

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held at Port of Pasco, 1110 Osprey Pointe Blvd., Suite 201, Pasco, WA 99301
November 14, 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 Finance Donna Watts, Director of Economic Development Gary Ballew, Director of Properties Mayra Reyna, Deputy Director of Airports Don Faley, Administrative Assistant Audrey Burney

Excused: Commissioner Klindworth – Joined by telephone for discussion on Resolution 1520

Guests: Colin Hastings – Pasco Chamber; James Sexton – JMS Homes

APPROVAL OF AGENDA

Commissioner Gordon moved and Commissioner Ryckman seconded to approve the agenda with time changes and addition of items: Estes Lease Amendment, Battelle Hangar Change order #5 and Apollo Sheet Metal's executed lease. Motion carried unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of October 24, 2019.
- b) Vouchers and Warrants #93004 – 93073 and direct deposit #DD19718 – DD19767 in the amount of \$1,132,458.59.
- c) BPIC 2019 Overhead Doors Warehouses – Accept As Complete
- d) BPIC W5B1 HVAC Replacement – Accept As Complete
- e) BPIC 2019 Concrete Docks – Accept As Complete
- f) TCAIP Road Asphalt Repair – Accept As Complete
- g) BPIC 2019 Concrete Dock Levelers & Shelters – Accept as Complete

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

Commissioner Gordon moved and Commissioner Ryckman seconded to Excuse Commissioner Klindworth due to illness. Motion carried unanimously.

PUBLIC HEARINGS & RESOLUTIONS

Resolution 1520 – Reimann Industrial Center – Executive Director Randy Hayden called Commissioner Klindworth to have him participate in the naming of the 300-Acre land parcel in honor of former Commissioner Ronald Reimann. Commissioner Klindworth stated that he is, “100% for honoring former Commissioner Ron Reimann.”

Commissioner Ryckman moved and Commissioner Gordon seconded to approve Resolution 1520 Naming the 300-Acre land parcel in honor of former Commissioner Ronald Reimann. The Industrial center will be called, “Reimann Industrial Center.” Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION

Airfield Land Lease Policy – Mr. Taft updated Commissioners that during construction of Hangars at 4312 and 4314 Stearman Ave, the private hangar owners incurred some additional infrastructure costs to provide electrical service to the two newly built hangars and the lot at 4306 Stearman Ave. The costs were to cover the installation of a new transformer, as it appeared the existing transformer was at

maximum capacity, per the PUD. The tenants at 4312 and 4314, who are leasing the land for their hangars, sought reimbursement from the Port on these additional infrastructure costs after the work was underway.

The current aviation land lease rate, also the rate being paid by the two tenants, was based on infrastructure already in place. The rate does not include any additional or future infrastructure costs. The tenants' request for a direct reimbursement was denied. The Port offered to pay for the improvement, then bill the cost back to the tenant through an increased lease rate over a multi-year term. That offer was refused.

Staff is recommending that Commission pass a motion regarding land lease rates for developed aeronautical property. The current rates for our developed aeronautical properties were set based on "as is" condition of those specific areas. If additional infrastructure is needed that cost would be recovered through an increased lease rate. Some areas that are available for hangar development have not yet been serviced by utilities. When the time comes to develop those areas, the cost of infrastructure work needs to be added on top of the current rate for an appropriate cost recovery period.

Commissioners tabled this discussion at 10:50 a.m.

PUBLIC HEARINGS & RESOLUTIONS (Cont'd)

Public Hearing – 2020 Budget Hearing

1. Commissioner Ryckman opened the Public Hearing at 10:50 a.m. regarding the hearing on the Tax Levy and the 2020 Budget. The notice of this hearing was published in the Tri-City Herald on October 31 and November 7, 2019.
2. There were no changes to the 2020 budget since the adoption of the preliminary budget on October 24, 2019.
3. There were no members of the public who wished to provide comment on the budget.

At 10:52 a.m. Commissioner Ryckman closed the hearing.

Resolution 1518 – Port of Pasco Tax Levy – Commissioner Gordon moved and Commissioner Ryckman seconded to adopt Resolution 1518 approving the Port's 2020 tax levy. Motion carried unanimously.

Resolution 1519 – Final 2020 Budget – Commissioner Gordon moved and Commissioner Ryckman seconded to adopt Resolution 1519 approving the Port's 2020 Final Budget. Motion carried unanimously.

ITEMS FOR ACTION/CONSIDERATION (Cont'd)

Ag Hall of Fame – Mr. Hasting with the Pasco Chamber of Commerce informed Commissioners that the 17th annual Ag Hall of Fame is coming up in January 2020 and preparations have begun. He asked Commissioners if they would want to continue to support the event as a premier Sponsor. Commissioner Gordon moved and Commissioner Ryckman seconded to approve a contribution of \$6,000 to the Pasco Chamber of Commerce for promotion of the Port of Pasco at the 2020 Ag Hall of Fame banquet. Motion carried unanimously.

Airfield Land Lease Policy (Cont'd) – Commissioner Ryckman moved and Commissioner Gordon seconded to confirm our existing policy requiring the full cost recovery for added infrastructure at developed aeronautical property. Motion carried unanimously.

Franklin County Visitor Center Bids for Consideration – Port staff received bids by 10 a.m. on November 5, 2019 for the North Franklin Visitor Center Connell, WA project. Nine bids were received and the low bidder was SK Mountain Construction, Inc., of Walla Walla, WA with a bid of \$471,573.47, including sales tax. The Architects estimate for the work was \$298,479.

Commissioner Gordon moved and Commissioner Ryckman seconded to reject all bids due to being over our budget unless added outside funding is secured by December 3rd, 2019. Motion carried unanimously.

RECESS

At 11:30 p.m., Commissioner Ryckman recessed the meeting for two hours for lunch. Staff and Commission attended a luncheon at the Pasco Red Lion Hotel on Career Connected Learning. At 1:45 p.m. the meeting was reconvened.

ITEMS FOR DISCUSSION

JMS Osprey Pointe Concept – Mr. Ballew informed Commission that a local developer contacted him about potentially developing Osprey Pointe. Mr. Ballew invited James Sexton with JMS Homes to discuss his mixed-use vision for Osprey Pointe. Mr. Sexton shared with Commissioners that his development vision for the west side of Osprey Pointe includes residential sections that include single-family homes that share a yard, town homes, and condominiums with Commercial spaces that would be on the bottom floor. The east side of Osprey Pointe would include a market, indoor/outdoor entertainment venue, and hospitality spaces. Staff discussed with Commission the minimum developer requirements that the Port would like to include in an exclusive Letter-of-Interest (LOI) for Osprey Pointe, including an at-risk deposit, business plan, financials, and development plan which includes commercial buildings. Staff will work with Mr. Sexton to draft an acceptable LOI for Commission consideration.

ITEMS FOR ACTION/CONSIDERATION (Cont'd)

Mead & Hunt Master Agreement – Approval – Mr. Taft reported that staff completed an RFQ process for airport engineering services. The airport is required by the FAA to conduct this process every five years. Two firms submitted and Mead & Hunt was the unanimous decision.

The master agreement will be the base agreement for all projects with Mead & Hunt for the next five years. Each project will have a specific scope and fee relative to the project. Port legal counsel has reviewed and approved the agreement.

Commissioner Gordon moved and Commissioner Ryckman seconded to approve the master agreement with Mead & Hunt. Motion carried unanimously.

Pasco School District #85 Lease Amendment – Mrs. Reyna reported that the Port recently signed a lease with Pasco School District (PSD) for Building 85. PSD has asked if we would amend their lease to remove or modify the following items:

- Indemnity clause
- Waiver of subrogation
- The requirement for pollution coverage.

These items have been waived in their other leases in the past, but is not our standard practice. Port Legal Counsel and the Port Insurance Broker have reviewed the language and stated it would be acceptable in this instance.

Commissioner Ryckman moved and Commissioner Gordon seconded to authorize the Executive Director to execute lease Amendment #1 with Pasco School District for building #85 located at 3408 Swallow Ave at the Tri-Cities Airport Industrial Park as previously described. The Executive Director is authorized to make minor changes to the lease amendment, with approval by the Port attorney, as may be needed to finalize the agreement. Motion carried unanimously.

Kenyon Zero Storage – Mrs. Reyna informed Commissioners Staff and Port attorney have been working on negotiating language that deals with the irrigation well that is on the property.

Commissioner Gordon moved and Commissioner Ryckman seconded to authorize the Executive Director to sign a modified agreement to Purchase and Sell Real Estate with Kenyon Zero Storage for 21.15 acres consisting of parcels 8 – 11 at the Foster Wells Business Park with \$50,000 earnest money at \$1.25/per square foot for the price of \$1,151,617.50 with a “Rescission clause” for Parcel 8, and to make minor modifications as approved by Port Attorney. Motion carried unanimously.

Basin Disposal – Mrs. Reyna has been in discussion with Mr. Dietrich regarding his interest in leasing additional office space that is currently leased to Scoular Company, but not currently occupied. The Scoular Company has moved out of the space and is looking for alternatives to either sublease the space or extricate themselves from their lease as they no longer need the office.

Commissioner Gordon Moved and Commissioner Ryckman seconded to authorize the Executive Director to execute the lease with Basin Disposal, Inc. (BDI) for Suite 102 at the Osprey Pointe Building, and make and accept such changes to the proposed lease, as provided to the Commission, that do not significantly alter the financial aspects and/or term, and that are approved by the Port Attorney and terminate the lease with Scoular Company, and further to authorize the Executive Director to sign the lease with BDI and the termination of the Scoular Company lease upon receipt of the signed documents from both tenants. Motion carried unanimously.

Estes Express Lines – Mrs. Reyna reported that Estes Express lines, Inc. had an agreement with Peninsula Truck Lines, Inc. that leased 5.32 acres from October 12 – November 11, 2019 for their trailer parking. Estes contacted Port staff and asked if they could lease the land that Peninsula Truck lines had leased. A month-to-month lease has been executed with Estes Express Lines for 5.32 acres located on SE Rd 36. They requested additional language to Article 5 of their lease regarding the deposit.

Commissioner Ryckman moved and Commissioner Gordon seconded to authorize the Executive Director to execute a lease amendment with Estes Express Lines, Inc. with added language specifying security deposit will be refunded with modifications to article 5 relating to security deposit. Motion carried unanimously.

Battelle Hangar Change Order #5 – Mr. Faley reported that on September 26, 2019 Commission meeting, Commission pre-approved Battelle Hangar Change order #5 for \$550,000.00, including Washington Sales Tax, contingent upon Battelle agreeing to pay the full amount through their Tenant Improvement fund.

Staff was notified after the meeting, the contractor had added general condition delay cost to the change order. The total change order #5 cost is \$574,076.94. Battelle is aware of this change in amount and has reported that they are expecting approval from DOE for the increase in the Tenant Improvement fund to cover the cost of this change order.

Commissioner Gordon moved and Commissioner Ryckman seconded to authorize the Executive Director to sign change order #5 for the Battelle Hangar Project for \$574,076.97, contingent upon Battelle agreeing to pay the full amount of the change order through their Tenant Improvement Funds. Motion carried unanimously.

ITEMS FOR DISCUSSION (Cont'd)

September 2019 Financial Statement – Mrs. Watts discussed the September 2019 Financial Statement.

Tenant Delinquent List – Mrs. Watts discussed the Tenant Delinquent list.

Third Quarter US Bank Credit Card – Mrs. Watts reported the third quarter US Bank Credit card usage.

Airport Environmental Practices – Per the 2019 Port of Pasco Strategic Plan, Mr. Taft reported that staff reached out to six airports that were similar in size regarding their environmental practices. Staff asked the airports how they are working with airlines to reduce the overall impact to the environment. None of the airports reported any significant practices. Mr. Taft stated that the answer was not unexpected, as airports our size struggle to mandate items that could significantly impact the environment. The airport is doing everything it can to be an environmentally friendly operation including a recycling program and deicing fluid collection and treatment. Airlines are powering down while staged at the tarmac whenever possible. The airport will continue to monitor and look for new ways to be environmentally friendly.

Director Reports:

1. Executive Director
 - a. State of the Ports is scheduled for February. Port of Kennewick is having a Commissioner speak, and Port of Benton is still deciding who will be speaking. Commissioner Gordon said she will speak if Commissioner Klindworth will not speak.
 - b. State Lobbyist Diana Carlen with Gordon Thomas Honeywell will be attending the Dec. 12th Commission meeting to introduce herself and present a preliminary state legislative agenda for discussion.
 - c. We will send out a Press Release for the Reimann Industrial Center naming.
 - d. Potential Recommendation on Deferred Comp – we have a meeting scheduled with the union representatives for early December and expect to make a recommendation to Commission at the Dec.11th meeting.
2. Airport Director
 - a. LAX Flight will cease on January 4th, 2019. The flight lost money every month it was in operation. All parties are disappointed. Staff will be emailing community members on Friday, November 15, 2019, and a press release will go out Monday, November 18, 2019.
 - b. Jack Penning, Carl Adrian and Mr. Taft met with Alaska Airlines. This is the first headquarters meeting they have taken with us in the last three years. Nothing new on the immediate horizon. They see Portland coming back and possibly expansion into California in the future, but there are no definite plans at this time.
 - c. October Passengers were up 15% for the month and 12% for the year.

3. Economic Development & Marketing Director
 - a. The airport marketing team worked on rolling over from our general awareness LA campaign to a Holiday in LA Campaign. The HoLAdays campaign includes a contest for a trip to LA. Even though the Airport is losing their flight to LA the campaign will continue, since it is paid and already underway when we received the news.
 - b. Provided a presentation on the Pasco Opportunity Zone with Kennewick and Port of Kennewick to a group of local developers, realtors and others. About twenty people attended.
4. Deputy Airport Director
 - a. Taxiway alpha construction has halted for the winter.
 - b. Battelle Hangar slowed down, hopefully construction will pick up shortly.
5. Financial Director
 - a. Audit is complete
 - b. Working on Capital Budget
 - c. Accounting is working on CPI increases
6. Properties Director
 - a. TGTS is working with Water2Wine Cruises. They are also working on insurance issues.

ITEM FOR INFORMATION/NO DISCUSSION


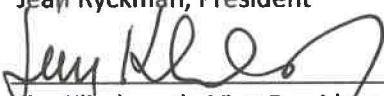

Executed Items – The Executive Director has signed the following agreement in accordance with the Port's Delegation of Authority Policy.

1. Mark Petersen Amendment – Mark Petersen entered into a long-term land lease agreement with the Port for land located at 4312 Stearman Ave to construct an airplane hangar, on May 1, 2019. In the midst of construction, Mr. Peterson requested to add approximately 718 square feet to the Premises. The lease has been amended to reflect this change and the amendment is effective December 1, 2019. Proposed lease rate is \$123.50/month, for a term of 20 years. Lease value is \$29,640 for the initial term of the lease.
2. Tri-City Cab, LLC – is under new ownership and entered into a license agreement to begin operations at the airport, effective November 5, 2019. The license agreement is on a month-to-month basis and the monthly privilege fee is \$67.09.
3. Apollo Sheet Metal, Inc. – This is a one-year term lease at Big Pasco Industrial Center, Warehouse 8 Bay 1 for 43,200 square feet located at 2110 E Ainsworth. Proposed lease rate is \$14,984.16 per month. Cash Deposit in the amount of \$136,369.33. Lease value is \$179,809.92 per year.

ADJOURNMENT

The meeting adjourned at 4:04 p.m.

Port of Pasco Commission:


Jean Ryckman, President

Jim Klindworth, Vice-President

Vicki Gordon, Secretary