

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held at Port of Pasco, 710 S. Columbia Ave., Connell, WA 99326
August 22, 2019 | 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 Economic Development Gary Ballew, Director of Finance Donna Watts, Deputy Director of Airports Don Faley, Administrative Assistant Audrey Burney

Excused: Director of Properties Mayra Reyna

Guests: Marissa Ortiz – City of Connell, Mayor Lee Barrow - City of Connell, Thomas Kastner – Meier Architecture & Engineering

APPROVAL OF AGENDA

Commissioner Ryckman moved and Commissioner Klindworth seconded to approve the agenda with the added agenda item 9.G. Osprey Pointe Appraisal. Motion carried unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of August 8, 2019.
- b) Vouchers and Warrants #92550 - #92635 and direct deposit #DD19443 – DD19491 in the amount of \$1,050,731.86
- c) Big Pasco Industrial Center (T-1) HVAC Upgrades – Recommendation of Award

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

PUBLIC HEARINGS & RESOLUTIONS

Resolution 1511 – Changing the date of the first regularly scheduled commission meeting in October 2019 – Commissioner Klindworth moved and Commissioner Gordon seconded to approve Resolution 1511, changing the date of the first meeting in October 2019 to Monday, October 9, 2019. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

North Franklin Visitor's Center – Commissioner Gordon moved and Commissioner Klindworth seconded to increase the capital budget for the North Franklin Visitors Center from \$175,000 to \$300,000. Motion carried unanimously.

Kenyon Zero Storage – Staff provided Kenyon Zero with a revised purchase sale agreement allowing port repurchase of Lot 8 at the Foster Wells Business Park if development has not occurred within 10 years. Verbally, this appeared acceptable to Kenyon, but no written agreement has yet been provided.

ITEMS FOR DISCUSSION

Balcom & Moe Land Purchase Update –

- Status Update – Mr. Ballew updated Commission on due diligence elements that staff has been working on since the execution of the Purchase and Sales Agreement with Balcom & Moe on March 29, 2019.

- Two outstanding issues:
 - Mineral Rights – they are not owned by the seller. The seller indicated they would contact the owner of the mineral rights. The seller indicated that they would expect the buyer to pay the amount necessary to release the mineral rights.
 - Farm lease – Our broker has begun putting together terms for the farm leaseback to the seller. The lease is expected to be completed at the same time as the due diligence period expiration date on September 26, 2019.
- Financial Update – Mrs. Watts discussed the Economic Development Opportunity fund (EDOF) and presented different options on the amount of EDOF funds versus bank loan that will be needed to cover the cost of the pending land purchase. The total costs associated with the land purchase will be approximately \$6.9 Million, this includes closing costs of \$256,000, mineral rights purchase of \$150,000, and loan fees of \$30,000.

Commissioners directed staff to use the full amount of available funds from the Economic Development Opportunity fund (EDOF) fund, \$3.6M, and borrow the minimum amount necessary through commercial banks to fund the land purchase. The EDOF fund will be replenished from future land sales, including pending sales at the Foster Wells Business Park.

Connell Report – Mayor Lee Barrow discussed some projects that are happening around the City of Connell.

- There are a few road/street projects that also include sidewalks.
- The Fall Festival is coming up on the second weekend of September.
- The Oasis housing development is sold out and a new housing development is coming in and adding a few more homes to the City of Connell.
- The Visitor Center is a project that current residents are excited about.

Port Broadband – Executive Director Randy Hayden summarized that a select group of Ports throughout Washington State are engaging working together to form a statewide broadband LLC for the purpose of supporting economic opportunity, particular in rural communities. The LLC goals would be to develop low cost wholesale broadband across the state and provide centralized network management for ports that have their own broadband infrastructure. The Port of Pasco has been asked to join the LLC as a founding member.

Staff and Port Counsel analyzed the proposal and found that the urban portions of the Port of Pasco district have adequate broadband service through the Franklin PUD and private telecoms such as Charter. As such, there may not appear to be a need for our Port to join in the statewide ports broadband effort. However, there are potential benefits that the LLC could bring to our district:

- 1) Broadband “backhaul” at significantly lower costs than are now available.
- 2) Supporting innovation and development of cost effective means for reaching the more rural parts of our district.
- 3) Potential for revenue generation and return on investment to the LLC as port and other municipal broadband systems grow.

Commission directed staff to further explore the broadband proposal with local partners and invite Port of Whitman Director Joe Poire to the next meeting.

Tri-Cities Airport Business Center – Construction Services, LLC – Mr. Ballew reported that staff has had discussions with a local developer, Construction Services, LLC. They are interested in leasing 2.05 acres at the Tri-Cities Airport Business Center for the development of a six-bay multi-tenant retail building on the corner of Varney and Argent and a four-bay flex space on the ‘back’ of the property.

Director Reports:

1. Executive Director
 - a. The container Crane sold to Lampson for \$75,000.
 - b. Staff has been working with Port of Portland, SeaTac and Port of Eugene to co-author an op-ed on the need to increase the PFC fee to pay for rising costs of much needed airport passenger facilities.

RECESS

At 12:10 p.m., Commissioner Ryckman recessed the meeting for forty minutes for lunch. At 12:50 p.m. the meeting was reconvened.

ITEMS FOR DISCUSSION (Cont'd)

Director Reports (Cont'd):

2. Airport Director
 - a. Tim Bush is currently leasing his hangar to Corey Bitton with an option to buy. The Airport expects to receive a request to assign the lease to Mr. Bitton.
 - b. We received our first invoice from United Airlines for the LAX service. We have exhausted the Minimum Revenue Guarantee (MRG), however passenger trends look good as the load factor is increasing. United is attempting to adjust the fare to a level that will support the new route will keeping the load factor high.
3. Deputy Airport Director
 - a. Battelle Hangar – The contractor is currently putting together a cost proposal for the additional fire suppression components required by Battelle. Staff believes completion will likely be delayed until December or January because of the added work. Battelle’s plane for the hangar won’t be delivered until sometime in 2021 so the delay will not impact their operations.
4. Finance Director
 - a. Audit Entrance Conference is scheduled for Monday, August 26, 2019 at 9 a.m. Commissioner Gordon will be attending.
 - b. Budget Schedule:
 1. October 24th - Commission meeting – Discuss Operating Budget
 2. November 14th – Approve the Budget
 3. December 12th - Commission meeting – Capital Budget
5. Director of Economic Development and Marketing
 - a. Washington Economic Development Association has elected Mr. Ballew as Chair Elect., This is a two year term and then he will serve as the Chair.

Commissioners Reports:

1. Commissioner Klindworth reported that he had a follow-up conversation with a local dairy farmer about the potential for siting a dairy processing plant in the Connell area.

Osprey Pointe Appraisal – Mr. Ballew presented the draft appraisal that was recently for the Osprey Pointe property. Commission had several questions regarding the appraisal and the value of releasing the appraisal to interested purchasers. Staff requested that discussion on minimum sale price for the property be deferred to Executive Session.

EXECUTIVE SESSION

At 2:10 p.m., Commissioner Ryckman announced the board would go into executive session for thirty minutes to consider the minimum price at which real estate will be offered for sale or lease. At 2:40 p.m., the meeting was reconvened.

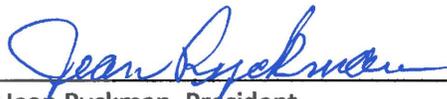
ITEM FOR DISCUSSION (Cont'd)

Osprey Pointe Appraisal – Commissioner Ryckman moved and Commissioner Gordon seconded to delegate the Executive Director authority to release the final Osprey Pointe appraisal after September 1st, 2019. Motion carried with Commissioner Ryckman and Commissioner Gordon in favor. Commissioner Klindworth was not in favor.

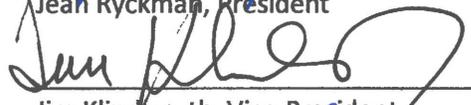
ADJOURNMENT

The meeting adjourned at 2:41 p.m.

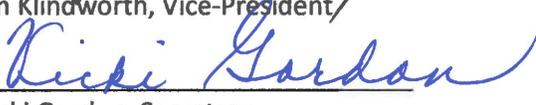
Port of Pasco Commission:



Jean Ryckman, President



Jim Klindworth, Vice-President



Vicki Gordon, Secretary