



Port of Skagit

Regular meeting of the Port Commission

Tuesday, October 12, 2010 9:00 AM

MINUTES

PRESENT: Commission - Kevin Ware, Jerry Kaufman and Bill Shuler

Staff - Patsy Martin, Scott Peterson, Kristin Garcia, Sara Young, Carl Molesworth, Paul Mattos, Bob Nord, Heather Moses, Karmen Hardy and Debbie Hamilton

Others - No public in attendance

CALL TO ORDER

Commissioner Ware called to order the October 12, 2010 regular meeting.

Changes or additions to the agenda as follows:

There was a motion and second to amend the agenda to include the following:

New Business

- 1. TENANT: BBIP; Young, Todd (dba: The Connexion) Lease dated 9/1/06 - Approve Assignment of Lease and Consent Thereto**
- 2. TENANT: Airport; Alyeska Ocean Aviation, LLC; 11694 Higgins Airport Way, Lot #5; Lease Agreement dated 10/01/07 – Approve Estoppel Certificate, First Amendment and Assignment of Lease and Consent Thereto.**

Executive Session to discuss potential litigation. Executive Session expected to last 20 minutes. Action may or may not be taken following the executive session.

CONSENT AGENDA – Port of Skagit

Public Communications

September 14, 2010 Regular Meeting Minutes

Fiscal Report

ADMIN: EDASC Service Agreement (2011)

ADMIN: NARF; 2010 Third Quarter Billings and Reports

COMMISSION ACTION: The commission unanimously approved the consent agenda.

OPEN FORUM

No comment during open forum.

STAFF REPORTS

ADMIN: Audit Update (2010) – Status Update (Oral)

Kristin Garcia reported the state auditor’s office has completed the audit of the 2009 fiscal year. The auditor’s office has no recommendations and no findings and will not require an exit interview. They will issue a report in October. Kristin thanked staff and emphasized that no exit interview is quite an accomplishment.

ADMIN: Brand Strategy Colleague Training (2010) – Status Update (Oral)

Carl Molesworth reported that Duane Knapp facilitated two Brand Strategy Port Colleague training sessions on Thursday, September 23, 2010. He reported it was a successful event.

Commissioner Shuler attended the training and was quite pleased with the training and its outcome. Commissioner Ware would like to attend the next scheduled session.

ADMIN: North Cascade Institute Retreat; November 8-9, 2010 – Status Update (Oral)

Patsy Martin requested the commission review the draft agenda for the North Cascade Institute Retreat (NCI). Staff will provide the final agenda to the commission prior to the November 8 retreat.

ADMIN: Preliminary 2011 Budget – Status Update

Kristin Garcia reported that staff is working on the 2011 budget by each port enterprise and working it into the overall port 6 year plan. The executive director and finance director have reviewed the preliminary budget with each commissioner, notice has gone out that the Port Commission will conduct a public hearing on the 2011 preliminary budget at the regular commission work session of October 19, 2010 at 9:00 a.m. On November 16, 2010 at 9:00 a.m., a regular commission work session will be held for the purpose of fixing and adopting the final budget for the Port of Skagit for fiscal year 2011.

ADMIN: Tenant Employment Census (2010) - Update

Patsy Martin reported on the 2010 third quarter tenant employment census report. Port wide employment is down 2.2% from 954 to 933 for full time employees, and part time employees decreased 57% from 265 to 114. Nordic Tugs and Holloman Group, LLC are closed at this time. The next census will be conducted in April 2011.

AIRPORT: Airshow Event (2011) – Status Update

Patsy Martin reported that the Port has been involved with the bi-annual airshow and fly-in at Skagit Regional Airport since 2005. The next event would be held in 2011 according to the bi-annual schedule to coincide with the Skagit Valley Tulip Festival. Staff met with Skagit Airport Support Association (SASA) to discuss plans for the next event. At this time, there is a lack of volunteers and staff time to adequately conduct the event. There is, however, a desire among SASA membership to retool the event as a more community and youth oriented event.

Event planning needs to be considered with two upcoming airport construction projects.

MARINA: Occupancy Report; September 2010

Paul Mattos reported that many tenants are removing 30' boats and under for the winter months. Presently, there is a wait list for the 40' open slips. The La Conner Marina gained 32 boats from the Seattle Boat Show promotion. Those boats remain in the water from February 2010 to February 2011.

Discussion regarding future planning for the marina.

TENANT: Airport; Building Information; 15426-B Airport Drive; Building Upgrade (2010); Safety Issues – Discussion

Sara Young reported that the port considers a viable restaurant located in close proximity to the airport flightline to be an essential service at the airport. The port purchased the existing restaurant building located on Airport Drive in 2007, shortly after the former Crosswinds Restaurant closed.

With the completion of most of the renovations staff desires to facilitate a discussion with the commission regarding safety concerns.

Discussion.

Staff has worked diligently to establish a strong working relationship with the FAA by endeavoring to meet current safety standards on the airport, while planning for future growth.

The commission would like staff to have the airport engineer evaluate and make a recommendation.

NEW BUSINESS

ADMIN: Salary ranges (2010) – Adopt Resolution

In 1995 and 1996, the commission adopted a compensation policy whereby salary and wage ranges were adopted. At that time, the commission directed the salary and wage ranges to be adjusted each year by the consumer price index (CPI) and a salary and wage range review be conducted every three years.

The salary and wage range survey for 2010 was completed by port staff. Initial salary research began with the port's participation in the 2010 Milliman Washington Public Employers Salary Survey. The 2010 Milliman Puget Sound Regional Salary Survey was also used. Port staff also gathered information for the Port of Anacortes, Port of Bellingham, Port of Everett, City of Burlington and City of Anacortes.

COMMISSION ACTION: The commission unanimously approved resolution 10-22 which:

- 1.) Establishes salary and wage ranges, for 2011, by adopting the document "Port of Skagit County, Salary and Wage Ranges, Effective January 1, 2011."**
- 2.) Directs the salary and wage ranges to be adjusted each year on January 1, based upon the CPI.**
- 3.) Provides for another salary survey in three years.**

TENANT: Airport; Building Information ; 15426-B Airport Drive; Building Upgrade (2010) – Approve Budget

Scott Peterson reported that at the July 6, 2010 meeting, the commission unanimously approved a budget estimate for improvements to the former Crosswinds Restaurant in the amount of \$150,000. The bulk of the renovations are now complete; however, the Skagit County Health Department mandated a number of improvements relating to safety issues which necessitated additional costs. The additional work has exceeded the approved budget. Staff requested an additional budget amount of \$22,500 for improvements to the restaurant facility.

COMMISSION ACTION: The commission unanimously approved additional budget estimate for improvements to the restaurant facility in the amount of \$22,500 and authorized staff to take such other steps as are necessary to carry out the intent of this action.

TENANT: Airport; Unit Owners Association of Bayview Condominium, Inc. (previously Dean Holt Construction, LLC); Lot 18; Lease dated 7/01/10) – Approve Lease

Patsy Martin reported that in 2008 the Port developed a standard form airport lease that was executed by all airport land lessees except for Unit Owners Association of Bayview Condominium Inc. At that time they were unsure of the Port's future plans and reluctant to change from their current lease. They have now reconsidered and requested the standard form airport lease.

Due to increased environmental regulations and the need for improved landscaping, staff recommends an updated standard form airport lease with the addition of these two provisions.

COMMISSION ACTION: The commission unanimously approved an updated standard form Airport lease with Unit Owners Association of Bayview Condominium, Inc. and authorized the commission and staff to take such other steps as are necessary to carry out the intent of this action.

TENANT: BBIP; Holloman Group, LLC; 11656 Knudson Road; Lease Agreement dated 8/12/08 – Approve Termination Agreement

Patsy Martin reported that the commission approved a lease with Holloman Group, LLC for the new building located at 11656 Knudson Road commencing on March 1, 2010. Due to the condition of the economy, The Holloman Group, LLC has closed its doors.

Staff is in the process of negotiating a Termination Agreement.

Discussion.

Staff and commission will discuss the parameters of the Termination Agreement during Executive Session.

TENANT: BBIP; Young, Todd (dba: The Connexion) Lease dated 9/1/06; Approve Assignment of Lease and Consent Thereto

Scott Peterson reported on June 1, 2008, Todd Young (dba The Connexion) signed a restated lease agreement with the Port. The tenant has requested an assignment of lease as he became

incorporated on September 1, 2006 and is no longer operating as Todd Young (dba The Connexion), an individual.

COMMISSION ACTION: The commission unanimously approved the assignment of lease and consent thereto from Todd Young (dba The connection) to The Connexion, Inc.

TENANT: Airport; Alyeska Ocean Aviation, LLC; 11694 Higgins Airport Way, Lot #5; Lease Agreement dated 10/01/07

Patsy Martin reported Alyeska Ocean, Inc. and Corporate Air Center (CAC) have entered into a contract of sale and loan agreement to be secured by Corporate Air Center's assets, including its various interests in the leasehold properties. In order to conclude the transaction, Alyeska Ocean, Inc. has requested the port approve the estoppel certificate, 1st amendment to lease agreement and assignment of lease and consent thereto from Alyeska Ocean, Inc. to Corporate Air Center, LLC.

Brad Furlong reviewed the estoppel certificate with the commission.

COMMISSION ACTION: The commission unanimously approved:

- 1.) Estoppel Certificate and the First Amendment to the Lease Agreement, both to include the additional provisions to address environmental regulations and landscaping.**
- 2.) Assignment of Lease and consent thereto from Alyeska Ocean, Inc. to Corporate Air Center, LLC and**
- 3.) Authorize staff to carry out the intent of the action.**

GOOD OF THE ORDER

No comments.

RECESS

The commission recessed the regular meeting at 10:30 a.m.

EXECUTIVE SESSION

The commission entered into executive session at 10:40 a.m. The session is expected to last approximately 20 minutes. The purpose of the executive session is to discuss potential litigation. Action may or may not be taken following the executive session.

The executive session ended at 11:00 a.m.

COMMISSION ACTION: The commission unanimously approved the Termination Agreement with The Holloman Group, LLC., and authorized commission and staff to take such other steps as are necessary to carry out the intent of this action.

Commissioner Ware called for a motion to adjourn.

ADJOURNMENT

The commission adjourned the regular meeting at 11:01 a.m.

ADOPTED IN OPEN SESSION this 9th day of November, 2010 and duly authenticated by the signatures affixed hereto.

PORT OF SKAGIT COUNTY

Signature on File

Commissioner

Signature on File

Commissioner

Signature on File

Commissioner