



## CARB Board Minutes

WSDOT-Aviation HQ – Microsoft Team Meeting  
Thursday, December 5, 2024: 10:00 am – Noon

The meeting was called to order by the Chair, George Steed, at 10:02 a.m. Board members, Michael Echanove, Cory Wright, Diahann Howard, Tim Menosides, and Andrew Face participated via video conference. Board members George Steed, Chris Paolini, and Secretary and Loan Program Manager Dave Chenaar participated in person. Board members Ann Richart and Jeralee Anderson were absent. Guests Rob Hodgman, Trent Moyer, and Terry LaRue attended via video conference.

### **Announcements:**

**Public Comment:** The Chair asked if the public had any comments. Terry LaRue introduced himself. He has been flying out of Bowers Field since 1988. He wished to comment on the CARB-funded electric utility extension project at the airport. He stated Mr Merrill made a capital investment of \$250,000 and was promised electricity repeatedly since the building (hangar) was started and finished. To date, there is no evidence of electricity being extended. Mr LaRue knew of no other buildings at the airport that did not have electric service. He suggested the situation is affecting not only the new hangar owner but also future hangar development in an area depicted on the ALP and binding site plan. The loan was approved in 2020 (December) with an estimated completion date of June 20, 2021. In his opinion, no action has been taken. The current hangar owner, Matt Berry, could not attend but called Mr LaRue to convey he had contacted the county and Puget Sound Energy about the disposition of the project. Mr Berry had received no response from the county. Mr LaRue believed the lack of progress reflects poorly on the CARB loan program, WSDOT, and the county.

Without further public comment, the Chair proceeded to the Board minutes.

**Approval of September's CARB Minutes:** The Secretary asked if everyone had an opportunity to review the September 26<sup>th</sup> board minutes that had been distributed. The Board responded affirmatively. Chris Paolini motioned to accept the minutes; Diahann Howard seconded the motion. Andrew noted a error in the text. After no further edits, the amended minutes were approved unanimously.

**Open Public Meetings Act:** Board member Cory Wright noted public comment received at the previous meeting was somewhat atypical from his experience with OPMA. He requested that the Board consider some best practices moving forward. Board Secretary and Loan Program Manager, Dave Chenaar, displayed RCW 42.30.240 regarding public comment. He summarized the Board shall provide an opportunity at or before every regular meeting at which final action is taken for public comment. The

public comment required under this section may be taken orally at a public meeting, or by providing an opportunity for written testimony to be submitted before or at the meeting. The Board may allow public comment on items not on the meeting agenda. RCW 42.30.050 allows the Board to put limitations on the time available for public comment and to deal with interruptions that interfere with the orderly conduct of the meeting.

Dave explained that while public comments are not limited to items on the agenda, he believed comments should be limited to areas relevant to the CARB loan program. Not all items that occur at airports is within this purview. Comments not pertaining to the loan program should be limited. While open public comment is an important element, it should not be turned into a dialogue or debate regarding topics outside the CARB's scope. In particular, the Loan Program Manager felt it was very important to have public comment on projects funded or considered for funding.

George also emphasized the importance of public comment to gather additional information and viewpoints to avoid the Board being isolated in a "silo" type environment. Michael Echanove agreed and added that, as a Board member, he likes to learn more about airport issues so the Board can be problem solvers. George reminded the group that comments should be limited to three (3) minutes, and that meetings need to be conducted in the best interest of the Board, funds, and the public interest.

**Loan Applications:** The Program Manager informed the group he had received interest from seven (7) airports with three (3) submitting formal applications for consideration today. The three applications were for \$1.2 million each, totaling \$3.6 million. Executive summaries for each application were emailed to Board members prior to the meeting. The applications were discussed as follows:

**Port of Whitman County, Business Air Center – Hangar and Site Preparation \$1,200,000:**

The Port is requesting a \$1.2 million, 20-year loan with no deferral period. Resolution 24-08 authorizing application was provided. The project consists of constructing one 60' x 60' hangar for lease and development of up to 19 additional hangar sites including installation of associated utilities, aircraft taxiway and vehicle access roads. Total project cost is \$3,250,000 with \$2,050,000 in match provided with Port funds. Project cost estimate includes all engineering, utilities, site development, and construction of one hangar. The breakdown of project costs are as follows:

- Engineering/Utility service connection fees: \$500,000.
- Utility Construction and site development: \$2,500,000.
- Hangar construction: \$250,000.

The Port has been approached to lease a hangar. Currently, there are no hangars available. The Port justified the project by stating "Without the site development the Port is less likely to attract future tenants and development."

Revenue and spending plans have been provided. Estimated annual revenue for year 1 is \$99,180. With a 2% annual rate increase, annual revenue is estimated to be \$150,324 by year 22. The annual loan payments are estimated at \$73,388. George asked about hangar rental potential in the surrounding area. Michael responded that Moscow-Pullman Airport is about 15-minutes away and they have no hangar space available, so growth potential is strategic for

the Port. Chris asked for confirmation of the rental escalation rate. The Program Manager responded the Port used a conservative 2% per year. Several Board members thought the hangar rate proposed was very low. The Program Manager confirmed that revenue estimates included both the hangar lease and land leases. He shared concerns that the project would likely not generate the estimated revenues immediately, however, the Port confirmed they did not want to elect a loan repayment deferral period. The application only identified a renter for the port-owned hangar. No information was provided about the demand for the land leases.

Century West Engineering has been selected for project management to include design, bidding, and construction management of the project. ALP and Site Plan has been submitted. The project is scheduled to start February 2025 with planned completion by October 2026. Dave confirmed the Port has been planning this project since 2021 and had been in contact with him about funding since 2019.

The SAO Financial Intelligence Tool (FIT) lists Port of Whitman County audited FY2023 revenues of \$9,516,759 and expenditures of \$2,331,126. Revenues exceeded expenditures by approximately 400%. Financial health indicators are “good” for Cash Balance Sufficiency, Change in Cash Position, and Enterprise Self-Sufficiency. Their cash position and enterprise self-sufficiency reflect the Port’s ability to provide matching funds and repay the loan. Debt loan was listed as “indeterminate”. Note 6 – Long-term debt lists \$322,659 in total debt in 2023 and only \$164,328 in 2024. Port uses a cash basis of accounting under the BARS manual. No findings identified for FY2023 and FY2022. Fraud finding in FY2021 regarding unauthorized fuel card charges involving former Executive Director. Financial finding for FY2019 regarding under-reported liability for OPEB (retirement benefits) of \$394,222. Neither of these findings are uncommon or significant.

Evaluators gave an overall average project score is 83.3. The project was recommended for funding.

City of Yakima, Yakima Air Terminal – Solar Covered Parking Canopies \$1,200,000:

The city is requesting a \$1.2 million, 17-year loan with a 3-year deferral period. The project is for a 200 KW solar covered car canopy for the air terminal parking lot. The estimated project cost is \$1,800,000 with \$600,000 in a WSDOT sustainability grant provided as match. The grant award is dependent on upcoming legislative funding.

The project is estimated to generate over 270,000 kWh annually and will create a savings of over \$91,000 per year. Revenue is also generated from additional parking revenue for premium covered parking stalls. The airport is planning on raising the daily parking rate by \$5.00 to \$20.00 per day for 39 covered spaces. Estimated annual loan payments is slightly over \$89,000. This parking facility upgrade is intended to decrease the Yakima Air Terminal’s carbon footprint in accordance with its emissions reduction policies while increasing operational efficiency and enhancing Yakima Air Terminal’s regional competitive edge for service to communities throughout Central Washington. A support letter from Yakima County Development Center was provided and read to the Board.

The city provided a project location map, project cost estimate, spending plan, estimated repayment schedule, and project schedule. The Program Manager displayed a site map showing the location of the project which is directly across the street from the terminal building. A breakdown of estimated project costs and spending plan was shown. It was unclear if a contingency amount was considered. The spending plan shows costs will not be incurred until July 2025. The estimated construction start date is August 2025 with a construction completion date of November 2025.

The SAO Financial Intelligence Tool (FIT) lists the City of Yakima's audited FY2023 revenues of \$183,277,333 and expenditures of \$164,065,378. This is comprised of both governmental funds and enterprise (business-type) funds. The airport's financial indicators list Cash Balance Sufficiency and Current Ratio as "good", Enterprise Fund Cost Recovery as "cautionary", and Debt Loan "indeterminate". The city's financial statements provided details for these indicators.

Yakima's 2023 Statement of Activities for Business-type activities show the airport had total operating revenue of \$2,601,245 and expenses of \$3,980,858 with a net operating loss of \$299,853. Operational expenditures are comprised mostly of depreciation. 2023 depreciation was 62.4% (\$2,483,164) of operating expenses. While they had a net operating loss, the airport's balance sheet includes additional non-operating revenue from grants and interest which provided an overall increase in net (cash) position of \$344,445. Outstanding debt for all Business-type activities totaled \$15,189,835 in 2023. This is down from \$18,324,475 in 2022. Overall, this project is intended to lower utility operating expenses and increase parking revenue.

Chris commented that depreciation doesn't really reflect the airport's financial health long term since depreciation does not come directly out of the airport operating funds and FAA grants will cover some of the depreciation through capital replacement. Dave confirmed that depreciation is a reduction in capitalized assets that does not involve a corresponding reduction in cash and capital grants will assist in replacing depreciated assets.

The 2023 Audit identified two (2) findings:

- 1) Lack of internal controls to properly capitalize and depreciate capital project at airport. Airport failed to capitalize one project completed in 2023. As a result, construction in progress was over-reported, capital improvements were under-reported, and associated depreciation was under-reported. Accumulated depreciation and depreciation expenses were both overstated. This material misstatement has been corrected in the 2023 statements.
- 2) Failure to validate Suspension and Debarment of contractors paid w/federal funds.

Airport Director, Rob Hodgman, was present to respond to questions. He briefly described the airport and its economic activities. Their primary source of revenue is leases. Initially, Parking revenue was minimal and was managed by a contractor. Within 90 days, he had terminated the parking contractor and successfully instituted a mobile app based on scanning license plates. In 2024, terminal parking is now the airport's second highest source of revenue. Parking has

generated \$300,000 despite additional costs implementing the new system. An airport appraisal was conducted last Fall that determined airport rates and fees were well below market value. In response, the airport has been increasing rates and fees to be competitive. Airport parking will be increased by 5% annually to keep up with operating costs.

George asked if there is a budget for maintaining the solar panels and if there were any concerns for hail damage. Rob responded that hail is not an issue, and the canopies require little maintenance. They will be designed to slough off snow and Yakima has 300 days of sunshine annually. He believes the project will be a great opportunity to support modernization of the terminal. The 1950's terminal building's legacy support systems are failing and in need of upgrading. He has received some FAA discretionary and entitlement funding, secured a \$750,000 grant from Yakima County, and a \$75,000 planning grant from CERB. This loan is part of a larger plan to modernize the terminal to modern day travel requirements for expanded commercial aviation service.

Mr. Hodgman confirmed Yakima is awaiting the results of their Sustainable Aviation Grant application. The project was recommended for funding and is listed in the transportation budget being considered this legislative session. The \$600,000 grant would be used as match for this project. He concluded that the project would pay for itself and continue to provide positive operating revenue.

Diahann's asked several clarifying questions.

- 1) Is Yakima "able to do a portion of the project and then add on?"

Rob responded "Yes, we can." Yakima will scale the project to ensure the funds are sufficient to complete the project.

- 2) Is there was a utility rebate that could help with the return on investment (ROI) of the project?

Rob responded they are working with Pacific Power on accessing any available rebates.

- 3) Are funds coming from the federal Inflation Reduction Act (IRA) funds?

Rob informed the group that Yakima initially looked at federal IRA flex funds, but due to the election results, decided to discontinue seeking these funds.

Cory asked if the project would be "grid supplementation" where the power generated would be purchased back by the power company and not tied to any specific structure or future technology. Rob confirmed power goes back to the grid and the cost savings would offset the terminal's utility costs. He appreciated Cory mentioning future technology because they are actively working on integrating emerging aeronautics and advanced air mobility at the airport. Yakima has partnered with five other airports and a private sector partner to apply for a \$12 million USDOT grant to install two electric charging stations. He acknowledged the airport would need to supplement not only with solar, but on-airport battery storage, to dispense electricity during peak demand. This solar project would not be part of that project.

Tim Mensonides asked if a "glare study" has been performed. A glare study is conducted to ensure the reflection off the solar panels don't interfere with the air traffic control tower or pilots. Rob responded that a glare study has not been done, but there are plans to do one based upon

funding. Rob clarified that the canopies will be sloping away from the runway to minimize glare on runway operations.

Chris asked several project questions, as well.

- 1) Is the anticipated \$91,000 in revenue from parking fees or both parking fees and projected savings in electrical costs?

Rob responded it's a combination of increased parking fees and electrical cost savings. He noted, the projected revenue is based upon current parking rates with the expectation that parking fees will continue to increase over time.

- 2) What is the revenue or cost savings from each source?

Rob stated \$26,000 was anticipated from electrical cost savings with the remainder (\$65,000) from increased parking fees.

- 3) What is the useful life of the solar panels?

Rob was unsure of the expected useful life of the solar panels. Both Diahann and Cory responded the typical life cycle is about 20 years based on their experiences. Michael shared his experience with solar panels powering a well, and they were given a useful life of 25 years. The contractor suggested they may last longer. Several members commented that technological innovation may impact the future usage as efficiency improves and costs are reduced. Rob conceded they would likely consider replacing panels nearing their useful life as more modern technology becomes available.

- 4) Has Yakima calculated the total net revenue over 20 years based on the total project cost beyond the CARB loan?

Rob was reluctant to anticipate revenues that far into the future but shared some calculations. He anticipated \$412,500 in estimated parking revenue during the loan moratorium (deferral period). When they start repaying the loan, he expects net revenue to be up to \$344,000. Chris asked if that was based upon 100% parking occupancy. Rob responded he is using a conservative 25% occupancy rate. With the additional flights added last year and seasonal fluctuations, occupancy recently has been around 75%, so 25% is very conservative. He expects parking revenue to continue to increase year over year. The Loan Program Manager had performed some calculations on the \$5 increase in parking revenue alone which totaled \$71,175 annually at 100% occupancy of 39 parking stalls, and \$53,381 annually at 75% occupancy. He concluded that project revenue and utility cost savings should readily exceed to loan debt service over the 20-year project.

The project had an overall score of 77.7 and was recommended for funding dependent on securing the sustainability grant.

#### Chelan-Douglas Regional Port Authority (CDRPA), Pangborn Airport – Hangar Development \$1,200,000:

CDRPA is requesting a \$1.2 million, 17-year loan with a 3-year deferral. The project involves the development of a mix of small hangars to replace aging facilities having exceeded their useful life. This project will result in the construction of 22 aircraft hangars, comprising of two bays of nested T-hangars (19 total) and one bay of common wall box hangars (three total). CDRPA also included project estimates for two options for hangars in the application. Total project cost is \$6,218,675 with the Port providing \$5,018,675 as match (80.7%). The proposed

hangar development project will generate revenue by building additional hangars and replacing aging ones, which is critical to maintaining and expanding the airport's operational capacity.

Currently, T-hangars are 100% occupied with 15 people on the waiting list. The new T-hangars and common wall hangars will command a higher lease rate while satisfying the demand for aircraft storage. Proposed hangar lease rates are:

Year 1: \$450; Year 2: \$500; Year 3: \$550; Year 4: \$600; Year 5: \$650 (\$119k - \$171k annually for 22 units). Afterwards, the rental rate will be adjusted based on the Consumer Price Index. Annual revenue totals \$119,000 in year 1, and \$171,000 by year 5. The Loan Program Manager displayed the estimated loan repayment schedule. After a 3-year deferral period, estimated loan payments is \$89,006 annually.

Ardurra has been engaged for engineering and design under Task Order 24-06. An Engineer's Opinion of Probable Construction Costs was presented. Airport Director Trent Moyer was present to describe the project and answer questions. He informed the group that the current plan is to demolish existing hangars B, C, and D and build two new T-hangars totaling 22 units, as detailed in option #1. He indicated the new hangars would be built where the existing hangars are in the site plan. The two new hangars will be prefabricated steel. Costs include demolition of the existing hangars, concrete foundations, utilities, and labor. A 15% contingency fee and sales tax was included in the estimates. The project schedule has been revised. Trent explained they are planning to go to bid and award in early 2025 with a 12-week schedule to procure materials and a 4-month window for construction. Construction is now estimated to be completed in mid-November 2025.

The Loan Program Manager noted the airport is financially well positioned. SAO's Financial Intelligence Tool lists CDRPA audited FY2023 revenues of \$32,092,594 and expenditures of \$9,507,372. The airport financial indicators list Cash Balance Sufficiency and Enterprise Self-Sufficiency as "good", Change in Cash Position as "cautionary", and Debt Loan "indeterminate". There were no audit findings.

2023 Fund Resources and Uses Arising from Cash Transactions shows a decrease in cash and investments due to \$39,444,488 in capital expenditures. Total ending cash and investments equaled \$8,753,871. Trent confirmed that Pangborn has engaged in several large, planned capital projects that are reflected in their capital expenditures.

The Port has almost no debt. Note 4 – 2023 Long-term Debt (notes payable) only shows \$1,424,175 through FY2043 reflecting the previous CARB Loan. 2023 Schedule of Liabilities includes \$1,082,305 for the CARB loan.

Chris asked Trent to confirm the total project cost. Trent responded total cost including demo and construction for two (2) T-hangars with 11 bays each and 6 box hangars (28 total) is still approximately \$6.2 million. Trent confirmed the hangar rate schedule would not change. Based on 28 units, annual revenue is estimated at \$162,000.

The application received an average overall score was 83.0 and it is recommended for funding. Per the CARB Loan Procedures Manual, the project is not eligible for funding until 2025. Award would be dependent on 2025-27 funding appropriation.

**Loan Awards:** The Loan Program Manager displayed the scoring summary table. He emphasized that CDRPA is not eligible until September 2025 due to the 24-month waiting period between loan awards. If the Board desires to fund the project, the award would be subject to the \$5 million 2025-2027 funding appropriation submitted to the legislature. Trent has confirmed CDRPA would be willing to accept a contingent award that would be effective July 1, 2025. Total funds currently available for award is \$1,985,113. That translates to funding 1 ½ projects unless the Board wishes to make contingent awards based on the future funding.

George summarized if the Board awarded the Port of Whitman County \$1.2 million, there would be \$700,000 remaining to designate to the City Yakima with the understanding \$500,000 would be added after July 1, 2025. CDRPA award would not occur until September 2025 retroactive to the July 2025 appropriation. Cory clarified the City of Yakima is conditional on a sustainability grant to get completed, as well. He wondered if the initial \$700,000 should also be conditional. By July, the outcome of Yakima's grant proposal will be determined. Dave confirmed Cory's logistical analysis. The issues are CDRPA's 24-month moratorium for award and Yakima's dependency on the upcoming grant to complete the project.

Chris asked Rob when he will know the outcome of the sustainability grant. Rob confirmed that the project is dependent on the grant and the outcome should be known around April 2025. He shared his conversation with the Loan Program Manager who recommended waiting to July for the grant award but also for the contingent funding. Dave added that it may be beneficial to have remaining funds obligated before the legislative session and to have projects already selected to justify and secure funding for next biennium. Andrew added there may be a few motivated lobbyists on our behalf. Chris inquired when the next round of applications will be due. Dave responded that CARB will likely meet in September to conduct the next round of awards. George commented the funding will be determined by then. Dave cautioned that without another appropriation, CARB will not be able to award until we have sufficient loan repayments to justify another round of awards. The CARB Loan Program is still in its infancy, and without funding, the program will have to be paused. This is part of our argument we put forward in the capital budget request.

George asked if CDRPA could start their project this Spring funded with local dollars and could wait until September for loan funding. Trent responded that CDRPA's plan would be to use their own funds to begin the project and access CARB funds during the construction phase. Chris asked if CDRPA could bill retroactively for project expenses even if it occurs before the 2-year period. Dave responded we could fund eligible expenses back to July 1<sup>st</sup> (2025). Chris asked if CDRPA will still have enough expenditures after July to spend out the loan. Trent assured the Board there will be sufficient expenditures based upon the current timing of project sequencing.

Regarding Yakima's request, Chris asked if we could award funds contingent on the grant award with an April 30th sunset date for the contingency. Diahann concurred with the concept, but suggested a date of July 1, since there would be clarity on both the grant award and CARB

appropriation. Rob (Yakima) was amenable to the suggestion. The Loan Program Manager affirmed the current loan agreements do contain “subject to appropriation” language and “termination for convenience” clauses.

Diahann summarized the Board could allocate \$1.2 million in existing funds and contract now with the Port of Whitman with the remaining \$700,000 awarded to the City of Yakima contingent on a sustainability grant and \$500,000 in pending CARB appropriation that sunsets on July 1. If the funding does not occur the loan award would be re-discussed or cancelled. CDRPA could also be potentially allocated subject to future legislative appropriation and contracted in September 2025. George complimented the summary and asked the group if they were ready to entertain a motion.

Diahann motioned to award \$1.2 million to the Port of Whitman, \$700,000 in current funds to the City of Yakima and an additional \$500,000 award contingent on funding appropriation and a \$600,000 grant effective July 1, 2025, and \$1.2 million to CDRPA contingent on funding appropriation effective in September 2025. Chris seconded. Without further discussion, George called for the question. The motion passed unanimously. The Loan Program Manager was directed to initiate Invitation for Funding Assistance (IOFA) letters.

**Comments:** The Chair asked if there were any final comments. Cory made a formal request per CARB Bylaws, Section 5.3, a vote of confidence to serve on the Board due to a pattern of public comment questioning his ability to serve. As a county official, he described his responsibilities as a county commissioner, the history of the Kittitas County Airport (aka Bowers Field), the challenges the airport has faced with funding, and the current CARB project. His request will be added to the next CARB meeting agenda.

**Next Board Meeting/Adjourn:** After discussion, the next Board meeting was scheduled for May 8, 2025, at 10:00 am to Noon. The meeting will focus on project status and the CARB budget. The meeting was adjourned at 11:57 am.

*David Chenaar*

David Chenaar, CARB Secretary

Date: February 15, 2025