

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held remotely with Public Access
August 13, 2020, 2020 | 10:30 a.m.

CALL TO ORDER

Commissioner Klindworth called the meeting to order at 10:30 a.m. The meeting was attended remotely by all participants via Zoom and with Public Access through call in to 1-301-715-8592, meeting ID 6676918983.

Present: Commissioner Jim Klindworth, Commissioner Vicki Gordon, Commissioner Jean Ryckman, Executive Director Randy Hayden, Port Counsel Dan Hultgrenn, 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 & Human Resources Lori French.

Guests: Darren McEuin- Conover Insurance and Joe Davis- Enduris

Michelle Andres

James Thompson- WPPA

Colin Hastings- Pasco Chamber

APPROVAL OF AGENDA

Commissioner Ryckman moved and Commissioner Gordon seconded to approve the agenda with the addition of Items 8.F. and 8.G., determining that all agenda items were “1) matters necessary and routine, 2) necessary to respond to the outbreak and current public health emergency” per Governor’s Proclamation 20-28.2 Motion passed unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of July 23, 2020.
- b) Vouchers and Warrants #94489-94564 & Direct Deposit #20516-20556 in the amount of \$680,400.41.
- c) Accept as complete BIPC Canopy and MT Rail Removal Project.
- d) Accept as complete BPIC Marine Terminal Rail Removal Project
- e) Special Meeting Minutes of August 4, 2020.

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

Public Citizen Comments

Michelle Andres- Ms. Andres inquired about the Port’s plan for a response to the Final EIS and reviewed her concerns regarding some of the issues being treated regionally. Ms. Andres requested that the Port contact the Department of the Interior to address remaining concerns about the EIS and that the Port work with its Idaho counterparts to address regional issues.

Colin Hastings, Pasco Chamber- Mr. Hastings commented on the cancellation of the Tri-Cities Water Follies, that was cancelled for 2020 due to COVID-19. The Water Follies Committee has been working to gain approval to host a drive-in style airshow and has recently received the go ahead from the Health District. This is scheduled to take place Labor Day weekend.

Mr. Hastings also presented information on the 2020 RiverFest. This event will be moved to a virtual platform and will contain a variety of videos on river and water related topics. Another aspect of the virtual event will be an educational component, like a field trip, geared towards school aged children. Mr. Hasting noted that additional event cancellations for the end of 2020 and beginning of 2021 will likely be canceled or reformatted.

Items for Action/Consideration

2021 Property Insurance Renewal -Ms. Watts presented to the Commission, The Port of Pasco currently has property and liability insurance with Enduris. Enduris is a risk pool for Washington State special purpose districts. Enduris insurance rates increased significantly this year totaling a 20.41% increase for General Liability, Property and Auto coverage. Mr. McEuin presented to the Commission, Conover Insurance has gone out for quotes for alternative coverage options, and other providers were unable or unwilling to provide the same level of coverage that Enduris can provide without significant negative impact to the Port. Mr. McEuin reviewed the state of the market which is a “hard market”, meaning that carriers are less willing to write policies, are restricting policy limits, and are charging higher rates as a reaction to higher claims. Mr. Davis reviewed the increases of the 2020-2021 premiums and noted that 80% of the increase came from property coverage, he believes this will be the trend for the 2021-2022 policy year as well. Mr. Hayden noted that he spoken with other port officials and confirmed that these increases are market standard.

Commissioner Ryckman moved and Commissioner Gordon seconded to accept Enduris Insurance for the 2020/2021 policy year effective September 1, 2020 to August 31, 2021 for liability (non-aviation), property and auto physical damage. Motion passed unanimously.

Commissioner Klindworth recommended Ms. Watts apply for a spot on the Enduris Board of Directors, should a position become available and if Ms. Watts had the time and interest. Ms. Watts said she was willing to be considered for a position, when one becomes available for appointment.

Mr. Hayden noted that the Port would be posting an RFQ for Insurance Services in the near future as is standard practice for ongoing personal service contracts.

3-E Properties Rail Access Easement – Ms. Reyna presented, 3-E Properties (aka Easterday Farms) is located in the Pasco Processing Center and has reached out to the Port about adding a rail spur from the Port’s rail line to their building. They have been working with a rail consultant and have had their proposed rail line approved by BNSF. The Port has reached out to a rail consultant to ensure that all plans are acceptable to the Port. Staff has drafted a preliminary agreement that has been forwarded to 3-E Properties for review.

The Agreement will include an up-front fee charged to Easterday to recoup costs from the initial construction of the rail line, this fee is consistent with what was charged to other users when they connected to rail. The Agreement will also include specifications for the switch and specifies that costs for the improvement are the responsibility of 3-E Properties. The Port consultant also recommended an ongoing maintenance fee (to be determined), and this fee will be provided for in the Agreement.

Commissioner Gordon moved and Commissioner Ryckman seconded to authorize the Executive Director to negotiate the Agreement, including the cost of the rail and maintenance fees, and to make any necessary changes as approved by the Port Attorney. Motion passed unanimously.

Ms. Reyna and Mr. Hayden discussed the possibility of allowing existing users to take over the care and maintenance of the Rail, thus extracting the Port from maintenance responsibility, as an alternative to charging a maintenance fee. Mr. Hultgrenn commented that this appeared to be an acceptable option.

Lease Amendments for Zen-Noh Hay Inc.- Ms. Reyna presented, Zen-Noh Hay is considering the option to extend their current leases an additional 10 years. They have requested a modification to their leases, they would like their CPI increases to be based on the Western Small Cities Index instead the Seattle Index as they currently are.

Current new leases are based on the Western Small Cities Index. Staff has provided the proposed lease amendments for Commissioners to review and recommends allowing the change in Index. Over the past decade the Seattle Index averaged 2.2% year over year, while the Western Small Cities Index averaged 1.8%.

Commissioner Ryckman moved and Commissioner Gordon seconded to allow the Executive Director to execute a lease amendment for each of Zen-Noh Hay's leases, modifying Article 4 of the leases to change the index used to the Western Small Cities index. Motion passed unanimously.

Franklin County Disbursement Agreements for .09- Mr. Ballew presented, the Franklin County Commission approved the recommendations of the Economic Development Fund ".09" Committee on August 11th, 2020. The approved funds provided two Disbursement Agreements for Port action. The first Agreement provides \$50,000 to the Reimann Industrial Center Master Planning effort, which will match \$125,000 in Port funds and \$50,000 in CERB dollars. The second Agreement provides \$300,000 for the development of bid ready designs for road and infrastructure improvements on N. Railroad Ave. to serve the Reimann Industrial Center. This will be matched with approximately \$120,000 in Port funds depending on design costs.

The Disbursement Agreements are a new instrument to Franklin County, though Benton County has been using a similar instrument for quite a while. The agreements provide for a better audit trail and also provide that if the recipient uses the funds for a non-approved use that the recipient will return the funds.

Commissioner Gordon moved and Commissioner Ryckman seconded to authorize the Executive Director to execute the Disbursement Agreements for the .09 Funds with Franklin County for Master Planning and Entryway Infrastructure at the Reimann Industrial Center. Motion passed unanimously.

North Franklin Visitor's Center -Mr. Hayden presented, the North Franklin Visitor's Center bids were received by 10 am on August 11th, 2020 and were opened in accordance with the contract

documents. Seven bids were received. As indicated on the attached Bid Tabulation, the low bidder was S&K Mountain Construction Inc., of Walla Walla, WA with a bid of \$248,278.00, including sales tax. The bidder's responsibility criteria has been checked per state law to verify that the bidder is registered as a contractor, has a current Washington Unified Business Identifier number, has industrial insurance (workers' compensation), has a Washington Employment Security Department number, has a Washington Department of Revenue state excise tax registration number, and is not disqualified from bidding on public works contracts. All required bidding forms for S&K Mountain Construction Inc. were fully completed and included with the Bid.

Commissioner Ryckman moved and Commissioner Gordon seconded to award the contract for the North Franklin Visitor's Center to S&K Mountain Construction Inc. for the amount of 248,278.00 which includes sales tax, with notice of the contract award to be made by September 11, 2020. Motion passed unanimously.

Mr. Ballew commended Mr. Friesz for doing a great job at hosting the bidding process virtually.

Inter-Local Agreement with City of Pasco for Sewer Installation- Mr. Hayden presented, the Port of Pasco has an opportunity to enter into an Interlocal Agreement (ILA) with the City of Pasco to jointly fund the construction of a new sewer main at the Osprey Pointe North development. The sewer would serve a new bathroom being installed by the City at the Wagenaar complex as well as future Port development at Osprey Pointe North. The City and Port would each pay 50% of the construction cost, estimated at \$21,415 (\$10,707.50 each). In addition, the City would pay for the engineering and inspection costs. The sewer line would be dedicated to the Port after completion. In addition, the City has agreed to waive sewer connection and area charges since the Port owns and operates its own sewer system in the Big Pasco area.

Commissioner Gordon moved and Commissioner Ryckman seconded to authorize the Executive Director to execute an Interlocal Agreement with the City of Pasco for construction of the Fire Administration Building Sewer main Project with Port costs not to exceed \$12,500, and to make such minor changes as are necessary to finalize the agreement as approved by the Port Attorney.

National Hwy. Freight Rail Grant for BPIC- Mr. Hayden presented, the 1.3 million-dollar Rail Grant forms require the signature of the organization's chair. In order to make the process proceed more smoothly, Port Staff requests the Commission to authorize the Executive Director to sign the grant documents.

Commissioner Klindworth moved and Commissioner Ryckman seconded to approve the Local Agency Agreement with WSDOT for the \$1.3M National Highway Freight Program grant for the Big Pasco Intermodal Reconstruction Project and authorize the ED to execute all documents and take other action as needed to implement the grant and agreement.

Items for Discussion

June Financials- Ms. Watts presented the June financials.

Tenant Delinquent List- Ms. Watts presented the Tenant Delinquent List.

Recess

Commissioner Klindworth recessed the meeting at 12:15 for 15 minutes. The regular meeting was reconvened at 12:30.

Governor's Airport Memo- Mr. Taft presented to the Commission, on July 30th, Port staff received notification from Nick Streuli, the Executive Director of External Affairs for the Office of Governor Inslee, regarding a draft of Commercial Service Airport COVID Response Requirements. The majority of the requirements are already under way at the airport. Mr. Taft expressed concern with the requirement to make airports responsible for passenger temperature screening. The Port is awaiting additional information.

Quarterly Credit Card Report- Ms. Watts presented the Quarterly Credit Card Report.

Director Reports:

1. Executive Director
 - a. The WPPA convened a committee to review their stance on the State's Carbon Emission Initiative, and to look at using any potential carbon tax exclusively for state transportation funding. The committee is comprised of 13 members and Eastern Washington ports are well represented. Comm. Roy Keck with the Port of Benton is the co-chair of the committee.
 - b. Mr. Hayden enjoyed his vacation last week.
 - c. Port Staff will be working to fill Mr. Ballew's position as soon as possible. Mr. Ballew's last day is August 31st.
 - d. Mr. Hayden and Mr. Klindworth discussed conversations about a possible opportunity in Connell with a local business.
2. Airport Director
 - a. The July Statistics are as follows:
 1. Alaska down 64%
 2. Allegiant down 49%
 3. Delta down 74%
 4. United down 65%
 5. For the month of July, down 67%, and down 56% for the year
 - b. Passenger numbers are continuing to increase, with an average of 529 from 7/29-8/4 and 600 from 8/5-8/11 per day, which is approximately 50% of last year's average.
 - c. The Cash Flow Analysis that was used to project through the current COVID situation estimated 25% for the month of July, and the actual ended up being 33%.
 - d. The Executive Director signed the amendment to the DuraShine agreement for custodial services at the Airport Terminal Facility previously approved by the Port Commission.

- e. The City of Pasco notified staff of several issues with the Watts fueling facilities at the Tri Cities Airport. The Airport will be working with the City and the tenant to resolve the issues.
- 3. Economic Development & Marketing Director
 - a. Noted that this will be the last EDM report made by Mr. Ballew.
 - b. Osprey Pointe update-JMS and Nichole Stickney from AHBL are continuing work on OP planning. The Pasco City Council will hear them present in September for the re-zoning and land use of. Port Staff expects the Comprehensive Plan amendment to be challenged for expansion of the Urban Growth Boundary. Ms. Stickney is providing a technical memo regarding the path forward on zoning. Staff is working with the Port Attorney on documents related to the Master Development Agreement. Port Staff has asked JMS to look through the documents now, so that changes can be made without effecting the timeline. Mr. Hayden commented that James (JMS) has been very positive and works hard to problem solve and meet challenges.
 - c. Mr. Ballew is reviewing and recording aspects of the job and setting things up for the easiest possible transition.
- 4. Deputy Airport Director Report
 - a. The Battelle Hangar has received the Certificate of Occupancy from the City and has scheduled move in for next week.
 - b. Taxiway A is wrapping up with punch list items.
- 5. Finance Director
 - a. The Port's credit rating has been completed and the Port has maintained an A rating.
 - b. The Port will have its pre-pricing bond call on Friday.
- 6. Properties Director
 - a. Port tenants are keeping the Properties Staff busy working on making lease changes.
 - b. Maintenance Staff is still making huge progress on the building improvements, and are keeping very busy working with Properties, tenants and Mr. Friesz.

Commissioners Reports:

Commissioner Gordon noted that very few meetings are happening as many things are at a standstill.

Commissioner Ryckman noted her concern that the Carbon Tax will be controversial within WPPA, and that the WPPA is working to find new ways to prove value to their members. She also noted that the December WPPA meeting that takes place in Bellevue is up in the air at this time.

Commissioner Gordon noted that the Benton Franklin Council of Governments and Columbia Basin Development League continue to meet online. She has heard that Washington D.C. is buzzing with talk of funding, and the League is putting together requests for the Odessa Groundwater Replacement Program.

Items for Information

2021 Budget Schedule- Ms. Watts presented the 2021 Budget schedule.

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

1. Deferment Approvals- For April, May and June, the Executive Director has executed agreements to defer with the following tenants: Tailwind, EAN Enterprise, EAN National Alamo, Republic Parking, Delta Airlines, A-1 Hospitality and Pacific Northwest Aviation Museum and Historical Association.
2. Expanded Deferment Approvals- As of July 23, 2020 the Executive Director has executed agreements to defer with the following tenants: Pacific Northwest Aviation Museum and Historical Association, Tailwind (MAG waived), and Hertz (MAG waived), Republic Parking (MAG waived), United Airlines, Delta Airlines, EAN Enterprise (MAG waived), EAN National Alamo (MAG waived). A-1 Hospitality MAG waiver agreement is in process, and Avis-Budget MAG waiver and rent deferral agreement is in process.
3. Goodwill Lease- A third lease has been executed with Goodwill in W3B3. This lease is for 4,800 sf in the north central portion of the building and is on a month-to-month basis. They are currently unsure of the duration of the lease. The lease value is \$1,113.60 per month.

CALENDAR OF EVENTS

Commissioners and staff discussed the calendar of events.

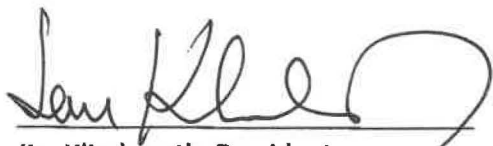
EXECUTIVE SESSION

At 1:22 p.m., Commissioner Klindworth announced that Commission would go into executive session for 15 minutes to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party and to consider the minimum price at which real estate will be offered for sale or lease. At 1:37 p.m. the Executive Session was extended by 5 minutes. At 1:42 the regular session was reconvened.

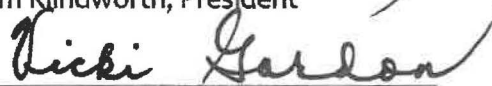
ADJOURNMENT

The meeting adjourned at 1:42 p.m.

Port of Pasco Commission:



Jim Klindworth, President



Vicki Gordon, Vice-President



Jean Ryckman, Secretary