



# Port of Skagit

**Regular Meeting of the Port Commission  
Tuesday, May 8, 2012 3:00 PM**

## MINUTES

PRESENT: Commission - Steve Omdal, Kevin Ware and Bill Shuler  
Staff - Patsy Martin, Scott Peterson, Kristin Garcia, Sara Young, Carl Molesworth, Bob Nord, Paul Mattos, Karmen Hardy, Debbie Hamilton and legal counsel, Brad Furlong  
Others - See Sign in Sheet

## CALL TO ORDER

Bill Shuler called to order the May 8, 2012 regular meeting of the port commission.

## Changes or additions to the agenda as follows:

1. New Business - ADMIN: Customer Deposits; Account Closure; Bank of America (2012) – Adopt Resolution
2. Staff Report - ADMIN: Marketing Plan (2012) – Status Update
3. ASSOC: City of Sedro Woolley Chamber of Commerce Sponsorship (2012)
4. TENANT: BBP; Hexcel Corporation; 11768 Westar Lane, Unit K; lease dated October 1, 2008 – Status Update

## CONSENT AGENDA

Public Communications  
April 10, 2012 Regular Meeting Minutes  
Fiscal Report

**COMMISSION ACTION: Commissioner Ware moved to adopt the consent agenda, seconded by Commissioner Omdal. Motion carried unanimously.**

## **OPEN FORUM**

Commissioner Shuler opened the floor for public comment.

Hearing none, the floor was closed.

## **STAFF REPORTS**

### **ASSOC: City of Sedro Woolley Chamber of Commerce Sponsorship (2012)**

Carl Molesworth introduced Pola Kelly and Elizabeth Fernando of the Sedro-Woolley Chamber. They were present to thank the commission for the Port of Skagit sponsorship and present the commission with a letter of thanks and plaque.

### **ADMIN: Cash Flow/Budget to Actual Report; Ending March 31, 2012 - Update**

Kristin Garcia reported on the Budget to Actual report ending March 31, 2012.

### **ADMIN: Comprehensive Scheme of Harbor Improvements; Adopt Plan - Update**

Patsy Martin reported that pursuant to RCW 53.20 the Port Commission must adopt a Comprehensive Scheme of Harbor Improvements (CSHI) prior to commencing improvements within the port district.

Staff has revised and updated the CSHI to serve as the overall guide to capital improvement planning within the port district over the next 20 years. Moving forward, the CSHI will be amended at the following times:

- (1) Annually with the adoption of the port budget and Capital Improvement Plan to incorporate current capital project plans for the coming year;
- (2) Whenever the Port budget is amended mid-year with respect to capital projects by the Port Commission; and
- (3) Whenever a master plan is adopted or updated by the Port Commission.

A public hearing will be held prior to approval of the document at the retreat meeting in June.

### **ADMIN: Envision 2060 – Update (Oral)**

Patsy Martin reported that several staff members and the port commissioners attended Skagit County's Envision 2060 informational meeting which was held April 26, 2012.

Patsy Martin stated the City of Mount Vernon has invited her and a commissioner to participate in a planning meeting regarding 2060. One of the commissioners will attend with Patsy.

Discussion.

### **ADMIN: Tenant Employment Census (2012) – Review Report**

Patsy Martin reported that staff has completed the first quarter employment census report. Port-wide employment is up 1.5% from 801 to 813 for full time employees, and part time employees decreased 12.2% from 164 to 144. Vikima, Impressions Worldwide, Inc. and Maritime Fabrications experienced at least 20% growth in employment this past year.

### **ADMIN: Tenant Networking Event (2011) – Event Report (Oral)**

Scott Peterson reported that the April 26, 2012 Tenant Networking event was a success; approximately 30 people were in attendance. Zach Battle of Mavrik Marine presented Mavrik's success story. Staff will be hosting this event 4 times a year.

### **AIRPORT: Minimum Standards (2012) – Update**

Patsy Martin reported that the Port first adopted airport minimum standards in 2006. The Minimum Standards were established to provide the threshold entry requirements for those wishing to provide aeronautical services to the public and to insure that those who provide commodities and services as approved are not exposed to unfair or irresponsible competition.

The current version of the Skagit Regional Airport Minimum Standards addresses only Fixed Base Operators (FBOs) and principally requires that a business must meet all the qualifications of a "full service FBO" as a prerequisite to providing fuel sales at the airport. Full service FBOs must meet a number of substantial minimum standards including staffing, hours of operation, and insurance coverage.

Staff proposes to update the minimum standards to:

- (1) Establish a more flexible framework for provision of fuel sales and aeronautical services at the airport and (2) address individual commercial aeronautical service providers at the airport.

Staff proposed a set of guiding principles in conducting the update.

Discussion.

Sara Young will bring the Airport Minimum Standards update before the airport user group for input and will draft an update to be reviewed for approval at a future meeting.

### **PUG AGEN: WSU Sponsored Project Agreement; Intern (2012) - Update**

Patsy Martin reported the Port of Skagit and Washington State University have entered into a Sponsored Project Agreement wherein the scope of work to be performed involves Dr. Steve Jones and Brook Brouwer, a graduate research student, who will work towards adding value to local grains through research and agricultural brand identification. The project will also include research and compilation of all known Skagit Valley agricultural brands, working with the port team and agricultural team to develop a Skagit Valley agricultural halo brand.

### **MARINA: Occupancy Report; Month Ending April 30, 2012**

Paul Mattos reported that the Marina is at 89% occupancy.

### **TENANT: BBP; Hexcel Corporation; 11768 Westar Lane, Unit K; lease dated October 1, 2008 – Status Update**

Patsy Martin reported that staff has been in negotiations with Hexcel and has received word that Hexcel has accepted the terms of the lease and they plan to move forward with the lease and building expansion in the near future.

### **ADMIN: Marketing Plan (2012) – Status Update**

Patsy Martin reported that staff has been working on developing actionable marketing plans for each of the port's enterprises and for the port overall. In 2011, the port developed a marketing action plan for the La Conner Marina and is actively implementing that plan. This year the port is developing a marketing action plan for the Skagit Regional Airport and Bayview Business Park. In addition, staff is working on a marketing action plan for the port itself to communicate to the residents of Skagit County what the Port does, why the Port does it and why it is important.

Port staff has the following priorities: aerospace, aviation, agriculture and the port's mission.

1. The Port of Skagit's mission: target market – port district residents and port tenants.

### **ADMIN: Strategic Planning Presentation (2012) - PowerPoint**

Patsy Martin reported that this is the 3<sup>rd</sup> presentation to prepare the commission for Strategic Planning Retreat sessions in June. This presentation focuses on existing conditions, where the port is, long-term finance plans, and existing physical conditions.

The commission requested a tour of the Conway properties during one of the retreat sessions.

## **NEW BUSINESS**

### **ADMIN: Bonds; LTGO (2012) – Adopt Resolution**

Kristin Garcia reported that the port is currently in negotiations for the possible purchase of two facilities located at the La Conner marina. The port has applied for grant and/or loan funding through the Community Economic Revitalization Road (CERB) to assist with the purchase of these facilities. Award for the grant and/or loan will not be granted until May 16, 2012. As a contingency, the port requested proposals from 3 banks to see what additional financing options were available should the CERB funding not move forward. Skagit State Bank offered the lowest interest rate and best terms so they were selected should the port need to issue bonds for this purchase. Skagit State Bank as approved the port to issue general obligation bonds up to a maximum of \$2,500,000.

**COMMISSION ACTION: Commissioner Ware moved to adopt Resolution No. 12-09 which authorizes the executive director to issue limited tax general obligation bonds in the principal amount up to a maximum of \$2,500,000 for the purpose of providing funds for the acquisition of facilities located at the Port's La Conner Marina. Commissioner Omdal seconded the motion. Motion carried unanimously.**

### **AIRPORT: R/W 10-28 Rehabilitation Project; Longitudinal Gradient Adjustment and Crown Conversion (2012); Impacts to Business – Approve Temporary Rent Reduction**

Patsy Martin reported Runway 10-28 Crown Conversion and Longitudinal Gradient Adjustment project will require approximately four months of construction on the airport, including approximately 11 weeks of continuous closure of Runway 10-28.

The construction will disrupt use of the airport by larger business jets. These aircraft generate revenue for our full service FBOs in the form of fuel sales and fees for support services during their stay at the airport. The loss of this revenue will adversely impact those FBOs. As a measure of the 2011 construction closure impact, fuel sales in 2011 dropped to 66-percent of the average over the previous three years (2008-2010).

Staff recommends offering a temporary 33-percent discount in base rent and fuel flowage fees for those businesses that serve larger business jets at the airport. The discount would be extended during the months of July through October while construction is ongoing. A fiscal analysis indicates that the port would forgo a total of approximately \$44,000 to accommodate this proposed incentive program. The businesses that would benefit from this temporary incentive program currently generate approximately \$195,000 per year in base rent and fuel flowage fees to the Port.

**COMMISSION ACTION: Commissioner Ware moved the approval of a temporary four-month fee reduction to full service fixed base operators affected by the loss of business jet traffic during construction of the Runway 10-28 crown conversion and longitudinal gradient adjustment project. Commissioner Omdal seconded the motion. Motion carried unanimously.**

**AIRPORT: R/W 10-28 Rehabilitation Project; Longitudinal Gradient Adjustment and Crown Conversion (2012); FAA AIP Grant No. 3-53-0010-020; Approve Grant – Adopt Resolution**

Sara reported the Port received a grant in the amount of \$8,975,000 for construction of the above-reference project in September 2011. The grant was partial funding for the project and was granted by the FAA with the acknowledgment that an additional grant would be necessary in the spring of 2012 to meet the full construction cost of the project. The 2011 grant required a 5% match from the port. In 2012, with reauthorization of funding for the FAA, the federal government returned the required match to the previous level of 10%. The additional construction funding will require a 10% match from the Port.

Staff recommends applying for a grant of \$5,000,000 to complete the project construction and environmental work for safety area grading at the end of R/W 10.

The actual grant award will be based on construction bids. Staff will return to the commission for approval of grant acceptance following the bid opening on May 24<sup>th</sup>.

**COMMISSION ACTION: Commissioner Ware moved to:**

- (1) Adopt Resolution No. 12-10 approving application for an FAA Airport Improvement Program grant for construction of the Runway 10-28 Longitudinal Gradient Adjustment and Crown Conversion Project; and**
- (2) Authorize staff to carry out the intent of this action.**

**Commissioner Omdal Seconded the motion. Motion carried unanimously.**

**ADMIN: Customer Deposits; Account Closure; Bank of America (2012) - Adopt Resolution**

Kristin Garcia reported the port currently holds two accounts at Bank of America 1) the port's general account for the purpose of daily depositing and 2) a customer deposit account for the purpose of depositing tenant security deposits which are payment related to respective lease agreements.

The bank process to make transfers between accounts has become inefficient and ineffective. Staff has been working through solutions which will be more efficient and will provide for

appropriate internal controls. Therefore, staff is requesting the customer deposit account at Bank of America be closed and funds transferred to Skagit State Bank.

**COMMISSION ACTION: Commissioner Omdal moved to adopt resolution 12-11 which will authorize 1) the director of finance to close the customer deposit account at Bank of America; and 2) authorize the director of finance to open a customer deposit account at Skagit State Bank; and 3) authorize the director of finance to execute and sign documents applicable to this transaction. Commissioner Ware seconded the motion. Motion carried unanimously.**

### **GOOD OF THE ORDER**

### **BREAK**

The commission recessed the regular meeting at 4:40 p.m. Break

### **EXECUTIVE SESSION**

The commission entered into executive session at 5:15 p.m. The session is expected to last approximately 40 minutes to discuss the possible sale, purchase or lease of property the public discussion of which could affect the price and evaluation of a public official. Action may or may not be taken following the executive session.

The executive session ended at 5:55 p.m.

- 1) COMMISSION ACTION: The commission unanimously authorized the executive director to execute a purchase agreement for an air scrubbing system for the Golden Harvest buildings at a cost not to exceed \$138,000.**
- 2) COMMISSION ACTION: The commission unanimously authorized the executive director to execute a purchase and sale agreement with Westport Shipyard, Inc. for the purchase of 918 W. Pearle Jensen Way and 780 E. Pearle Jensen Way, La Conner, pursuant to the terms discussed in executive session.**

**ADJOURNMENT**

With no other business to consider, Commissioner Shuler adjourned at 6:00 p.m.

ADOPTED IN OPEN SESSION this 12th day of June, 2012 and duly authenticated by the signatures affixed hereto.

PORT OF SKAGIT COUNTY

*Signature on File*

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Commissioner

*Signature on File*

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Commissioner

*Signature on File*

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Commissioner