

**Minutes of April 17, 2012 Port of Hood River Commission
Spring Planning Work Session
Marina Center Boardroom 12:00 Noon**

THESE MINUTES ARE NOT OFFICIAL, as they have not been approved by the Port Commission.

- Present:** Commissioners Jon Davies, Fred Duckwall, Rich McBride, Hoby Streich, and Brian Shortt; Budget Committee members John Benton, John Everitt, Dave McCullough, and Jeff Nicol; Attorney Jerry Jaques; from staff, Michael McElwee, Linda Shames and Laurie Borton
- Absent:** Budget Committee member Jerry Keith
- Guests:** Mark Clemons and Richard Spies; Group Mackenzie; and from the audience, Sherry Bohn, Linda Maddox, and Liz Whitmore
- Media:** None

President Jon Davies called the spring planning work session to order at 12:05 p.m.

- Overview:** President Davies thanked the Commissioners, Budget Committee members, and staff for attending and participating in the spring planning work session and with a full agenda that included a presentation from Group Mackenzie on Lot 1 planning, introductions were made and the meeting began with a working lunch.
- FY 2012/2013 Key Issues:** Executive Director Michael McElwee commented the annual spring planning work session provided an opportunity to talk about facilities and issues that lead to preparation of a draft budget. McElwee said the Port will need to be cognizant of expenditures, which may result in a one to two year break in capital expenditures, but consideration should also be given to development momentum or projects that can be done in collaboration with others. He quickly highlighted a change in Federal Aviation Administration (FAA) funding that now requires a 10% agency match, which applies to grants that have already been awarded and the match was 5%. McElwee also stated that the future of Lot 1 development by the Port and the Nichols Basin development by Natio Development will set the foundation of work and policies for the next ten years. The Commissioners and Budget Committee were also thanked by McElwee for their time commitment with today's meeting and the upcoming Budget process.
- Financial Overview:** Linda Shames, Finance Manager, commented the ending balance on reserve funds should no longer be considered as a wish list-- the \$2.5 million the Commission set as a threshold, but which is not Port policy, is forecast to fall below this benchmark for 2012-2015. When projects are undertaken ancillary issues, such as maintenance, free rent, or projects that don't have a revenue source long-term will need to be considered. Quick highlights included:
 - Urban Renewal Agency - \$1 million has been loaned but payments are not expected until 2015
 - Recreation – Enhancements are emphasized but is long-term strategy for maintenance considered? Shames commented that the importance of this community asset is understood.
 - Airport - This is a marginal cash flow asset. Is the runway shift a strategic project that needs to be done now? It is also understood that if the project was to be delayed, funds may not be available.
 - Lease properties – There is a slight dip as not all locations are at 100% capacity. Shames commented that CPI adjustments are included in the leases with a bottom threshold and that some leases have CPI maximums. The Expo Building is a valuable commercial asset but there is risk in the re-development for just one company. Budget Committee member Jeff Nicol commented that CPI is an indicator but probably not the best to use if the Port is trying to ensure sustainable operations because it is unlikely to match actual cost increases.
 - Bridge – The bond indebtedness will be paid in 2018. Shames anticipate guardrail siding replacement will be recommended soon with the fracture critical inspection.

- Marina - The electrical upgrade for the moorage docks has been pushed out and the life expectancy of A and B docks is unknown. Costs can be amortized over ten years and tenants could realize up to a 25% increase. Repurposing of the floatplane dock is being considered; however, there are just two tenants and vacant slips are utilized in the summer by the teaching concessions and the youth sailing program.

4. **Port Facilities:** McElwee commented the rent roll is in good shape in many of the buildings and there is currently not a lot of availability. Specific discussions followed.

Leased Properties

- Western Power Building (Maritime Building) – The building’s condition is questionable but modest updates to improve the insulation and install energy efficient lighting could be done at little cost. Commissioner Shortt inquired about the condition of the foundation and commented the building is good as an incubator for start-ups. He also commented if building improvements are deferred the Port needs to ensure ongoing maintenance of the building. The current tenant’s lease will expire in June and Davies said he would like to see the 34 cents/SF rate negotiated to a higher rate. Commissioner McBride commented the tenant is a valuable employer but that he could not support a large expenditure for improvements.
- John Weber Business Park – The incubator building is the sole property owned by the Port that is leasable. The Port also owns one lot that is considered unbuildable due to access issues. There was discussion to declare this lot as surplus and contact adjacent property owners to see if there was interest.
- Waterfront Business Park – Two lots remain in Port ownership but there has been no marketing since they are currently tied up in a non-binding agreement.
- Jensen Building – A potential lease of the former apartment space is being considered; and breezeway spaces are being cleaned up.

Bridge

- Shames reviewed the current painting project and ODOT bridge inspections and stated there will be a more focused attention on inspections and capital maintenance. Shames reported on a 25% revenue increase due to toll increase. McElwee reported that transit ridership offered by Mt. Adams Transportation is nil but that could change as summer approaches. Shortt commented the \$1 cash price per crossing, along with rising gas prices, could have an effect that suggested conversations with businesses to figure out ways to stimulate ridership could be undertaken.

Waterfront Recreation

- McElwee stated there were no improvements anticipated, other than the Frontage Road path, that would be major capital projects. Improvements to Portway Avenue should be completed by the end of June so there should be minimal impact for access to The Hook. The Waterfront Recreation Committee will continue the visioning process that McBride initiated in the fall of 2011. McBride commented that he would advocate for paid parking on all Port or City owned waterfront streets as a potential revenue stream and that collaboration could take place in 2013. McBride also suggested that the Port, City, County, and Parks & Rec could collaborate on a uniformed signage plan.

Marina Basin

- McElwee asked for direction on reconfiguring the floatplane dock to make it more useful and efficient. A conceptual plan could be provided by Flowing Solutions and owner Andrew Jansky, who has been involved with numerous marina projects for the Port, has given an estimate of \$18,000-20,000 to provide a conceptual plan. A Request for Proposal (RFP) process could potentially provide better pricing for a conceptual plan but McElwee said Jansky’s opinion is valued by the Port and others. McElwee also commented that he would provide the Commission with the Marina Master Plan that was completed in 2007 for their review. McBride suggested this discussion

should also be brought to the Waterfront Recreation Committee for their input. With regard to upland commercial area planning, McElwee recommended any near-term discussions should be delayed and emphasis should instead be on Lot 1. McElwee also commented that City will be considering a moratorium on construction east of the Hood River until sewer capacity is increased. Finally, McElwee asked the Commission to consider thinking about a small point of sale of fish by Tribal Fisheries and he thought it would be best at Exit 63.

Airport

- Engineering of the runway shift should be completed by the end of May, bid in June, and construction in July. If the project stalls McElwee said it would likely be quite awhile until money became available again as the current earmark would go to another facility. Commissioner Streich said that too much money had been spent to date and there was momentum for the shift and vacation of Orchard Road that we need to move forward with the project and find a way to support the extra 5% that has not been budgeted. Davies urged that contact be made with the FAA to argue that the original 95% federal funding be honored. If the runway shift moves forward, McElwee said the Port will need to consider a game plan for the north side of the airfield with regard to tie downs and AV fuel placement but that it was not critical for this fiscal year.

5. Policy/Strategy Areas:

- Federal/State Lobbying - The Ball Janik contract will be renewed in June and there was discussion on a shift to state lobbying for a more direct value to the Port until the federal picture shifts. Davies said he believed Ball Janik was the right firm to be working with and that he would like them to visit with the Commission annually. There was also discussion about the Port, City, and County making visits to Salem to talk about local issues and build relationships. The Commission would also like to have "talking points" made available to them that would be useful in getting the same message across when talking with representatives. Shames also reminded the Commission that Special Districts Association of Oregon (SDAO) is also a value legislative resource. Shortt commented that he believed involvement by attendance at Pacific Northwest Waterways Association (PNWA) conferences and the annual Mission to Washington, D.C. should be maintained.
- Strategic Plan Update – McElwee commented he is continuing to work on the Port's strategic plan update to fit the state template and this will be a priority for fall planning. The Oregon Business Development Department (OBDD) has mandated use of the state template for anyone wanting state funding.

President Davies recessed the work session for a break at 2:45 p.m. at which time the Budget Committee members left the meeting and Group Mackenzie set up for a presentation of Lot 1 Planning. The meeting was called back to order at 3:08 p.m.

For discussion purposes, Mark Clemons and Dick Spies provided a PowerPoint program illustrating a range of 'active and passive' developments in Oregon, Washington, and British Columbia. They also provided boards illustrating three development options for Lot 1 with considerations of the proposed Nichols Landing and Cable Park development. The conceptual plans also expanded the Lot 1 study area to include zoning, water access points, and trail considerations. Spies commented the Port should determine the economic drivers and then plan its approach. He also stated that the options or combinations thereof would be a value judgment for the Commissioners with consideration on parcel value and the value to user groups in the community. Comments and questions from the Commission included:

- How much of an active waterfront is needed, or can be supported, since we have an active Marina Basin.
- Development lenders will need assurances of vehicular access.
- How is a phased development done without looking funky?
- Plans 1 and 2 have Event Site access only at the west end. Is this an issue?

- Is a view corridor to the Spit necessarily beautiful? Would landscaping enhancements need to be considered?
- Option 1 had no access to 'Slackwater Beach.' The conceptual plans could be a mix of all three.
- The inlet is interesting if only for creating a more visual (but not useful) effect especially if the cable park goes in.
- What, or how difficult, is the process for deviating from the U.S. Army Corps of Engineers flowage easement?
- Recreational signage will be an important consideration.
- Is there a better use for Nichols Basin if the size of the proposed cable park is reduced?
- The property becomes more valuable if you get more people and more activity at the water's edge.
- A diversity of zones at the Waterfront will be important in avoiding a strip mall appearance. The City should be interested in development of Lot 1 as it brings more value to the City tax rolls so a development with a zone change or zone overlay needs to be figured out.
- The Port needs to look at diversifying sites for seasonal vendors.

President Davies adjourned the work session at 4:43 p.m. The Regular Meeting of the Port Commission immediately followed after a short recess.

Respectfully Submitted:

Laurie Borton

ATTEST:

Jon Davies, President, Port Commission

Rich McBride, Secretary, Port Commission