

**MINUTES OF THE PORT OF WALLA WALLA
COMMISSION MEETING
Thursday, June 10, 2010**

The meeting of the Port of Walla Walla was called to order by Commission President Mike Fredrickson. Commissioner Fredrickson conducted a workshop session from 11:30 to 12:50 p.m. The workshop session included a tour of Airport Building #507-A located at 315 Cessna Avenue and lunch at El Sombrero Restaurant, 428 Ash Street, Walla Walla, Washington.

At 1:00 p.m. Commissioner Fredrickson convened the regular Commission Meeting at Port of Walla Walla offices, 310 A Street, Walla Walla Regional Airport, Walla Walla, Washington.

In attendance for the meeting were:

Mike Fredrickson, Commissioner
Paul Schneidmiller, Commissioner
Ron Dunning, Commissioner
Jim Kuntz, Executive Director
Becky Hulse, Executive Assistant
Jennifer Skoglund, Airport Manager
Gary Stewart, Maintenance & Operations Supervisor
Alan Schroeder, Anderson Perry & Associates, Inc.
Bill Hicks, WSDOT
Brian White, WSDOT
Tricia Butler, Citizen
Bill Frazier, BiKay Farms
Alex DeMambro, USKH
Dr. Fred Bennett, Retired Port Commissioner
Darren Brinson, Airport Maintenance Department

APPROVAL OF MINUTES

Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion that the minutes of the Port Commission meeting held on Thursday, May 27, 2010 be approved as mailed. Motion unanimously carried.

PUBLIC COMMENTS

There were no public comments.

OLD BUSINESS

A. Port of Walla Walla

1. Burbank Sewer Plan Update

Alan Schroeder, Anderson Perry & Associates, Inc., provided Commissioners with an update on the Burbank sewer study. Sewer discharge alternatives under consideration are a Columbia River discharge, Lower Snake River discharge, wetlands discharge, or connecting to the City of Pasco sewer system. Executive Director Kuntz reported on a recent conversation with Gary Crutchfield, City of Pasco Manager. The estimated cost for the City of Pasco alternative is approximately \$2.6 million. Commissioners expressed an interest in further pursuing this option. Kuntz reported he will send a detailed letter to the City of Pasco requesting further consideration.

2. Isaacs Business Park - Drainage

Commissioners were informed off-site water continues to drain into the Port's Isaacs Business Park. During the past weekend, the Port had to rent pumps to dewater the drainage ditch into drainage swells located in back of the property. The City of Walla Walla has been trying to identify if their nearby water transmission lines are contributing to the problem. Executive Director Kuntz recommended the Port consider installing a large drywell and pumping system to alleviate the problem. Commissioners directed staff to continue monitoring the situation and report back at the next Port Commission meeting.

3. **Burbank Borrow Pit**

Executive Director Kuntz briefed Commissioners on a detailed technical memo prepared by Landau & Associates concerning the history of the borrow pit pond located within the Port's Burbank Business Park. The pond was created in 1984 by the Washington State Department of Transportation to obtain excavation materials for improvements to U.S. Highway 12. The purpose for the technical memo was to determine if the borrow pit could be filled and/or if state or federal agencies had regulatory jurisdiction over the site. Kuntz reported the pond was likely hydraulically connected to the Snake River which would give the Army Corps of Engineers jurisdiction. In addition, the pond contains some wood ducks which are a priority species in the state of Washington. Commissioners decided to retain the borrow pond and asked staff to determine if the area could be enhanced with walking paths and improved water quality thereby making it a positive attribute to the proposed business park.

4. **Burbank Water Works Building Wall Rebid**

Commissioners reviewed the two bids received to install a wall within the Burbank water treatment building. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion awarding the low bid to Thad Sirmon Construction at a cost of \$6,876.36 including tax. Motion unanimously carried.

5. **Wallula Gap Business Park – Farming Plan**

Executive Director Kuntz updated Commissioners on efforts to transition the Poplar tree farm into traditional ag irrigated crop circles. Kuntz reported water quality tests will be taken within the next several weeks. Commissioner Dunning

reported on a group interested in potentially planting a cane crop on the property using drip irrigation. Kuntz suggested the Port proceed with receiving bids to remove the old brush piles. Commissioners authorized staff to proceed with obtaining bids.

6. Burbank U.S. Highway 12/124 Project Frontage Road Agreement

Brian White and Bill Hicks from WSDOT reviewed with Commissioners two Industrial Park/Frontage Roads to be built by WSDOT for the Port as part of the U.S. Highway 12/124 Interchange Project. Due to the benefit the Port will receive, WSDOT does not plan on purchasing the property from the Port to construct the roads. Commissioner Fredrickson asked that the Frontage Road agreement include a memorandum outlining the benefits the Port is receiving regarding the Frontage Road agreement and such benefits exceed the value of the land under the new roads. Executive Director Kuntz also recommended that other issues regarding utility conduits, the waterline extension and entryway signage be fully detailed in a similar agreement.

7. Schnitzer Steel – Former Gen-X Building

Commissioners were informed Schnitzer Steel has expressed a preliminary interest in leasing the former Port-owned Gen-X building to start a non-ferrous metal business. Executive Director Kuntz reviewed with Commissioners a draft term sheet. Commissioners made several changes and authorized the Executive Director to submit the revised term sheet to Schnitzer Steel for their consideration.

B. Walla Walla Regional Airport

1. Airport Restaurant

Airport Manager Skoglund briefed Commissioners on efforts to transition to a new airport restaurant operator. The airport is currently installing a new floor in the kitchen area, cleaning all existing restaurant equipment and getting bids to repair some of the equipment. Price quotes for new pieces of restaurant equipment that may be needed by the new restaurant operator are also being obtained. Skoglund reported that all costs should be determined and ready for Port Commission action at the June 24th Port Commission meeting.

2. Gagnon Claim

Commissioners were informed Justin Gagnon has agreed to the proposed settlement agreement as outlined in the Port's letter dated May 13, 2010. Port Counsel Tom Baffney will prepare the final settlement agreement.

NEW BUSINESS

A. Port of Walla Walla

1. Draft – Revised Burbank Business Park Water System Rates

Executive Director Kuntz reviewed with Commissioners the current water rate schedule for customers of the Port's Burbank water system. Kuntz suggested Commissioners may want to increase the water rates. Commissioners also reviewed a listing of what each customer is currently paying on a monthly basis. Commissioners elected not to increase Burbank water rates in fiscal year 2010.

2. Shakespeare Uncork'd

Commissioners reviewed a letter from Shakespeare Uncork'd seeking \$1,000 grant to advertise their Walla Walla event in the Tri-Cities market. Commissioner

Dunning moved and Commissioner Fredrickson seconded the motion to approve a \$1,000 tourism grant. Motion unanimously carried.

B. Walla Walla Regional Airport

1. Lease Agreement – Reiff Manufacturing New Building

Commissioners reviewed draft business terms of the Port building and leasing to Reiff Manufacturing a new metal building at the Walla Walla Regional Airport. A portion of the funding will come from insurance proceeds from a recent fire at Reiff Manufacturing. Commissioner Fredrickson recommended that the lease should contain minimal rental rates for the new building regardless of the amount of insurance proceeds that are ultimately available for the new building.

Commissioner Schneidmiller and Dunning concurred. Executive Director Kuntz stated he would re-draft the business terms for Commissioners further review.

2. PocketiNet Entryway Door Bid

Commissioners reviewed the three bids received to install an entryway door for PocketiNet’s second floor offices at the Walla Walla Regional Airport Terminal Building. Commissioner Dunning moved and Commissioner Schneidmiller seconded the motion to award the low bid to Keva Construction at a cost of \$5,848.20 including tax conditioned on PocketiNet paying one half of the costs. Motion unanimously carried.

3. Draft Revised Rental Rate Schedule - Airport Properties

Airport Manager Skoglund reviewed with Commissioners a draft proposal to increase rental rates for certain types of properties at the Walla Walla Regional Airport. Rental increases are being proposed for T-hangars, terminal building

conference room rental fees, motor pool storage area, and water & sewer fees.

Commissioners established the first meeting in July to accept tenant input on the proposed rate increases.

4. Lease Agreement Modular Food Systems, LLC – Building 507-A

Commissioners reviewed the proposed terms and conditions of leasing Building 507-A to Modular Food Systems. Airport Manager Skoglund reported on improvements needed to the building and which improvements would be performed by the airport and which improvements would be completed by the tenant. Commissioners expressed initial support for the proposed lease agreement, however, requested staff obtain more definitive costs that would be incurred by the airport. In addition Commissioners wanted financial information regarding the tenant's ability to perform.

5. Bi-Kay Farms – Lease Renewal

Executive Director Kuntz reported Bi-Kay Farms lease to farm the airport property expires at the end of harvest 2010. Kuntz reported Bi-Kay Farms has done an outstanding job at the airport and publicly thanked Bill Frazier for his efforts. Commissioner Dunning moved and Commissioner Schneidmiller seconded the motion authorizing the Executive Director to enter into a new five year farm lease agreement with Bi-Kay Farms subject to the crop share split remaining unchanged. Motion unanimously carried.

6. Walla Walla Gun Club Update

Executive Director Kuntz briefed Commissioners on existing terms and conditions contained in the airport's lease agreement with the Walla Walla Gun Club.

7. **Elias Alonso's Request to Cash Out Vacation Time**

Commissioners were informed airport maintenance employee Elias Alonso has requested to cash out one week's accrued vacation even though he does not meet the criteria in the Port's personnel policy. His request is due to financial constraints. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion authorizing the one week cash out as a one time only approval. Motion unanimously carried.

CORRESPONDENCE & REPORTS

A. **Leases Entered into by Administrative Staff**

Commissioners reviewed a listing of leases entered into and/or renewed by administrative staff from May 28, 2010 through June 10, 2010.

B. **May Passenger Enplanement Report**

Commissioners reviewed the May Passenger Enplanement Report for Horizon Air.

Passenger enplanements were only down 7.6% from a year ago even though the flight schedule has been reduced from three flights per day to two flights per day.

Commissioner Schneidmiller reported the trend over the last few months has been positive and will help Horizon meet its profitability objectives.

C. **Calendar of Events**

Commissioners and staff reviewed upcoming events.

The meeting was adjourned at 5:40 p.m.

APPROVED:

PORT OF WALLA WALLA COMMISSIONERS

MICHAEL FREDRICKSON, PRESIDENT

PAUL H. SCHNEIDMILLER, VICE PRESIDENT

RONALD W. DUNNING, SECRETARY