



Board of Commissioners
Meeting Minutes
125 Easy St, Wenatchee, WA 98801
 December 13th, 2006
9:00 am

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|-----------------|--|---|
| Present: | Michael H. Mackey, President
JC Baldwin, Vice President
Craig Larsen, Secretary
Mark Urdahl, Executive Director
Pete Fraley, Legal Counsel
Monica Lough, Internal Auditor
Dayle Rushing, Property/Risk Manager | Laura Jaecks, CTC Building Manager
Judy Bradford, Recording Secretary
Carleen Elliott, Accounting Assistant
Pat Moore, Airport Manager
Jon Eberle, Real Estate Engineer
Chris Rader, Media Relations Consultant
Karen Kornher, Engineering Consultant |
| Others: | Bill Stokes, Chelan County Citizen
Doug Clarke, Peshastin Community Council
Linda Haglund, Wenatchee Sports Council
Mari Herrerias, Wenatchee Business Journal
Kathy Springer, Peshastin Community Council
Warren Smith, Peshastin Community Council
Bruce Baguley, NOPA | Lisa Parks, Alliance Consulting
Roger Clute, WVCVB
Carnan Bergren, Peshastin Community Council
Michelle McNeil, The Wenatchee World
Robert Springer, Peshastin Community Council
Pete Hill, Trust for Public Lands |

Commission President Mike Mackey called the meeting to order at 9:02 am. Commissioner Mackey reminded everyone to put their cell phones on quiet during the meeting.

Consent Agenda

The consent agenda was presented for consideration.

Motion No. **12-02-06**
Moved By: *Craig Larsen*
Seconded By: *JC Baldwin*

To approve, as presented, the consent agenda consisting of Commission meeting minutes from the November 8th and November 15th, 2006 regularly scheduled meetings, meeting minutes from the October 11th, November 20th, November 21st, and December 1st, 2006 special commission meetings, Resolution 2006-11 establishing the 2007 Port COLA, Resolution 2006-16 naming Michael H. Mackey as Port's delegate and Craig Larsen as the Port's alternate representative to the Wenatchee Valley Transportation Council, and Resolution 2006-17 naming Michael H. Mackey as Port's delegate and Craig Larsen as the Port's alternate representative to the North Central Regional Transportation Planning Organization.
Motion Carried.

Director's Report

Public Surplus Property Hearing on Peshastin property: Resolution 2006-18

Commissioner Mackey moved the public hearing on the Peshastin property to the first item of regular business on the meeting agenda to accommodate the schedules and time of the many guests present at the Commission meeting.

Commissioner Mackey opened the public hearing at 9:04 am. Pete Fraley provided a brief history of port ownership and briefly described the efforts of the Port to acquire the Peshastin property including the steps taken to obtain a shoreline development permit, a binding site plan for lot development, and a land variance to relocate the property's access road.

Fraley explained resolving the water rights and water issues associated with the property took 3-4 years to consolidate the water rights into the Peshastin Water District. The

service district for the Peshastin Water District includes the Peshastin mill property. The water rights issues were resolved in 2002. After the water issues were resolved, the Port began finalizing the development permits which were approved in 2003.

Even though the development application was approved in 2003, the property development comes under the rules in effect in 1998. The complete development application was submitted in 1998. In comparing the regulations of 1998 and 2003 the Port would lose 9 developable acres of property under the 2003 regulations.

Each of the three development permits for the Peshastin property has an expiration date tied to it. Both key development permits have a 5 yr time line: January and July of 2008.

The cost to complete the necessary infrastructure and satisfy the conditions of the binding site plan and the development permits is \$3.22 million, in addition to the \$350,000 the port has expended for the entry road.

The Peshastin residents have asked Chelan County to establish an Urban Growth Area (UGA). However, this will not be completed prior to the expiration of the development permits.

The Port has received a draft appraisal to retain the vested rights in follow-up to meetings with Peshastin residents. The Port has asked Chelan County about flexibility for the expiration date on the permits: would it be possible for the Port to bond for the completion of the requirements? Is the Port required to do the regulations for both development permits according to the same time frame?

The Port is treated no differently than any other applicant in the purchase and/or development of property; and is still awaiting answers to its questions from Chelan County Planning.

Fraley noted what the options for the Commission on the Peshastin mill property are:
1) Wait and let the vested rights lapse and seek new permits under the new rules for the UGA as they unfold. Basically, moth ball the site for a few years.

2) Proceed with a significant investment into the necessary infrastructure to preserve the permits.

3) Sell some or all of the property.

In order to preserve the most flexibility, staff is recommending the Commission take the first step to declare the property surplus. This does not mean to proceed with selling the property, but to leave the options open. Do what is possible to preserve the vested rights.

The staff needs to know what direction the Commission plans to go.

Pete Fraley then read Resolution 2006-18 into the record. Copy attached hereto.

Craig Larsen asked what the original purpose for purchasing the property in 1996 was.

Mark Urdahl responded there was a greater demand for light industrial heavy on technology use in the late nineties. Technology companies were flourishing; the Puget Sound area had interest for campus type developments. The Peshastin location was close to Puget Sound. The proposal originally was for Peshastin Technology Park; but then the dot com bust of early 2000s occurred.

Lisa Parks briefly explained the urban growth area process. She noted this does not

require Peshastin to incorporate as a city, and it does allow for a heavier density population, provides for infrastructure, and allows greater flexibility for land uses.

The existing permits will expire before the UGA process is complete. Whenever a UGA is established there is opportunity for a separate set of regulations of development requirements to be developed specific to the area.

The Peshastin UGA process will start in March. The sub-area planning process is not constrained by the UGA process. There will be a significant timeline for the process itself.

Commissioner Mackey asked for public comments.

Kathy Springer, a member of Peshastin Community Council, hand delivered a letter to each Commissioner and Mark Urdahl expressing concern that the Port Commission is contemplating surplus the Peshastin property without the promised notification to the Peshastin Community Council. The members of the Community Council fear the Port is breaking the public trust. The group asks the Port to delay for 12 months any decision surplus the Peshastin Mill site. A copy of the letter is attached to these minutes.

Springer noted that Peshastin Community started the UGA process at the request of the Port. The Port publicly stated that a cost analysis had been requested and a copy would be sent to Peshastin Community Council before the surplus of the property.

Springer asked Commissioners to delay any decision for twelve months and to provide covenants to set aside riverfront and wetlands for public use.

Doug Clarke, Chair of Peshastin Community Council, stated there was no public notice of today's public hearing to which Pete Fraley responded the notice was published twice on successive Friday's in *The Wenatchee World*.

The Commissioners thanked the citizens for their comments.

There being no further public comment the public hearing was closed at 9:30 am.

Motion No. 12-03-06

Moved By: JC Baldwin

Seconded By: Craig Larsen

To approve Resolution No. 2006-18 declaring the Peshastin property surplus to the plans of the Port as presented. Motion Carried.

Mark Urdahl noted this action this is not a commitment to sell the property or an intent to do so. Any further action to do anything with the property occurs in an open public meeting.

Springer asked why a copy of the draft cost analysis was not provided to the Peshastin Council. If the Port could use it for decision making, why can't the citizens use it? You said you would keep us informed.

Pete Fraley responded by saying the Port obtained only a preliminary analysis which needs to be made final. Fraley reported the Port still has not heard back from Chelan County about the possibility of bonding and the request is several months old. The Port is running out of time on the development permits. To be in time for the 2007 construction season, the design and construction of the requirements on the development permits would need to take place very soon.

Springer believes the Port broke the public trust. She should have received a courtesy call from the Port and, for public relations sake, the Port should have made a courtesy call to the Peshastin Community Council or Kathy, personally.

Craig Larsen reassured the residents present that the Port takes their concern seriously. However, he explained that voting to surplus the Peshastin property only means the Port has opened more options for the property due to the tight permit regulatory time frame.

Carnan Bergren, a member of the Peshastin advisory committee that reviewed the land use issues surrounding the Peshastin mill property, voiced concern for the Peshastin community that there will be a public process in any future decisions on the property. He asked for assurances as to how the property is developed in the future because it is important to the Peshastin community.

Bergren was reassured that during the public process there will be proper public notification and public comment so that the Peshastin Community Council Members will have an opportunity to voice their concerns and opinions.

If Peshastin is on the Port's agenda, the Peshastin Community Council requests to be notified. They want input on the Peshastin property covenants, and they want the decisions by Port Commissioners on the property to be made in public.

Mark Urdahl apologized to Kathy Springer for the apparent lack of communication, again explained that surplusizing the Peshastin property allowed Port staff to more fully explore options. He further explained the Port has been approached by interested parties to buy the Peshastin property; however, the Port is not allowed to discuss any potential outside development of the property until the property is formally and publicly surplusized. The Port would like to explore opportunities for development of the Peshastin property in the market, but the first step is surplusizing.

Certainly, no deal can be made without public comment. There is no "deal waiting to happen". The Port has not been able to have those conversations.

Commissioner Mackey recessed the meeting for a short break at 9:43 am. The meeting was reconvened at 9:49 am.

Pangborn Memorial Airport *Purchase and Sale Agreement-Wagner Property*

Commissioner Mackey announced that Mr. Baguley will be video taping the meeting.

Pete Fraley explained in November the Airport Manager, Pat Moore, became aware that the property at the corner of Union and Grant Rd was for sale. This is property that Pangborn Memorial Airport ultimately would need to acquire for the extension to a 7000 foot runway. The two Ports authorized Moore to enter into a purchase and sale agreement with Wagners, owners of said property. The feasibility and appraisal on the property have been completed.

The appraisal review determined the price at \$177,500 which is higher than the listed price of \$172,500. In order to meet FAA requirements, the airport must pay the appraised price for the property. The conditions associated with the purchase and sale agreement have been satisfied; and the FAA is in agreement with the purchase.

Motion No. **12-04-066**

Moved By: JC Baldwin

Seconded By: Craig Larsen

To authorize the Airport Manager to sign any and all closing documents necessary, consistent with the purchase and sale agreement on the Wagner Property.

Pat Moore is the Airport Manager according to a delegation of authority by the Governing Board of the Airport.

Promissory Note Agreement with Ports for purchase of Wagner Property

Fraley briefly explained a funding timeline issue for the purchase of the Wagner property from the 2007 funding process for July of 2007. The airport does not have sufficient funds to purchase. The Port of Chelan County agrees to make a \$182,500 bridge loan to facilitate the purchase of the property.

Fraley also explained the amendment to the Ports Joint Operating Agreement that allows for respective Ports to make loans to Pangborn Memorial Airport.

Motion No. 12-05-06

Moved By: Craig Larsen

Seconded By: JC Baldwin

To authorize the Executive Director to sign the Promissory Note Agreement for the purchase of the Wagner Property on behalf of the Port of Chelan County.

Motion Carried.

Motion No. 12-06-06

Moved By: Craig Larsen

Seconded By: JC Baldwin

To authorize the Airport Manager to sign the Promissory Note Agreement for the purchase of the Wagner Property on behalf of Pangborn Memorial Airport.

Motion Carried.

Ray's Tractor Building Lease

Pete Fraley explained as part of the Ports' Joint Operating Agreement, the Port of Chelan County is responsible for airside operations of Pangborn Airport, and the Port of Douglas County is responsible for the industrial side. This is a lease on the industrial side that ran to the Port of Chelan County. When the lease expired, it was decided the Port of Douglas County should lease the land and the building from Pangborn. The land lease rate is established by the JOA. The building lease was first. The Port of Douglas County made an investment into the building which is offset in the building rent: a year term with two five year renewals and annual CPI adjustments throughout the life of the lease.

Motion No. 12-07-06

Moved By: JC Baldwin

Seconded By: Craig Larsen

To authorize the Airport Manager to sign a 20 year lease with the Port of Douglas County on behalf of Pangborn Memorial Airport.

Motion Carried.

Interlocal Agreement with Douglas County

Pete Fraley explained this agreement is the culmination of a two year process. Right after the JOA was amended, one of the issues was the process for airside improvements such as hangars. The old agreement needed to be updated. The airside property can not be sold: it is tied up with FAA grants and assurances. This property has a different set of restrictions than the average property.

It was at this point the Ports realized it was time to update the understanding with Pangborn Airport and Douglas County. With the new Interlocal Agreement the hangar leases will continue to be processed as they have been: there must be a lease in place, and FAA 7460 process must be followed. Douglas County will process the building permit; however, preconditions must be met.

In order to address the issue of any delinquent taxes when a lease expires, the Airport and the County agreed upon a process. As part of its leasing process,

Pangborn will establish a reserve account. The parties agreed upon an exchange of notice before Douglas County takes any action on delinquent taxes.

Hangar leases are traditionally 30 years with annual adjustments for CPI. Lease rates can be reviewed every 5 years.

Motion No. **12-08-06**
Moved By: *JC Baldwin*
Seconded By: *Craig Larsen*

To approve the interlocal agreement with Douglas County in the form presented.
Motion Carried.

Update

Moore reported the ILS is actually doing its job. The majority of pilots are using the ILS for guidance into the airport. ILS will enhance the aircraft landing safety at the airport. Moore briefly explained the ILS landing procedures for Pangborn.

Moore reported the car rental agencies at the airport are doing very well this year which translates into increased business travelers.

Commissioners complimented Moore on her management of the airport and its many issues.

Moore announced there will be an informational workshop on the airport's citizens' advisory committee' recommendations on January 17th; and a hearing before Douglas County Planning Commissioners on Feb 21st.

Bruce Baguley will send his information on this issue to the Port.

Confluence Technology Center

Update

Laura Jaecks briefly reviewed her written report to Commissioners. She then reviewed the proposal by Avidex on updating of the Executive Boardroom technology. Most recent proposal is dated December 7. The modifications to the Executive Boardroom are necessary to put it on par technologically with other meeting rooms in the CTC. This proposal will provide access to video conferencing from the Executive Boardroom.

The Chelan County PUD had previously installed video conference equipment and technology in the Executive Board Room; however, they recently pulled the equipment out of the room.

Jaecks reported that in spite of the Yahoo construction, the CTC has seen an increase in the use of meeting space. This new equipment in the Executive Boardroom will increase the flexibility for potential users. The estimate of cost is \$78,150 which does not include sales tax or shipping. This modification will actually be an increase in the quality of the projectors in the room.

The proposal includes a one year's maintenance on the equipment. Jaecks is in the process of finalizing a maintenance contract on the newly installed projectors in the video conferencing center which had been delayed due to the resolution of a couple of outstanding issues. The maintenance contract will start in 2007.

The modifications in the Executive Boardroom will tie into the CTC production room and be integrated into the video conference system.

Jaecks reported as far as capacity for the video conference center is concerned the CTC could double the business done prior to full capacity being reached: 30-40 meetings per month.

Before end of the year, Jaecks is planning a call with University of Washington/ Evans Public Affairs School to test for potential classes at CTC.

Jaecks requested approval for Avidex project. This project is not considered a public work.

Motion No. 12-09-06

Moved By: JC Baldwin

Seconded By: Craig Larsen

To authorize the CTC manager to sign the contract with Avidex to upgrade the technology in the Executive Boardroom as presented. Motion Carried.

Bruce Baguley asked about WiFi capability. The CTC is WiFi capable.

Review of Port credit card and promotional hosting policies

Monica Lough and Carleen Elliott reviewed the credit card and promotional hosting policies for the Port.

Lough explained the per diem rates for the Port of Chelan County are in excess of other ports. The local state auditors have signed off on the higher amount for the Port of Chelan County. In the audit process, the auditors review whether or not the Port of Chelan County is following its policy. The Port has been and this has not shown up as a problem in the Port's audits.

Promotional hosting is different from travel and business expenses. Promotional hosting is more flexible. However, accounting must have itemized receipts for the expenses. State auditors want detail on the meal receipts along with the VISA receipt.

Parking tickets and moving violations are not covered in the policy, and they are not reimbursable by the port.

Gas cards for Port vehicles. All receipts need to be turned in along with the card it was used for and the mileage. The Port should institute mileage logs in all Port vehicles.

Pete Fraley reported the FAA has an issue with the City of Chelan having been the sole sponsor on FAA grant applications for the Lake Chelan Airport which the Port of Chelan County co-owns with the City of Chelan. Pete will suggest some changes/revisions to the JOA with the City of Chelan to address this.

The Port of Chelan County will operate with the City of Chelan on the Chelan Airport the same as it does with Port of Douglas County at Pangborn. The Port will be a co-sponsor.

Commissioner Mackey stated he wants the Port of Chelan County to be more involved and aware of what is going on at the Lake Chelan Airport. The Port pays 70% of the costs and should be more involved in the decision making at the airport.

Pat Moore asked if the Lake Chelan airport had minimum standards for operation. If they do, the Port could be more assured that the Lake Chelan airport is operating in an accepted standard process.

Commissioners suggested perhaps Pat Moore could assist the Port of Chelan County in assessing the minimum standards issue at the Lake Chelan Airport.

Calendar

Special Commission Meeting	Columbia Station	09-01-06
Governor's Economic Development Conf	Spokane	9/6-9/8-06
Cashmere City Council Meeting	Cashmere	09-11-06
CTC Condo Board Meeting	CTC	09-12-06
Cashmere Site Meeting	Cashmere	09-12-06
NCRTPO	Chelan	09-13-06
Staff Requested Meeting	Port	09-19-06
WVTC Funding Meeting	Wenatchee	09-21-06
Meeting with Cashmere Chamber Board	Cashmere	09-26-06
Meeting with Mike Armstrong	Manson	09-27-06
Good Roads Assn Conference	Wenatchee	09-29-06
Lake Chelan Grape Growers Assn Mtg	Chelan	10-09-06
Lake Chelan Chamber Luncheon	Chelan	10-09-06
Port/Chelan Co PUD Update Meeting	CTC	10-10-06
Special Commission Meeting	Port	10-10-06
Joint Meeting with Port of Douglas	Port of Douglas	10-11-06
NCRTPO Meeting	Chelan	10-11-06
Wenatchee Valley Transportation Council	Wenatchee	10-12-06
Meeting with Leavenworth Chamber Board	Leavenworth	10-12-06
Meeting with Cashmere Chamber Board	Cashmere	10-12-06
Cashmere Chamber Meeting	Cashmere	10-17-06
Special Commission Meeting	Port	10-18-06
Meeting with City of Chelan	Chelan	10-23-06
Meeting for Ribbon Cutting Event	CTC	10-23-06
PMA Governing Board Meeting	Pangborn	10-24-06
LCGGA Meeting on AVA Application	Chelan	10-25-06
Central WA Technology Summit	CTC	10-26-06
WPPA Small Ports Seminar	Leavenworth	10-27-06
Budget Meeting	Port	10-31-06

Motion No. 12-10-06

Moved By: JC Baldwin

Seconded By: Mike Mackey

To approve calendar for September and October for commissioners and staff as presented with Craig Larsen abstaining due to absence on the commission.

Motion Carried.

The regular session recessed to break at 10:55 am.

Executive Session

The meeting reconvened to adjourn to executive session to discuss real estate matters at 11:03 AM. Regular session reconvened at 11:37 am.

Jon Eberle provided an update on Cashmere property purchase and sale agreement process. A discussion of the property rezone request by the City of Cashmere ensued. No action was taken

A brief discussion regarding the Port's involvement at the Lake Chelan airport ensued. No action was taken.

Pete Fraley provided a brief review of the Pangborn Airport Grant Road realignment issues and history of the runway extension issues. No action was taken.

The meeting was adjourned at 12:11 pm with no action taken.

Dated and approved: January 3rd, 2007.

BOARD OF COMMISSIONERS

Michael H. Mackey, President
JC Baldwin, Vice President
Craig N. Larsen, Secretary