



PORT OF CHELAN COUNTY
Board of Commissioners
"Special Meeting Workshop & Planning Session"
Special Meeting Minutes
238 Olds Station Rd, Suite A, Wenatchee, WA 98801
March 28, 2011
9:00 am

Present: JC Baldwin, President
Michael H. Mackey, Vice President
Craig N. Larsen, Secretary
Mark Urdahl, Executive Director
Pete Fraley, Legal Counsel
Monica Lough, Internal Auditor
Laura Jaecks, CTC & Capital Projects Manager
Ron Johnston-Rodriguez, Economic Development Director
Aimee Pope, Assistant to Economic Development Director
Raylene Bradley, Property & Facilities Manager
Judy Bradford, Director of Business Operations
Kathleen Knappert, Staff Assistant
Jon Eberle, Real Estate Consultant
Karen Kornher, Engineering Consultant

Others: Terry Johnson, PKJB

Commission President JC Baldwin called the meeting to order at 9:07 am.

Review of study session objectives

Mark Urdahl reviewed the agenda outline for the workshop and stated this workshop was planned after discussing the need to generate more income. He stated that during this workshop the focus will be to review unoccupied space in buildings IB3, IB5, and the CTC, as well as available lots and the potential for sale or lease.

Discussion of Costs/Benefits of Potential tenant Improvement Projects
IB #3 – Port Office Building

Commission and staff reviewed Tenant Improvement Plan 1. This plan allows for 1 tenant in the unoccupied space of IB3 and would be built out similar to the existing Port office space. This new tenant space would consist of 8,604 square feet of tenant space and a separate entrance. Raylene Dowell reported the tenant improvement cost would be \$85 per square foot. The breakeven point for this plan is 8.5 years. Terry Johnson stated this single tenant plan, and all other plans for IB3, would require the installation of more windows in the currently unoccupied space. He stated to also keep in mind the cost estimate provided by Dowell includes the replacement of the HVAC, electrical, and plumbing. It also includes the demolition and wiring for communications. Jon Eberle stated rent income listed is triple net rent, meaning the tenant would pay the taxes on the space, further reducing the Port's overall cost.

Raylene Dowell reviewed IB3 Tenant Improvement Plan 2, which allows for 4 tenants. She stated tenant improvement costs would be \$100 per square foot. Annual rent for this space is estimated at \$89,420. This plan has a 10 year breakeven point. Mark Urdahl suggested that with this 4 tenant plan the build out could be completed in phases. Discussion ensued.

Dowell reviewed IB3 Tenant Improvement Plan 3. This plan consists of 2 tenants and an addition of 2,864 square feet to the west side of the building. Tenant improvement costs would be \$112 per square foot and estimated rental income would be \$118,270 annually. The breakeven for this plan is 11.17 years. Discussion ensued. Mark Urdahl provided a brief review of IB3 and the possible improvements. Brief discussion ensued.

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IB #5 – Former JanSport Building

Raylene Dowell reviewed the site plan for IB5. The plan would allow for 3 tenants. The individual tenant spaces would range from 11,736 square feet to 13,808 square feet. Possible changes to the existing building could include the demolition of the small detached building, currently being occupied by the Wenatchee School District as a daycare. Removal of the small building used as a daycare would allow for additional parking at IB5 and provide the option to build an addition to the main structure. Dowell reported the breakeven point with building demolition would be 2 years. By retaining the daycare building our breakeven point would be 8 months. Jon Eberle reported there would be no investment to the interior of the IB5. Discussion ensued. Karen Kornher reported on the building’s roof and HVAC. Ron Johnston-Rodriguez reported he has responded to the State’s inquiries on available space for various types of manufacturing businesses. He stated an electric vehicle charging station manufacturer and a fruit company have been looking for space. Discussion ensued regarding possible tenant types and marketing our property for lease. Pete Fraley referred to Policy 3.2 in the Comprehensive Plan which states: *The Port does not solicit interest from local businesses, but will respond when contacted by local businesses interested in leasing space. The Port will only consider leasing to local businesses if the business can meet several of the following criteria to the Port’s satisfaction.* Discussion ensued.

CTC – First Floor West Wing

Laura Jaecks reviewed the CTC Tenant Improvement Exhibit 1. She stated this concept would have the least impact on the existing meeting rooms, and proposed build outs would occur in phases. Total investment for plan’s tenant improvements would be \$258,150. Jaecks also reviewed the CTC Revenue Report detailing revenues from 2006 to 2010, Meeting Count by Industry Cluster report, Meeting Summary by Meeting Type, and the CTC 2010 Room Usage summary.

The second exhibit is similar to the first; however the plan would only retain 2 of the teleconference rooms. Jaecks reviewed the exhibit and stated it would also occur in phases. Total cost of exhibit 2 build out would be \$603,500. She explained the additional cost would be due to additional expenses such as rerouting cabling and additional square footage build out.

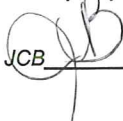
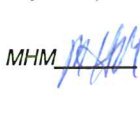
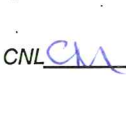
Jaecks reviewed Exhibit 3 which would consist of a total build out as office space. She stated it would occur in the same phases as the first 2 exhibits. Total cost of this complete build out would be \$794,450. Jaecks discussed the current temporary tenants in the CTC west wing. Discussion ensued.

Regular session recessed for a 10 minute break at 10:25 am.

Regular session reconvened at 10:34 am.

Land Values of Unimproved Olds Station Business Park Properties

Jon Eberle provided an update on current land values. Land values along Olds Station road are approximately \$7-\$8 per square foot. He explained that since the interest for smaller lots is greater cost per square foot on smaller lots would be \$7-\$8 per square foot and the cost per square foot on larger lots may be approximately \$5-\$6. Eberle reported that although there is a higher local interest for smaller lots, larger lots such as those owned by the Port are rare. Discussion ensued regarding the available lots, general ideas regarding leasing available lots or declaring land surplus. Commission and staff also discussed the previously proposed idea for an Olds Station Technology Innovation Park. This Innovation Park could include development for technical businesses, education training, and the medical industry. Discussion ensued. Ron Johnston Rodriguez stated the recreation and healthcare clusters are well aligned. He reported some medical facilities are focusing on area recreational opportunities in their recruitment brochures. Discussion ensued. Pete Fraley reported that historically the Port has declared property surplus prior to receiving interest on the property. He stated the only property

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currently declared surplus in the Olds Station Business Park is the property currently leased to the winery. Discussion ensued regarding available properties, unused space, and marketing. Laura Jaecks reported on the possibility of working with Comcast for marketing and advertising. She stated they have the ability to target specific areas or demographics. Mark Urdahl reviewed the key points discussed and stated the marketing team will continue to develop the marketing plan. He also requested Eberle compile a list of properties in the area comparable to the Port's available property. An additional workshop may be planned in the next few weeks.

Regular session recessed for a 10 minute break at 11:51 am.

Regular session reconvened at 11:59 am.

Marketing Efforts/Real Estate Policies and Guidelines

Mark Urdahl reported that during the marketing meetings there was some question on who to market to locally and outside the area. He stated the team will continue to work on the marketing plan and will review that topic at a later date. Laura Jaecks reported on how far into the marketing planning the team is at and expressed the need to obtain direction soon on what the target market will be. She stated the marketing message should be cohesive and inclusive. Discussion ensued regarding the marketing plan, possible partners, and working with partners the Port already has Economic Development Agreements in place.

Commissioner Larsen reported meeting with a representative with Frontier Airlines at the recent 2011 Western Region Small Airports Conference. He stated the airlines representative expressed the need to be a destination to fly to. From an air service point of view the area should be considered a destination to be able to increase traffic and air service. Commissioner Larsen stated groups in the Wenatchee Valley are working to develop a new slogan to help attract travelers to this destination area.

EXECUTIVE SESSION

Regular session recessed to an executive session at 12:19 pm for 30 minutes to discuss real estate matters pursuant to RCW 42.30.110 (b and c). Final action on selling or leasing public property shall be taken in a meeting open to the public.


Regular session reconvened at 12:45 pm.

No action taken.

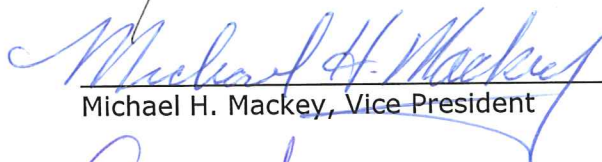
Meeting was adjourned at 12:45 pm.

Signed and dated this 21st day of April, 2011.

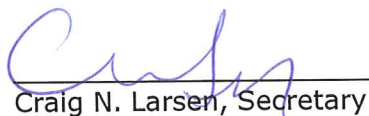
PORT OF CHELAN COUNTY



JC Baldwin, President



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