:15 p.m. Mr. Ballew announced on behalf of the Port of Pasco Commissioners that executive

session would be extended an additional five-minutes. At 1:20 p.m. Mr. Taft announced on behalf of the Port of Pasco Commissioners that executive session would be extended an additional ten-minutes. At 1:30 p.m. Mr. Hultgrenn announced on behalf of the Port of Pasco Commissioners that executive session would be extended an additional five-minutes. At 1:35 p.m. the meeting was reconvened.

ITEMS FOR INFORMATION/NO DISCUSSION

Executed Items: The Executive Director has signed the following agreements in accordance with the Port's Delegation of Authority Policy.

1. **Leggari Products LLC** – term building lease, they are leasing 14,400 square feet of the south side portion of Warehouse 5 Bay 2 located at 3105 E Ainsworth. The lease allows the tenant the option to grow in the space incrementally up to 28,800 sf. Lease value is \$4,348.80 per month.
2. **Duzan land lease** – Mrs. Duzan decided to sell her airplane hangar to Ryan Dashiell. She has a land lease with the Port that expires in 2036. Upon written notice of her wish to sell her hangar, port staff had the standard lease assignment prepared to assign Mrs. Duzan's lease to, the buyer, Mr. Ryan Dashiell. Mr. Dashiell has provided a bond and proof of insurance meeting the lease's requirements. This assignment will be effective July 1, 2018.


CALENDAR OF EVENTS

Commissioners and staff discussed the calendar of events.

ADJOURNMENT


The meeting adjourned at 1:40 p.m.

Port of Pasco Commission:



Jean Ryckman, President

Jim Klindworth, Vice-President



Vicki Gordon, Secretary

