



**PORT OF CHELAN COUNTY**  
**Board of Commissioners Meeting**  
*Minutes*  
**125 Easy St, Wenatchee, WA 98801**  
 March 21<sup>st</sup>, 2007  
**9:00 am**

- |                 |  |  |
|-----------------|--|--|
| <b>Present:</b> | Michael H. Mackey, President<br>JC Baldwin, Vice President<br>Craig Larsen, Secretary<br>Mark Urdahl, Executive Director<br>Pete Fraley, Legal Counsel<br>Monica Lough, Internal Auditor                             | Dayle Rushing, Property/Risk Manager<br>Ron Johnston-Rodriguez/Director of Economic Development<br>Laura Jaecks, CTC Building Manager<br>Judy Bradford, Recording Secretary<br>Pat Moore, Airport Manager<br>Jon Eberle, Real Estate Engineer<br>Chris Rader, Media Relations Consultant |
| <b>Others:</b>  | Bill Stokes, Chelan Co Citizen<br>Bob Parlette, Community Trails Group<br>Allison Williams, City of Wenatchee<br>Hank Manriques, Leavenworth Chamber<br>Roger Clute, WVCVB<br>Sebastian Moraga, Wen Business Journal | Mike Steele, Lake Chelan Chamber<br>Nancy Smith, Leavenworth Chamber<br>Rob Eaton, Icicle Station<br>Jeff Smith, Chelan County PUD<br>Rich Cram, Leavenworth Chamber<br>Eric Schram, Wenatchee Sports Council<br>Oliver Brulotte, Leavenworth Chamber                                    |

**Consent Agenda**

The consent agenda consisting of the approval of the minutes of the February 7, 14, & 21<sup>st</sup> regularly scheduled Commission meetings, the Pangborn Airport Register Pages (#1071-#1074) and the Port Register Pages (#2059-#2065) was presented for consideration.

**Motion No.**            **03-01-07**

*Moved By:*            *JC Baldwin*

*Seconded By:*        *Craig N. Larsen*

*To approve the consent agenda as presented consisting of items A and item C the February 7, 14, & 21<sup>st</sup> regularly scheduled Commission meetings, the Pangborn Airport Register Pages (#1071- #1074) and the Port Register Pages (#2059-#2065) consisting of the following:*

#2059--Feb 07 Payroll	2/28/07	#10975- 10981 & electronic payroll deposits	\$ 61,492.53
#2060-- Feb Month End	2/28/07	#10982	5,505.87
#2061-- CTC	3/21/07	#10983 -- 10994	39,661.88
#2062-- Feb bills paid	3/21/07	#10995-- 11016	43,616.82
#2063 -- Same	3/21/07	#11017-- 11038	117,254.27
#2064 -- Same	3/21/07	#11039 -- 11041	286.00
#2065 -- Feb Expns Reimbrs	3/21/07	#11042 -- 11047	720.40
			<b>\$268,537.77</b>
<b>73 warrants totaling \$ 268,537.77 for approval March 21, 2007.</b>			

*Motion Carried.*

## **Pangborn Memorial Airport 2007 FAA Grant Application**

Pat Moore reported she has submitted a draft application to the FAA with the items listed on the draft summary previous Submitted to commissioners. There are a few changes, but still the total amount is still within budget.

The new design for the terminal affecting the expanded security area necessary to accommodate the larger passenger carriers is not included in this application; but this project can be included in a fall application and with the work beginning during the winter months.

**Motion No.**            **03-02-07**

Moved By:            Craig N. Larsen

Seconded By:        JC Baldwin

*To authorize the Airport Manager to sign the 2007 FAA grant application as presented, and to authorize the Executive Director to sign the required grant assurances. Motion Carried.*

## **C & O Nursery Property Purchase**

Pete Fraley explained the configuration of the property to be purchased was finalized; and C&O asked for an updated appraisal. The new appraisal came in at \$925,000 which is an 8% increase from the original appraisal.

Fraley noted that the Commissioners have reviewed the purchase and sale agreement on the purchase of the C & O property in prior commission meetings.

C & O will manage the property for the 2007 crop season; but a longer term arrangement for management of the property will need to be negotiated.

**Motion No.**            **03-03-07**

Moved By:            JC Baldwin

Seconded By:        Craig N. Larsen

*To authorize the Airport Manager to sign the purchase and sale agreement with C & O Nursery based upon the updated appraisal, subject to the review an approval of legal counsel and one commissioner. Motion Carried.*

## **O'Kelly Transaction**

Moore explained the garage attached to the home has been finished and used as living space which was not reflected in the original appraisal. The appraisal has not been reviewed by the appraiser. The appraiser's review will increase the purchase price. Moore should have an answer by Thursday on whether the seller will accept the adjusted purchase price.

Pat Moore explained she must submit a purchase and sale agreement to the FAA along with the grant application like prior airport property purchases.

**Motion No.**            **03-04-07**

Moved By:            Craig N. Larsen

Seconded By:        JC Baldwin

*To authorize the Airport Manager to sign the purchase and sale agreement with the O'Kellys based upon the updated appraisal, subject to the review an approval of legal counsel and one commissioner. Motion Carried.*

## **Pangborn Update**

Moore announced the agenda for the WAMA Conference planned for this spring here in Wenatchee has been somewhat finalized. She distributed agenda copies and registration forms in case anyone is interested in attending.

Moore announced tonight is the planning commission continuation of the meeting closed last month.

## **Confluence Technology Center**

**Update**

Jaecks asked if Commissioners had question on her written report sent to them earlier in the week. She briefed commissioners on a recent conference call with SIRTI, out of Spokane, who is developing a similar technology resource directory for eastern Washington that does not include the Wenatchee area. GWATA's focus is a 3-4 county area, and is very concerned about a commitment to quality listings for our area.

GWATA and Glen Klock will be meeting with regard to Klock's efforts to possibly form a separate technology group.

The video conference maintenance agreement is forthcoming. Commissioner Baldwin and Laura have been reviewing the two proposals received. Until now, there has not been a maintenance agreement. The CTC staff has been managing the warranty work. Debby Thompson will move into that role with a new technician coming on board for the meeting management duties.

Jaecks also briefed the Commissioners on the possibility of the City of Chelan being chosen by WSU for its the bridging the digital divide program.

Ron Johnston Rodriguez explained this is part of WSU working in rural communities to help the community complete for technology based jobs by developing an alliance with NOAnet. WSU will be selecting five more rural communities to its program, and the City of Chelan is on the list of potential communities.

**Director's Report**

***Interlocal Agreement with City of Wenatchee for Orondo Street Moorage Project***

Craig Larsen recused himself from the discussion due to his service on the City of Wenatchee's City Council.

Allison Williams updated the Commission on the overall project of developing the Wenatchee waterfront. The City is working with the Port on the in-water improvements, such as the Orondo Moorage project and additional parking spaces to be provided there. The Port has agreed to assist with the project.

Interlocal agreement actually lowers the initial Port commitment.

Pete Fraley explained IAC is providing 75% of the funding; and the Port will provide (\$158,040) a 25% match up to a maximum of \$200,000 over three years. The first payment of \$86,767 is scheduled to be paid in 2007. The Port is a financial participant in the Orondo Street Moorage project only. There will be an acknowledgment on the project.

<b>Motion No.</b>	<b>03-05-07</b>
Moved By:	JC Baldwin
Seconded By:	Mike H. Mackey
	To approve an interlocal Agreement with the City of Wenatchee for the Orondo Street Moorage project, as presented, and authorize the Executive Director to sign.
	Motion Carried.

***PUD Industrial Customers Working Group Guiding Principles Recommendations***

Mark Urdahl and Jeff Smith provided a brief overview of the industrial customers working group that has been meeting. Urdahl was included representing economic development driver in the county.

Smith explained the group has been meeting since in January. The Chelan County PUD wanted to seek advice from its largest customers regarding how to close the gap between the costs of use and the costs of production of power. The industrial rates group members are very diverse.

It was a very dynamic group. Everyone was very engaged in the discussions, and there was very individual representation for the industries. The group did come to consensus. (List of recommended guiding principles the group developed is attached.)

Smith asked Commissioners to provide input on the Monitor water project to state legislators.

### **Report and Update from Chelan Chamber**

Michael Steele, Executive Director, for the Lake Chelan Chamber, provided the Commissioners with a brief update/report on the activities and programs of the Lake Chelan Chamber. Steele thanked the commission for investing in the Chamber's operations, promotions and marketing. The Manson office is open for visitor information from May 1<sup>st</sup> through September. The Chamber is working with the clusters that have been identified by port. The wine industry map and an ag tourism portion have been added to the Lake Chelan website.

The focus of the Chamber marketing using the funding from the Port is on other areas where other partnerships are not focused: inside central and eastern Washington and outside the state. The Lake Chelan Chamber pledged \$5,000 to the plug-in hybrid alternative school bus.

### **Report and Update from Leavenworth Chamber**

Hank Manriques and Nancy Smith provided an overview of the marketing and promotions ongoing at the Leavenworth Chamber. Puget Sound Business Journal named Leavenworth sixth best destination in Washington. Copies of ads and feature articles promoting Leavenworth produced as a result of the Leavenworth efforts were presented for the Commissioners' review.

Hank reviewed the many ways the Leavenworth Chamber partners with the Port: Newsletter inserts, presentations to others naming the Port for funding, AVI/Whitebird display at festivals and events, membership mailing list, working with business prospects, the development of a relocation packet for business, representation on the 2% unincorporated areas of the county marketing group, film footage on Comcast ads are county-wide: videos are available, support and promote industry clusters. Leavenworth has been the leader in ag tourism for the last six years.

Nancy Leavenworth expressed appreciation of the partnerships with the Port and Chelan County. For Leavenworth, economic development and business are tourism related.

Smith reported a huge revitalization of downtown Leavenworth is planned for this year: from the second stop light through to Trend West all the way to the water.

### **Icicle Station Update**

Rob Eaton thanked the Port for its support of the railroad project, specifically the support and assistance from Ron Johnston-Rodriguez for getting the project off the ground.

City of Leavenworth appropriated an additional \$10,000 for preliminary engineering. Both Burlington Northern Sante Fe and Amtrak have approved this project. Currently, the project has \$217,000 for a match to the State for a \$250,000 regional mobility grant. This would cover the cost of the platform and shelter. Senator Murray is championing the bill which includes a \$250,000 transportation request for parking and maintenance.

Eaton thanked the Port for its support.

### **Leavenworth to Wenatchee Trail System Planning**

Bob Parlette explained he thinks long range about our community and where it is headed. Losing numerous orchards has been a concern for him. A trail from Wenatchee to Leavenworth on the old railroad corridor along the north river would greatly enhance the

area. The Chelan County Commissioners passed a resolution in support of the Wenatchee to Leavenworth trail.

Parlette believes the project needs consistent leadership. It has funding through Chelan Douglas Land Trust for a trails coordinator.

The agriculture industry element is against the trail due to the liability for spray drift.

Parlette is requesting an entry and an exit point on the Port's Peshastin mill property for a trail twelve feet wide to run through the site at the choosing of the Port or its developer.

Fraley noted that as part of the binding site plan approvals the Port had anticipated passive recreational activities which would be located in the front 140'. The growth management act provides a preferred use to trails within the 200' setback.

Parlette noted the trail needs a resolution of support from the City of Cashmere; however, he has not been successful obtaining one.

Roger Clute of the Wenatchee Valley Convention & Visitor Bureau noted a trail of this significance is a legacy issue.

Commissioners requested legal counsel Pete Fraley to research what the Port can do for the project within its authority for passive recreational facilities along the riparian zone on the Peshastin property.

Mark Urdahl noted the Port is not actively marketing the property; however, it seems that all prospective developers/purchasers would value the trail concept. The market seems very responsive to this land use. The Port staff will investigate and report back.

Parlette reiterated he was not asking the Port to build the trail, but rather to encumbrance that a trail would be required.

Regular session recessed for a ten minute break at 10:35 am, and was reconvened at 10:45 am.

### ***Design Salt***

Jon Eberle explained the Design Salt lease expires at the end of April, and the lessee asked for extension for 3 years and an option to renew. The Port did not grant the lessee's request. Eberle has been working with Design Salt to find an alternative; however, with industrial space with loading docks at a premium, no alternative sites have been found to meet Design Salt's needs and resources.

Eberle reviewed for Commissioners what Port facilities are available. Design Salt needs about 6000 sq ft.

Eberle suggested the is able to terminate should they find the right industrial location; and a reciprocal right for the Port to relocate Design Salt if the IB#9 space is needed. If the Port has a tenant for the space and the Port has nothing else available, Design Salt would have six months to relocate.

Eberle asked for Commission direction to move forward.

***Motion No.***

***03-06-07***

*Moved By:*

*Craig N. Larsen*

*Seconded By:*

*JC Baldwin*

*To direct Port staff to negotiate a lease for the south portion of the east half of Port Industrial Building #9 at market rent subject to the approval of the Port Commission.*

*Motion Carried.*

***Accor Lease Termination Agreement Update***

The statement at closing will reflect an offset with the security deposit \$11,070 off the additional rent improvements specifically requested by Accor Technology. Utilities will also be estimated at closing.

Port legal counsel is coordinating with Pangborn Investors group for the transition. Accor is mostly moved out, and are in the process of removing their sound proof room from IB#1.

***Chelan Airport Joint Operating Agreement Amendment***

Pete Fraley reviewed the Joint Operation Agreement (JOA) of 1985 between the Port and the City of Chelan on the Chelan Airport. The 1985 JOA was revised in 1999 and this is the current agreement with which the two entities operate the Chelan Airport. The Chelan JOA is the mirror opposite of the Pangborn Airport JOA the Port of Chelan County has with the Port of Douglas County.

The 1999 JOA dilutes the City of Chelan's authority with the FAA. The City of Chelan needs to proceed on the FAA grants in the same way the Port partners proceed on the Pangborn Airport grants with the FAA. This can be accomplished in the form of an amendment to the JOA.

After researching the grants on the Chelan Airport, Fraley discovered all grants awarded were after the Port started participating in 1985. If the port has a liability as co-sponsor, the port should know what basis?

The ownership level for financing has been at the 50/50 level.

The Kelly transaction at Chelan Airport was a land swap, and it was completed after the binding site plan and the ALP. It was a swap for runway protection zones. The Kelly property title is in the name of the City of Chelan only. The Port needs to make sure the FAA approved the land swap.

The ALP needs to be amended. A piece of binding site plan was swapped without FAA approval.

Century West has grant funding awarded by WSDOT to update a number of ALPs including Lake Chelan Airport. So the Kelly transaction and the Winkle transactions can be included when the ALP is updated.

The two pieces of the property from the Kellys will be reconveyed to both the City of Chelan and the Port of Chelan County.

The FAA is only interested in the updating of the ALP; it has not interest in the binding site plan. This could be a scoping issue with the grant funding.

There are other property acquisitions and funding for improvements to the airport (beacon, lighting, etc). The FAA has requested Lake Chelan Airport reflect a co-sponsorship relationship on future grants. The revised language will apply to all grants.

The Commission should see two documents in April. One is the amendment to the Chelan JOA and a joint resolution to support the necessary steps to update the Chelan airport ALP.

Port staff will schedule a joint session for the near future. The Port needs to have a more hands on interest in the Chelan Airport.

Pat Moore suggested establishing minimum standards for the Chelan Airport.

There will be more discussion on the Chelan Airport in the Commission's retreat in May.

**Webb Accountancy lease.**

Dayle Rushing reported Webb signed the lease yesterday. Jon Eberle provided a brief overview of the lease.

Until the Port moves its offices to the library, Webb’s sub-lessee will occupy the former PUD space in the lower level only. As soon as Port staff vacates, Webb Accountancy will occupy the entire building. Webb has a five year lease with a five year option. There is no right to acquire, no first right of refusal. Rent is triple net. The Port is responsible for the structure and the roof. The 28’ tower won’t be built until everyone is happy with the design.

Pete Fraley explained that section 17.4 of the lease assumes the Port is aware of a request to sublet a portion of the building to Envision Technology; the sublet is not part of the lease.

**Motion No.** 03-07-07  
*Moved By:* JC Baldwin  
*Seconded By:* Craig N. Larsen  
*To approve the lease with Webb Accountancy Corporation, PS in the form presented and authorize the Executive Director to sign the lease.* Motion Carried.

Pat Moore reported Pangborn Airport has gone out to bid for the asbestos removal in the old terminal building.

**Executive Session**

Regular session was recessed to Executive Session at 11:45 am to discuss real estate matters. Regular session was reconvened at 12:10 pm with the following action taken:

**Wenatchee Valley College Foundation Lease Termination**

**Motion No.** 03-08-07  
*Moved By:* Craig N. Larsen  
*Seconded By:* JC Baldwin  
*To approve the termination of an existing orchard lease of Pangborn Memorial Airport property to the Wenatchee Valley College Foundation and authorize the Airport Manager to sign subject to the approval of legal counsel and one commissioner.* Motion Carried.

**Motion No.** 03-09-07  
*Moved By:* JC Baldwin  
*Seconded By:* Craig N. Larsen  
*To authorize the Airport Manager to enter into a new orchard management agreement for Pangborn Memorial Airport property with Wenatchee Valley College for research and educational use subject to the approval of legal counsel and one commissioner.* Motion Carried.

**Motion No.** 03-10-07  
*Moved By:* Craig N. Larsen  
*Seconded By:* JC Baldwin  
*To authorize the Airport Manager to enter into an agreement with Pacific Organic for orchard management services for 2007 subject to the approval of legal counsel and one commissioner.* Motion Carried.

**Calendar**

The Port calendar was presented to the Commission for consideration.

Cashmere Chamber Banquet	Riverside Center	03-09-07
NCWAR Luncheon	Wenatchee Center	03-12-07
NCRTPO Meeting	Chelan	03-14-07
Mtg with County Commissioners	Chelan	03-16-07
Tour of OSBP	Olds Station	03-21-07
Chamber Alliance Meeting	Wenatchee Chamber	03-23-07

**Motion No.**            **03-11-07**

Moved By:            JC Baldwin

Seconded By:        Craig N. Larsen

To approve the calendar for commissioners and staff as amended.

Motion Carried.

There being no further business, the meeting adjourned at 12:18 pm.

Dated and approved this 18th day of April, 2007.

## **BOARD OF COMMISSIONERS**

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Michael H. Mackey, President

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JC Baldwin, Vice President

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Craig N. Larsen, Secretary