

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
December 11, 2019 | 10:00 a.m.

CALL TO ORDER

Commissioner Ryckman called the meeting to order at 10:00 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, Executive Assistant and Human Resources Vicky Keller, Administrative Assistant Audrey Burney

Guests: James Sexton – JMS Construction, Mr. Talbot – Pasco Aviation Museum board member, Darren McEuin – Conover Insurance, Davin Diaz – Art Display, Diana Carlen – Gordon Thomas & Honeywell, Steve Horton – Leibowitz & Horton

APPROVAL OF AGENDA

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

WORKSHOP ITEMS

Strategic Planning –Commission and Staff discussed Strategic Planning for 2020.

Capital Budget – Commission and Staff discussed the 2020 Capital budget. Commissioner Ryckman moved and Commissioner Gordon seconded to approve the 2020 Capital budget. Motion carried unanimously.

Airline Incentive Policy – Commission and Staff discussed the Airline Incentive Policy. Commissioner Klindworth moved and Commissioner Gordon seconded to approve the Airline Incentive Policy. Motion carried unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of November 14, 2019.
- b) Vouchers and Warrants #93074 – 93229 and direct deposit #DD19762 – 19847 in the amount of \$1,248,351.33.
- c) Airfield Painting – Accepted as Complete

Commissioner Gordon moved and Commissioner Ryckman seconded to approve the consent agenda as presented. Commissioner Klindworth abstained from the motion since he was absent from the Nov. 14 meeting.

PUBLIC HEARINGS & RESOLUTIONS

Resolution 1521 – Delegation of Authority – Commissioner Klindworth moved and Commissioner Ryckman seconded to approve Resolution 1521, adopting a new Delegation of Authority policy. Motion carried unanimously.

Resolution 1522 - Statewide Port Broadband, LLC – Executive Director Randy Hayden recapped with Commissioners that Commission approved entering into an intergovernmental operating agreement

with five other ports for the formation of the Washington ports broadband, LLC, now temporarily termed "NEWCO, LLC".

The operating agreement contemplated that a separate interlocal agreement would be prepared between NEWCO and the Port of Whitman to set forth how the Port of Whitman would serve as the NEWCO manager and administer its operational functions.

Staff prepared a resolution that memorializes approval of the intergovernmental operating agreement made at the September 12th meeting as well as approving all the other major components of the LLC that includes:

- Approval of the interlocal agreement between NEWCO and the Port of Whitman for the Port of Whitman to be appointed as the NEWCO manager,
- Approval of the \$200,000 expenditure as the Port of Pasco's capital contribution to NEWCO,
- Approval of a one-time expenditure of \$15,749.60 (1/5 share of \$78,745 shared by five ports) to the Port of Whitman as compensation for its contribution of telecommunications facilities management services and fiber management facilities,
- Appointment of Randy Hayden as the Port of Pasco's representative to the NEWCO LLC Executive Council, and
- Authorization for the Executive Director to carry out any and all actions reasonably required to carry out the intent of the Resolution and to execute all documents associated with the implementation of both the NEWCO operating agreement and the Port of Whitman interlocal agreement, with minor changes as approved by legal counsel.

Commissioner Gordon moved and Commissioner Klindworth seconded to approve Resolution 1522 forming a statewide broadband organization known as NEWCO, LLC, approving the operating agreement and interlocal agreement, approving a capital contribution, and approving payment to Port of Whitman County along with other components described in the resolution. Motion carried unanimously.

Resolution 1523 – Promoting Economic Development through mixed use development at Osprey Pointe and the Marine Terminal – Commission discussed the value of including residential land uses as part of a larger mixed use development that would enhance economic development at the Port's waterfront properties. There was agreement that residential development was an important catalyst to incentivizing commercial and industrial development for mixed use zones. Commissioner Ryckman moved and Commissioner Gordon seconded to adopt Resolution 1523 promoting economic development through mixed-use development at Osprey Pointe and the Marine Terminal. Motion carried unanimously.

Resolution 1524 – Declaring property as surplus and authorization of Sale of Land – Commissioner Gordon moved and Commissioner Klindworth seconded to adopt Resolution 1524 declaring Lot 1 of binding site plan #2003-08 in the Foster Wells Business Park as surplus and approving the sale of land to BS Group, LLC. Motion carried unanimously.

Commissioner Gordon moved and Commissioner Klindworth approved to transfer the net proceeds of all land sales in 2019 at Foster Wells Business Park from the general fund into the Economic Opportunity Fund after closing of each sale. Motion carried unanimously.

RECESS

At 2:23 p.m., Commissioner Ryckman recessed the meeting until Thursday, December 12, 2019. Commissioner Ryckman reconvened the meeting at 10:00 a.m. on December 12th.

ITEMS FOR ACTION/CONSIDERATION

Osprey Pointe Letter of Intent with JMS – Mr. Ballew invited James Sexton with JMS Construction to discuss his concept with Commissioners. The concept includes a 5000 square foot market, similar to Pybus Market in Wenatchee, and an indoor/outdoor entertainment venue, with adjacent hospitality lodging. The concept also includes mixed commercial/residential development on the west side of Osprey Pointe, to include 4 to 5 story condominiums with commercial on the ground floor, townhomes and shared yard single family residential, which has been discussed by the Commission as part of the proposed waterfront zone.

At the November 14th meeting, Commission requested staff continue discussions with JMS. These discussions led to the development of a proposed Letter of Intent between JMS and Port of Pasco. The letter of Intent includes the following:

- The Letter of Intent is for the three primary parcels that make up Osprey Pointe and does not include the shoreline parcel.
- The intended use is a commercial and residential mixed-use development. The first phase of development includes the multi-tenant market, a multi-story condominium with commercial on the ground floor and a shared common area single family residential. It is the intent of the parties that the initial agreement will only be for the first phase.
- Blended land value is \$4.00 to \$4.25 per square foot. The appraised value is \$4.25 and Mr. Sexton indicated his initial offer will likely be around \$4.00 per square foot to make the first phase feasible.
- During the Exclusivity Period JMS will provide a Development plan, Financing plan and Marketing plan.
- The Exclusivity Period is until June 30, 2020. JMS will deposit \$10,000, which is at risk. If, within 90 days the parties cannot agree to the form of an agreement then \$5,000 will be returned to JMS and \$5,000 retained by the Port and either party may cancel this agreement. After 90 days, the \$10,000 applies to the purchase price if the parties enter into an agreement, returns to JMS if the City of Pasco does not approve the project/mixed-use zone, and retained by the Port otherwise.

PUBLIC CITIZEN COMMENT

Mr. Talbot with the Pasco Aviation Museum asked Commission for a one-year extension for the display of the Pacific Northwest Aviation Museum (PNAM) board located at the airport terminal. Commissioner Ryckman noted that when the original 1-year display period was granted, the expectation was that PNAM would submit any future requests through the Airport Art Committee to display their material at one of the three designated “art walls” at the terminal. After further discussion, Mr. Talbot revised his request to a 90-day extension so that they could work with staff, the Art Committee, and the airport advertising contractor about either moving to a paid advertising slot or submitting to the art committee for the next round of art selections (for 2021).

Commissioner Klindworth moved and Commissioner Gordon seconded to extend the time for display of the Pacific Northwest Aviation Museum board until March 31st at the Airport Terminal. Motion carried unanimously.

RECESS

At 11:10 a.m., Commissioner Ryckman recessed the meeting for a five minute break. At 11:15 a.m. the meeting was reconvened.

ITEMS FOR ACTION/CONSIDERATION (Cont'd)

Employee Benefit Policy – Deferred Comp plan – Ms. Keller outlined proposed changes to the Port of Pasco deferred compensation plan contained in the Personal Policy #310 and the Collective Bargaining Agreements. The change would increase the current Port DCP match of 1.5% to 4% and discontinue all non-conforming past practices.

Commissioner Ryckman moved and Commissioner Gordon seconded to modify Port Personnel Policy #310, Employee Benefits, to include the increased contribution match to the Deferred Compensation Program from 1.5% to 4% and budget the increase to 2020 benefit costs outside of the “burdened compensation calculation” for 2020 only. Motion Carried unanimously.

Salary Matrix - Commissioner Klindworth moved and Commissioner Ryckman seconded to approve the updated salary ranges for the Port of Pasco Administration and Management positions effective January 1, through December 31, 2020, and confirm the authority of the Executive Director to make salary adjustments for administration and management personnel within the salary ranges as listed. Motion carried unanimously. Furthermore, Commissioners confirm they retain salary action authority for the Executive Director and Director of Finance/Auditor.

**2020
Port of Pasco Salary Ranges**

Position	Minimum	Maximum
Director of Airports	\$106,600	\$165,600
Deputy Director of Airports	\$86,500	\$127,400
Director of Economic Development and Marketing	\$94,250	\$136,700
Director of Properties	\$94,250	\$136,700
Facilities Engineer	\$64,500	\$90,600
Administration and Human Resource Generalist	\$61,000	\$97,900
Executive Staff Assistant & Human Resources	\$62,000	\$82,500
Senior Accountant	\$56,000	\$78,000
Staff Accountant	\$47,000	\$66,700
Maintenance Supervisor	\$69,000	\$100,900
Police Chief/Terminal Manager	\$69,000	\$103,000
Police Sergeant	\$62,000	\$85,500
Law Enforcement Officer	\$54,000	\$74,300
Business Manager	\$56,000	\$78,000
Admin Assistant/Property Leasing Associate	\$47,000	\$64,200
Administrative Assistant/Receptionist	\$42,000	\$58,400

BHW-1 Contract Amendment – Mr. Ballew reported that in June 2019, Commissioners approved an agreement with BHW-1 out of Spokane to provide marketing support to the Port of Pasco. Staff’s intent at that time was to align the BHW-1 contract amendment process with the Port annual budget, where we enter into an amendment that covers all the proposed advertising in the approved marketing for the upcoming year. The original BHW-1 agreement had a spending cap of \$123,000, which was used primarily for the SCASD grant supporting LA service.

The proposed Amendment #1 to the marketing agreement with BHW-1 will add \$127,000 to carry out the 2020 marketing budget as presented to the Commission on October 24, 2019 and approved on November 14, 2019.

Commissioner Gordon moved and Commissioner Ryckman seconded to authorize the Executive Director to execute the First Amendment to the marketing services agreement with BHW1 in the amount of \$127,000. Motion carried unanimously.

Osprey Pointe Letter of Intent with JMS (Cont'd) – Commissioner Gordon moved and Commissioner Klindworth seconded to authorize the Executive Director to execute the Letter of Intent with JMS as presented or with minor modifications as may be approved by the Port Attorney, and also authorize the Executive Director to take such actions as may be necessary to carry out the Letter of Intent. Motion carried unanimously.

BPIC Demolition of Rail – Award – Mr. Ballew reported that eleven bids were received by 10 a.m. on December 6, 2019 for the Big Pasco Industrial Center Demolition of Rail project. The low bidder was Double J Excavating Inc., of Pasco, WA with a bid of \$89,052.00, including sales tax.

Commissioner Klindworth moved and Commissioner Ryckman seconded to award the contract for the BPIC Rail Demolition Project to Double J Excavating Inc. as they appear to have submitted the lowest, responsible, responsive bid in accordance with the contract documents. The total contract price, including sales tax, is \$89,052.00. Motion carried unanimously.

Attorney Fee Increase – Mr. Hayden reported that Dan Hultgrenn has requested an increase in hourly billing rates from \$165/hr to \$172/hr effective January 1, 2020. This represents a 4% increase over current rates, or 1% per year since rates were last increased in October 2015.

Mr. Hultgrenn is also requesting that the monthly retainer fee be increased from \$2,500/mo to \$2,775/mo. This represents an 11% increase over the current rate, or 1% per year since the fee was last increased in February 2009.

Commissioner Gordon moved and Commissioner Klindworth seconded to approve an increase in the billing rate for Kuffel, Hultgrenn, Klashke, Shea & Ellerd, LLP to \$172/hr, and to increase the monthly retainer to \$2,775, effective January 1, 2020. Motion carried unanimously.

Pasco Golf Land Lease – Mr. Taft reported that Pasco Golf Land's current lease is expiring at the end of December 2019. Ms. White has prepared a new lease that is effective January 1, 2020. The current monthly lease prices are based off of off-season, mid-Season and prime-Season:

- \$563.50/mo (Off Season: Nov, Dec, Jan, Feb)
- \$638.05/mo (Mid Season: Sep, Oct, Mar, Apr)
- \$714.11/mo (Prime Season: May, Jun, Jul, Aug)

Lease term is for 10 years with a 1 – year option to extend their term. CPI adjustment is every 3 years starting in 2021. The lease value is approximately \$76,627 for the initial term.

Commissioner Klindworth moved and Commissioner Gordon seconded to approve the lease with Pasco Golf Land and to delegate the signing authority to the Executive Director. Motion carried unanimously.

Compact Track Loader – Mr. Ballew recommended purchase of a Bobcat Compact Track Loader to assist the Port Maintenance crew in demolition of the wooden docks and canopies at the Big Pasco warehouses in association with the EDA road and stormwater project. The purchase will allow the Port to avoid equipment rental fees.

Commissioner Ryckman moved and Commissioner Gordon seconded to purchase Bobcat T870 T4 Compact Track Loader for the \$65,079.33 amount including WSST which includes the trade in value of \$13,500 for the old skidsteer. Motion carried unanimously.

Praxair, Inc. – Praxair has been a tenant at Big Pasco Industrial Center since 1988 and leases a building, land and has access to 650 linear feet of railroad track. Their operation includes bringing in carbon dioxide and transferring to their tanks, then distributing to the area via the use of trucks. Our insurance requirements have been updated since their last lease, and they are asking for modifications to those insurance requirements.

Praxair has requested changes to their lease requiring Commission approval:

- The bulk of the modifications are Article 17, Liability Insurance. Staff has been working with Port counsel to ensure that these are acceptable and recommends against changes to article 17.1.4; and without the addition of the word “accidental” in article 17.3.1. Other changes are acceptable.
- Article 21 has a portion struck out relating to automatic assignments of lease. Staff and port counsel believe this is acceptable.
- Article 38 now reads that the burden of proof of contamination will lie with the Port. Staff is hesitant about this since the tenant has been on the premises since 1988 and does not recommend approval.
- Article 39 – Praxair is a publicly traded company and as such will not sign a personal guarantee. In the past, this requirement has been waived because of the status of being a publicly traded company. Staff recommends waiving this requirement consistent with past practice.

Commissioner Gordon moved and Commissioner Klindworth seconded to authorize the Executive Director to execute the lease as modified by Praxair, Inc., without the requested changes to article 17.1.4; without the addition of the word “accidental” in article 17.3.1; and without the requested language (burden of proof shall lie with the lessor) requested in article 38. The other requested non-standard lease deviations as presented are approved. Motion carried unanimously.

Excess Liability, Earthquake, Crime, Marine Liability and Airport Liability – Mrs. Watts introduced Darren McEuin with Conover. Mr. McEuin discussed the insurance renewals for 2019/2020 for Marine Liability, Excess Liability, Airport Liability, Crime, and Earthquake Insurance.

Commissioner Ryckman moved and Commissioner Gordon seconded to accept the 2020 policy year effective December 31, 2019 to December 31, 2020 for Marine Liability, Excess Liability, Airport Liability, Earthquake and Crime Insurances. The total approved amount for all policies is \$137,392.00. Motion carried unanimously.

2020 Art Display – Ms. White introduced Davin Diaz, the consultant for the Airport Art Committee. He has worked through the process of curating and choosing art for Commission consideration for the three airport art display areas at the Tri-Cities Airport for 2020. Mr. Diaz discussed the work of the three artists.

Commissioner Gordon moved and Commissioner Ryckman seconded to approve the art presented at the December 12th Commission meeting for the airport display areas for 2020. Motion carried unanimously.

ITEMS FOR DISCUSSION

Gordon Thomas Honeywell – Mr. Hayden introduced Diana Carlen with Gordon Thomas Honeywell. Ms. Carlen discussed the Port of Pasco's 2020 draft legislative agenda with Commission.

Primary Support:

- Reimann Industrial Center

Secondary Support:

- Economic Development
- Funding assistance for Wharf property Development
- Snake River Dams

Monitor:

- Transportation Funding Impacts due to passage of I-976
- Carbon Reduction Legislation
- Commercial Aviation Coordinating Commission
- Columbia Basin Development Project
- Opportunity Zones

Rates and Charges – Mr. Taft and Mrs. Watts have been working with Steve Horton regarding the Airline Rates and Charges. Mr. Horton discussed the reconciliation of 2018 that showed that the Port of Pasco was overpaid in the terminal by \$302,434 and was overpaid on the airfield by \$154,554. This results in the Port reimbursing the airlines \$456,988. Ms. Watts confirmed that the overpayment was expected and the funds were not included as available for the 2020 capital budget. The overpayment was primarily due to minimal winter operations, less than expected maintenance for the new terminal, and a reallocation of terminal expenses to PFC funds. For 2019 and 2020, the budget related to airline rates and charges have been adjusted to more closely align with projected revenues and expenses.

The 2019 rates and charges will be reconciled once the audited numbers are received.

ITEMS FOR ACTION/CONSIDERATION (Cont'd)

PPC Water Rights Assignment – Mr. Hayden reported that in accordance with the 1995 purchase/sale agreement with Simplot for the first parcel of land at the Pasco Processing Center, Simplot was entitled to use water from a well located at the Foster Wells Business Park for irrigation, and to obtain the water rights from said well if the underlying ground was ever sold. Since the well parcel has now been sold to Kenyon Zero Storage, staff is requesting authority to transfer the associated water rights to Pasco Processing, LLC (formerly Simplot).

Commissioner Klindworth moved and Commissioner Gordon seconded to authorize the Executive Director to transfer the water rights associated with Permit No. G3-20248 P(B) to Pasco Processing, LLC, and to execute all associated documents. Motion carried unanimously.

ITEMS FOR DISCUSSION (Cont'd)

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

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

Director Reports:

1. Executive Director
 - a. IPNG Meeting is tomorrow and will be held here at Osprey Pointe.
 - b. Monday, December 16, Jill Snail, lead negotiator for the US State Department on the Columbia River Treaty, will provide a progress update at the Federal building in Richland.
 - c. In accordance with the approved 2020 capital budget, staff will be purchasing new laptops for Commission and staff to use at Commission meetings in place of the current iPads.
2. Airport Director
 - a. Signed USDA Agreement in the amount of \$12,938 for wildlife control at the Tri-Cities Airport.
 - b. November had a full parking lot during the Thanksgiving Holiday, except for the credit card lot.
 - c. November enplanements were up 3% for the month and 11% for the year.
 - i. Alaska was up 4% for the month.
 - ii. Allegiant was up 2% for the month.
 - iii. Delta was down 2% for the month.
 - iv. United is up 14% for the month.
3. Economic Development & Marketing Director
 - a. Mr. Ballew discussed the Beacon newsletter. Commissioner directed staff to:
 - i. Stop distribution of the Beacon as an insert in the Tri-City Herald
 - ii. Continue distribution of the Beacon in the Franklin County Graphic (Connell and surrounding area)
 - iii. Start distribution of the Beacon as an insert in the Tri Cities Journal of Business.
 - iv. Enhance Beacon on-line readership through a digital campaign with Mooreshots Media.
4. Financial Director
 - a. Discussed the Washington State Department of Retirement Deferred Compensation program Investment Performance.
 - b. Discussed the Ports Rating for 2014 Terminal Revenue Bonds A & B. The Port's rating for the 2014 Revenue bonds remained at an A-, the same at the time of issue.

RECESS

At 3:05 p.m., Commissioner Ryckman recessed the meeting for a five minute break. At 3:10 p.m. the meeting was reconvened.

EXECUTIVE EXECUTIVE SESSION

At 3:10 p.m., Commissioner Ryckman announced that the board would go into executive session for 30 minutes to review the performance of a public employee. At 3:40 p.m., Port Counsel announced on behalf of the Port of Pasco Commissioner's that the executive session would extend and additional 10 minutes. At 3:50 p.m., Port Counsel announced on behalf of the Port of Pasco Commissioners would extend an additional 5 minutes. At 3:55 p.m., the meeting reconvened.

ITEMS FOR ACTION/CONSIDERATION (Cont'd)

Performance Evaluations – Commissioner Klindworth moved and Commissioner Gordon seconded to approve the Executive Director’s salary adjustment to \$200,000, with an additional deferred Compensation of \$10,000 in addition to any standard DCP match provided by Port policy, effective January 1, 2020. Motion carried unanimously.


Commissioner Klindworth moved and Commissioner Gordon seconded to approve increasing the Finance Director/Auditor’s salary to \$122,200.00, effective January 1, 2020. Motion carried unanimously.

Commissioner Klindworth moved and Commissioner Gordon seconded to approve the Executive Assistant and Human Resources salary to be raised above the cap to \$99,000 for the 2020 year. Motion carried unanimously.

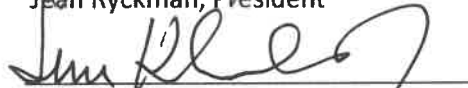
ADJOURNMENT

The meeting adjourned at 3:58 p.m.

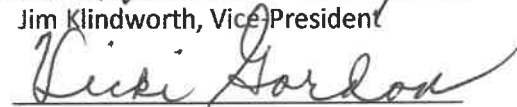
Port of Pasco Commission:



Jean Ryckman, President



Jim Klindworth, Vice-President



Vicki Gordon, Secretary

