

PORT OF SKAGIT COUNTY

Work Session of the Port Commission

Tuesday, April 14, 2009 9:00 AM

MINUTES

PRESENT: Commission - Glenn Allen and Jerry Kaufman
Staff - Patsy Martin, Scott Peterson, Kristin Garcia, Sara Young, Karmen Hardy, Bob Nord, Paul Stannert, Debbie Hamilton, Brad Furlong and Walt Meagher
Others - See Sign-in Sheet

APPROVAL OF MINUTES

No minute approval; March 10, 2009 Work Session cancelled.

Changes or additions to the agenda as follows:

None.

Issue 1: TENANT: Marina; TOMCO Marine Group Inc.; Lease Approval 2/1/200 – Tenant Austerity Program

Patsy Martin reported that Tomco would like to apply for the Tenant Austerity Program (TAP) that was developed as a provision for port tenants facing financial hardship due to the economy.

Scott Peterson and Kristin Garcia reported that staff met with Tomco and have completed financial due diligence. Tomco has a good financial plan in place and are a long term, stable tenant. Staff concluded, based on their review, that Tomco qualifies for the program.

Tomco currently has 35 employees down from 45 a year ago. They plan to keep this level of staffing if possible and believe the Tenant Austerity Program will help them survive the economic downturn.

Discussion

COMMISSION ACTION: The commission unanimously authorized staff to prepare an amendment to the Tomco lease agreement to reflect the Tenant Austerity Program, including a repayment schedule, effective May 1, 2009.

Issue 2: AIRPORT: Business Plan (2009) (oral)

Patsy Martin reported that staff has begun the process of developing 50-year business plans for the Skagit Regional Airport, Bayview Business Park and La Conner Marina. The purpose of these plans is to first establish a clear vision for the future of these properties and then to provide an effective plan to achieve that vision. The Skagit Regional Airport Business Plan will be the first plan developed for the Port's three key properties. The Business Plan will serve as the primary financial guidance document, outlining criteria for development or purchase of buildings, funding mechanisms, and operational goals. Staff began with the airport business plan and developed 3 scenarios:

Scenario 1

The Port develops as much of the airport using public funds (bond financing and tax dollars) as cash flow will allow within the 50-year planning period. At the end of the 50-year planning period, this scenario results in cash deficit. Significantly, results of this scenario demonstrated that development of the airfield beyond Lot 72 is not possible within the 50-year period given the current limits of public financing.

Scenario 2

The Port develops the airport using a combination of public funding and private investment. This scenario generates positive cash flow in 2023, which rapidly increases each year thereafter, resulting in significant cash reserves by the end of the 50-year period.

Scenario 3

The Port develops the airport using private investment to complete new construction and a small amount of taxpayer and debt financing to purchase buildings. This approach provides positive cash flow by the year 2016 and continues this trend through the 50-year planning period.

Staff requested direction from the commission regarding next steps for the business plan. Discussion and feedback as follows:

1. Time frame – How much development must occur in fifty years to implement our vision?
2. Look at Hillsboro Airport
 - What has made them successful?
 - How can we grow like them?
 - Zoning
 - Development Standards

- Minimum Standards
 - Incentives
 - Field trip to west side of Wenatchee (field trip). Take other community leaders.
3. Look at assumptions in business plan model
 - Why can the private sector be successful at leasing on Lot 72 and the port not?
 - What are the differences?
 - What has lease rate growth looked like for executive hangars region-wide?
 - Look at assumptions in purchasing 20,000 square feet of hangar space every ten years – what is the price – is this realistic?
 4. What will purchase clause look like?
 5. What will purchase criteria look like?
 6. What size runway can port property accommodate? What types of buildings need to be built along runway 10/28?
 7. Is there a role for private investment?
 8. How much public financing is available/acceptable and what does this do to future development of the other economic units?
 9. Condominium Associations – How can they work better than they do today?

Issue 3: MARINA: Town of La Conner; Marina – Commercial (oral)

Scott Peterson and Paul Stannert reported on recent participation and development of a TV commercial with the Town of La Conner and the La Conner Chamber of Commerce. Both felt the project went well and the finished product highlights the Town of La Conner and the La Conner Marina.

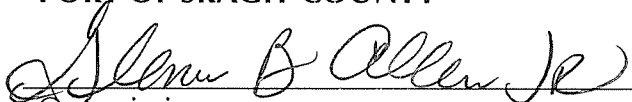
Discussion and presentation of the video/ad spot.

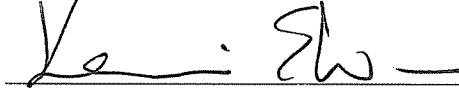
ADJOURNMENT

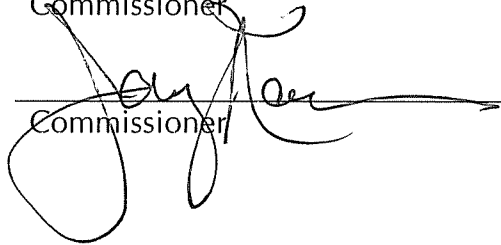
The commission adjourned the work session meeting at 9:43 a.m.

ADOPTED IN OPEN SESSION this 12th day of May 2009 and duly authenticated by the signatures affixed hereto.

PORT OF SKAGIT COUNTY


Commissioner


Commissioner


Commissioner