



BOARD OF COMMISSIONERS
"Preliminary" Agenda

125 Easy St. - Wenatchee, WA 98801
Wednesday, July 5th, 2006
9:00 am

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| Present: | Michael H. Mackey, President
JC Baldwin, Vice President
Mark Urdahl, Executive Director
Pete Fraley, Legal Counsel
Monica Lough, Internal Auditor | Dayle Rushing, Property Management & Risk Management
Judy Bradford, Business Manager/Recording Secretary
Laura Jaecks, CTC Building Manager
Carleen Elliott, Accounting Assistant
Pat Moore, Pangborn Airport Manager
Jon Eberle, Real Estate Consultant
Karen Kornher, Port Engineering Consultant
Randy Asplund, RH2 Engineering |
| Others: | Bill Stokes, Chelan County Citizen
Kathy Springer, Peshastin resident
Lisa Parks, Alliance Consulting | Pete Hill, Trust for Public Lands
Bob Kirkpatrick, Leavenworth Echo |

Commissioner Mike Mackey called the meeting to order at 9:00 am.

Consent Agenda*

The first item of business was the consent agenda consisting of the June 21st, 2006 Commission meeting minutes.

Motion No.	07-01-06
<i>Moved By:</i>	<i>JC Baldwin</i>
<i>Seconded By:</i>	<i>James H. Knapp</i>
	<i>To approve the consent agenda consisting of the meeting minutes of the June 21st, 2006 regularly scheduled Port Commission meeting.</i>
	<i>Motion carried.</i>

Pangborn Memorial Airport Update

Pat Moore, airport manager, reported there is very little new at the airport. She asked if there were any questions on her update to commissioners. Port legal counsel, Pete Fraley, provided a brief update on the status of Ray's Tractor building lease. A new proposal was submitted by the Port of Douglas last Friday which is a combination building and land lease.

Fraley commented there are some concerns about the lease rate being acceptable to the FAA. Also, does the new proposal set a precedent because there are other leases (CMI, Rays, and Schwans) with Pangborn on the Port of Douglas side of the airport. The Port of Douglas is planning to re-let the Ray's Tractor building to a new tenant.

Pangborn does not want to jeopardize its relationship with FAA, nor set a precedent with a lower than market rate. FAA wants to see market rate. The Port of Douglas is allowed to charge a management fee.

Pat Moore checked with an FAA planner who said it depends on market demand. If there is no market demand, then the Port of Douglas needs to show that there is no market. The FAA is very sensitive to revenue diversion from the airport. The airport should not be giving away value to the either of the Ports.

Fraley reported there are still three scenarios on the table: 1) Port of Douglas charges a management fee, combined with a ground lease and the rent is paid to the airport, 2) a land and building lease, and 3) a sale of the building to the Port of Douglas combined with a ground lease.

The Port of Douglas is moving ahead with the renovation of the building with a goal of making the building into something other than a repair shop. The Port is changing the building into a better office facility.

Commissioners requested a study session on the airport facilities and what type of leases are being done at the airport. Port staff will schedule a study session to take place in August.

Confluence Technology Center

Update

Laura Jaecks, CTC Building Manager, provided a PowerPoint slide update on the Yahoo! construction activity at the CTC. Jaecks also noted the usage of the Port's video conference center at the CTC is continuing to be ahead of projected usage.

Directors Report

Peshastin Technology Park Development Discussion

Pete Fraley provided a brief overview of the timing issues for the binding site plan and shoreline development permit issues. The shoreline development plan was filed with Department of Ecology in January of 2003 and has a five year life span to January of 2008. There is the possibility of extending the deadline if completion of the road is eminent.

The Peshastin binding site plan was approved March 3, 2003. It also has a five year life span. With a specific one year extension it could be extended out to March 3, 2009. What the Port actually has is preliminary site development approval. The Port could enter into a purchase and sale agreement before the final approval, but could not close the transaction until the final approval is obtained.

The Port is vested under regulations that existed in 1998. Chelan County had adopted some interim regulations to be compliant. The Port's Peshastin property is vested under the regulations at that time. If the Port does not complete the development of the binding site plan by the deadline, the Port's vesting lapses. New applications would have to be sought and would be subject to the new regulations in affect at the time of the application.

There is a category "1" wetland on the Peshastin property. The 1998 regulations allowed an averaging of the wetlands buffers, as long as the area of the buffer remains the same.

The net affect of the current regulations would be the loss of developable land due to an increase in the required buffer.

Lisa Parks of Alliance Consulting noted that what the Port has right now is good position for the Port to be in for developable land. Map attached showing the difference in the buffer zones and developable land between 1998 regulations and current regulations.

The minimum the wetland buffer is allowed to go down to is 150 feet. Development can not get any closer than 150 feet of the outside boundary of the wetland. The loss of the developable property has to be compensated for elsewhere. The buffer is required to be so much larger. The property site does not have enough land to adjust for the wetland buffers without trying to obtain additional property. Any adjustment in the buffers affects another property owner and would require the property owner's permission which would affect his property value.

Buffers are required to be unaltered. Passive activities are okay, but not on build-able pieces of land. The Port having the final approval is key to being able to make any lot size adjustments.

The zoning currently is light to medium rural industrial zoning which allows all types of activities i.e. manufacturing, assembly, retail trade to serve industrial users, wholesale trade, contractor storage, educational and administrative, research, rock crushing, short term mineral extraction, public facilities, ag uses, forest uses. If a use is included in the conditional permit and all

regulations are met, a use can not be denied because it is not popular. If it is in the comprehensive plan, the County cannot deny a conditional use permit because it is not popular.

Karen Korhner of RH2 Engineering, the Port's engineering consultant, reported the bottom line for utilities is estimated at a little more than \$3 million and would include roads, water main, telephone, electric, sewer (the main line may need pump station). Trails are not specifically required by the plan, but are referred to in the mitigation agreement.

Kornher commented if the Port needs to get the utilities done by end of next year, the Port needs to get started on them now. There is a great deal of engineering work that has not been completed. Landscaping was not sufficient for the screening and there is not an accommodation for irrigation. Irrigation water is available, just not planned for.

Randy Asplund of RH2 Engineering briefly explained if the permits expired it would mean different development standards and requirements from the County including road, stormwater, and watershed planning. He explained County road standards and development standards have changed and now have more regulations.

Asplund also stated the Port may seek an extension on the substantial shoreline development permit, but there must be substantial completion before the extension request for the extension to be granted. The Port could participate the sub-area planning process. However, any decisions made would be beyond the Port's permit deadlines.

Lisa Parks explained if the Port decides on some development of the Peshastin property other than rural industrial, the sub area planning process must move forward. There now is local support in Peshastin for a sub-area planning process. The Peshastin community has a local active group.

If through the sub-area planning process some other designation applied to the property, the requirements will be the same for the permitting even if the uses of the property end up being different.

If the Peshastin community approaches the county for an urban growth sub-area planning process, it will probably be scheduled after the end of the year. And the planning process, due to the requirement for public involvement, is going to take longer than six months. The process would probably put completion out into mid-to-late 2007 before there would be an understanding of the priorities.

Urdahl recommended the Port contract for independent property advice on letting the vested permits expire. The Port needs some market trends appreciation from a real estate appraiser, or property consultant independent of the Port.

After some discussion, the Commissioners directed staff to retain an independent contractor to evaluate the value of the property and the existing permits.

Karen Kornher noted the majority of the improvements needed to meet the permit deadlines is the extension of utilities to the project. The cost is probably in 7 figures. She noted these are dollars that will be spent no matter what the use is decided on for the property.

Kathy Springer, a Peshastin community resident asked the Port Commissioners to reconsider surplus the Peshastin mill site property. She explained the Peshastin community is moving forward with the sub-area planning process. The community wants to keep the property as public property.

The next Community Council meeting is July 17th. She asked the Port attend and inform the community what the permit deadlines are, and the options the Port is considering. County Commissioner Keith Geohner and staff from Chelan County Planning Department will be there. She would like someone from the Port to be there to explain the permit vesting situation.

Pete Fraley and Lisa Parks explained it is possible if the sub-area planning process is approved, the Port could end up with different critical area requirements.

Engineer's Report

Feasibility of Olds Station Business Park Trail to Confluence Park

Karen Korhner reported the work on the feasibility of the train connection to Confluence Park was completed some time ago and distributed to Chelan County PUD and the WA State Parks. No negative comments have been received. They basically concur with Route A. (Copy of report attached.)

There has not been an evaluation of costs at this point. The Port can seek grant funding for this type of project.

The next step is preliminary engineering and cost estimates.

Motion No. **07-02-06**
Moved By: *JC Baldwin*
Seconded By: *Michael H. Mackey*
To direct staff to proceed with plans for Route A as presented in the RH2 Engineering report on the feasibility of a trail connection to Confluence State Park.

Motion Carried.

Commissioner Mike Mackey called for a 10-minute meeting recess at 10:25 am. The meeting reconvened at 10.37 am.

Port 2005 Financial Statement*

Monica Lough, Port Internal Auditor, reviewed the 2005 draft financial statement with Commissioners.

Motion No. **07-03-06**
Moved By: *JC Baldwin*
Seconded By: *Michael H. Mackey*
To accept the 2005 Port Financial Statement as presented with one correction on Page 11 to identify One Commissioner on the Confluence Technology Center Condominium Association Board.

Motion Carried.

Water Trails Application*

Mark Urdahl explained the application is at the request of National Park Service in order to the NPS to provide assistance to the water trails committee with planning. This does not provide any dollars only expertise and assistance.

Motion No. **07-04-06**
Moved By: *JC Baldwin*
Seconded By: *Michael H. Mackey*
To formally apply to the National Park Service for technical assistance for the Water Trails Committee.

Motion Carried.

Form of Agreement for Economic Development Partnerships*

Pete Fraley explained this document will be the standard form for the use as set out in Resolution 2006-07. The same form will be used for all Port non-profit partners. The scope of work and deliverables will be different for each partner and specific to that partnership or project with the Port.

All partners must be non-profit entities partnering with the Port in furtherance of an economic development basis. Payment under the agreements will be each calendar quarter. It is anticipated that the agreements will be revisited and may be renewed each year as part of the Port's budget process. There are specific restrictions on the use of funds: the funds cannot be used for capital facilities or activities not directly related the scope of work.

Motion No. 07-05-06
Moved By: JC Baldwin
Seconded By: Michael H. Mackey

To approve the standard form of economic development partnership agreements as presented with one change on page 2 in section 1.3 changing payment due date from "within 15 calendar days following the end of each calendar quarter" to 30 days following the end of each calendar quarter.
Motion Carried.

Solar Cluster Development Update - Rescheduled to a future commission meeting.

Property Manager's Report

Chelan County Fire District Annual Contract*

Dayle Rushing, Port Property Manager and Risk Manager, briefly reviewed the proposed Chelan County Fire District Contract for 2006-2007 with Commissioners. It was noted the amount of property purchased by the Tramps needed to be deducted from the contract, and Industrial Building #10 was sold. Rushing stated the contract will be adjusted for these two items.

Motion No. 07-06-06
Moved By: JC Baldwin
Seconded By: Michael H. Mackey

To approve the Chelan County Fire District Annual Fire Protection Contract for 2006-2007 subject to the adjustment for the Port property sold the Steven and Tanya Tramp and the sale of Port Industrial Building #10 to Shippers Choice.
Motion Carried.

Library Building

Rushing reported to the Commissioners the estimate for remodel of Industrial Building #3 known as the Library Building is \$310,815. The estimate includes the remodel for Port offices and all the common space.

Commissioners requested to see the preliminary drawings for the remodel of the building.

Executive Session

The meeting was recessed to Executive Session to discuss real estate matters at 11:30 am.

Regular session reconvened at 12:10 pm and immediately adjourned with no action taken.

DATE and approved this 19th day of July, 2006.

BOARD OF COMMISSIONERS

Michael H. Mackey, President
JC Baldwin, Vice President
James H. Knapp, Secretary - *Excused Absence*