

REGULAR COMMISSION MEETING

PORT OF KENNEWICK

MARCH 10, 2009

MEETING MINUTES

CALL TO ORDER

Commission President David Hanson called the Regular Commission meeting to order at 2:00 p.m., in the Commission Chambers of Port of Kennewick located at 350 Clover Island Drive, Suite 200 in Kennewick, Washington.

The following were present:

Board Members: David Hanson, President
Gene Wagner, Vice President
Calvin E. Dudney, Secretary

Staff Members: Tim Arntzen, Executive Director
Dan Cryer, Director of Operations & Airport Manager
Tammy Fine, Director of Finance & Auditor
Larry Peterson, Director of Planning & Development
Tana Bader Inglima, Director of Governmental Relations and Marketing
Sherrie Bowers, Administrative Assistant/Records Manager
Craig Walker, Port Counsel

PLEDGE OF ALLEGIANCE

Commissioner Hanson led the Pledge of Allegiance.

CONSENT AGENDA

The consent agenda consisted of the following:

- ***Payroll Roster Dated February 27, 2009***
Expense Fund Voucher Nos. 28837-28852 totaling \$29,390.52
 - ***Warrant Register Dated March 11, 2009***
Airport Improvement Fund Voucher No. 359 totaling \$2,698.19
Airport Operations Fund Voucher Nos. 40849-40857 totaling \$2,730.18
Construction Fund Voucher Nos. 2501-2513 totaling \$549,709.23
Expense Fund Voucher Nos. 28853-28904 totaling \$43,425.31
 - ***Approval of Compensation Agreements***
 - ***Authorization to Submit Correspondence to SignsNow***
 - ***Approval of Clover Island Yacht Club/Mixed-Use Building Change Orders***
- ❖ ***Commissioner Gene Wagner moved approval of the consent agenda. Commissioner Calvin E. Dudney seconded and the motion was unanimously carried.***

REPORTS, COMMENTS AND DISCUSSION ITEMS➤ ***Clover Island Update***

Clover Island Yacht Club/Mixed-Use Building Update: Director of Planning and Development Larry Peterson stated the project was progressing on schedule.

➤ ***Vista Field Airport Update***

Gauntt Hangar: Director of Operations/Airport Manager Dan Cryer explained the Port purchased a corporate hangar from Mr. Chep Gauntt in December 2007 with the agreement approving installment payments. He explained the Port will officially take ownership of the hangar in December of 2009. Mr. Gauntt has access to the hangar and is able to lease the hangar through the end of 2009. Mr. Gauntt notified the Port that a very well-known, local winery has expressed interest in leasing renting the hangar for two to three years to operate a full production winery and tasting room. Mr. Cryer explained the winery owners plan to make significant improvements to the space and have asked for a commitment from the Port before making their decision.

Executive Director Tim Arntzen added the lead was generated and negotiated by Mr. Gauntt who is attempting to maximize the income of his hangar and felt it was a reasonable business decision.

Since there were several airport uses in the audience, Commissioner Hanson called for public comment and Dr. Carl Cadwell stated he preferred the hangar be used for aviation-only business but understood Mr. Gauntt's position.

After extensive discussion it was decided that staff would meet with Mr. Gauntt and offer the winery owners alternative locations for the winery. Due to the recent inquires from wine-related businesses, Mr. Arntzen felt the Port should move quickly to have Port property available to market to potential wine-related businesses.

Long-Term Air Transportation Study (LATS) Survey: Mr. Cryer stated the public process for the LATS was progressing nicely and encouraged public comment via a survey posted on the Washington State Department of Transportation website. He explained the public comment period expires April 17, 2009 and suggested he draft a comment on behalf of the Port. The Commission agreed.

Financial Report: Director of Finance/Auditor Tammy Fine explained she was asked by Mr. Arntzen to draft possible alternatives to financially support an airport closure, should the need arise. She explained one alternative would be to increase taxes. Increasing taxes would allow the Port to continue with current projects, but cautioned against this alternative due to the current state of the economy. Another alternative would be to issue bonds which are not funded by the taxpayers, but would secure by the Port's future property taxes. She explained issuing bonds could tie up a large portion of future property tax revenue for several years and could also prevent current projects from moving forward

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and/or reduce or eliminate future projects. After discussions with a financial advisor and two financial bond institute representatives, Ms. Fine felt the Port may not receive a favorable rating which would produce high debt repayment. Another consideration could be to apply for a loan, but Ms. Fine cautioned this option could also reduce or eliminate current and future projects. Ms. Fine stated reserving funds annually would eliminate the need for debt repayment, but could also reduce or eliminate future projects. Finally, Ms. Fine suggested the Port could consider selling the airport to the private sector explaining this alternative would shift costs of closure or redevelopment to the private sector, significantly reducing risk. This alternative could allow current and future project to continue as planned.

Ms. Fine stated additional research was necessary for each alternative and suggested the Port develop a best and worst case financial scenario to assist Port staff with planning for the Port's future. She stated many of the scenarios would most likely force the Commission to prioritize current and future projects because she felt the Port did not have sufficient funding to complete proposed projects while shutting down an airport.

Mr. Arntzen felt the estimated closing costs provided by J-U-B Engineers were very accurate. He explained staff had used costs associated with developing Spaulding Business Park to reach an estimate of closing and developing the site. Once the Commission-approved appraisal of Vista Field Airport was complete, that could be a third set of approximate figures for consideration. He reminded the Commission that any environmental issues discovered at the site increase the cost of any alternative.

There was discussion of removing thirty acres of asphalt, possible zoning and environmental issues associated with the closure of the airport. Mr. Arntzen felt the best alternative may be to sell the property. Kennewick City Councilman Steve Young agreed.

Tri-City Herald Editorial Board Presentation: Executive Director Tim Arntzen stated he had been asked to meet with the Editorial Board for *Tri-City Herald* and felt the meeting would be include discussion of the Port's intentions regarding Vista Field Airport. The Commission authorized Mr. Arntzen to schedule the meeting.

Kennewick City Council Workshop: Mr. Arntzen stated City of Kennewick Mayor Thomas C. Moak had submitted a letter requesting a joint, public meeting to discuss airport closure and bridge to bridge area development, as well as other items of mutual interest. Mr. Arntzen suggested Port staff work with City staff to confirm a date and time for the joint meeting, stating the meeting would be conducted within the Open Public Meetings Act regulations.

Kennewick City Councilman Young felt the original plan was to have an open forum for elected officials only.

After discussion, staff was instructed to work with City staff and bring possible dates to the Commission for consideration at the next Regular Commission meeting.

➤ ***Pacific Northwest Waterways Association “Mission to Washington” Update***

Mr. Arntzen stated he and Director of Governmental Relations and Marketing Tana Bader Inglima attended Pacific Northwest Waterways Association’s (PNWA) annual “*Mission to Washington.*”

Ms. Bader Inglima felt it was a wonderful opportunity to learn more about PNWA which is a multi-industry association focusing on trade, navigation and economic development. She gave a brief overview of the many sessions attended. She stated Port of Kennewick helped sponsor PNWA’s “Taste the Northwest” reception during which she and Mr. Arntzen had the opportunity to visit with many senate and house staff members as well as Lieutenant Colonel Michael J. Farrell, District Commander of the U.S. Army Corps of Engineers, Walla Walls Division. In between sessions, Ms. Bader Inglima was able to personally meet with Congressman Richard “Doc” Hastings and his legislative assistant, Kate Wood, to discuss the Clover Island Master Plan and Water Resources Development Act (WRDA) grant language. She also met with Jeff Watters, Senator Maria Cantwell’s legislative assistant, and with Lindsey Einhaus and Grant Lahmann, legislative aides to Senator Patty Murray. Ms. Bader Inglima discussed the need for funding assistance for the Clover Island Master Plan and a WRDA grant in 2010. She gave a PowerPoint presentation of the various waterfront properties toured during the trip and felt the Port’s urban renewal and waterfront developments were very similar to those seen in and around the Washington, D.C. area.

➤ ***Tri-Cities Visitor and Convention Bureau’s Tri-Cities Rivershore Enhancement Council “The Waterfront Center” Discussion***

Ms. Bader Inglima stated the Port had supported Tri-Cities Visitor and Convention Bureau’s Tri-Cities Rivershore Enhancement Council (TREC) since 1995. She explained TREC has been working to implement the community’s vision for rivershore beginning with the first study prepared by The Waterfront Center in 1997. She explained that study recommended focusing on rivershore enhancements to diversify the economy and improve quality of life for the area. Several objectives that originated with the study included 1998 being declared the “*Year of the River,*” lighting of the Cable Bridge, construction of Playground of Dreams and the Lewis & Clark Heritage Trail Interpretive Overlook, just to name a few.

Ms. Bader Inglima stated the recently released second Waterfront Center Study challenges the community to construct better linkages to the downtown areas, have more boating facilities in the region, as well as more rental and commercial businesses along the river. She explained the study described Port of Kennewick’s Clover Island Master Plan as, “*one of the commercial bright spots on the river.*” The study also indentified the Port’s shoreline improvements and construction of a signature lighthouse as a key component of

future development. It also encouraged more events along the riverfront, which the Port has already implemented by supporting Clover Island Inn's "Summer Concert Series" and the "Untapped Blues Festival" both held on Clover Island. Ms. Bader Inglima explained the Port's purchase of property adjacent to the shoreline was described as something that will, make mixed-use redevelopment possible and would challenge other jurisdictions to follow suit. Other suggestions included in the study were the need for interpretive elements and artwork, illuminating the Blue Bridge with blue lights, constructing mixed-use developments that encourage riverside office and residential and construction of high-rises as signature buildings. Ms. Bader Inglima stated the study encouraged a recreation study both by land and water and thanked Mr. Arntzen for offering the use of his personal boat to ensure completion of the study in 2009.

➤ ***Maintenance Report***

Mr. Cryer explained the Columbian Basin experienced heavier than normal snow fall this season, but snow was removed swiftly from all Port properties and thanked everyone that assisted Port staff during the season. He stated spring cleaning was now underway with removal of debris and weeds on all Port properties by Department of Corrections, Coyote Ridge Correction Center Work crews. He reviewed various maintenance and minor repairs to structures and property owned by the Port, as well as removal of derelict boat from the Marina. He thanked the United States Coast Guard for their assistance with the vessel.

➤ ***Meeting Reports***

- Commissioner Hanson attended legislative committee meetings in Olympia.
- Commissioner Wagner reported attending the KGH Foundation Annual Breakfast.
- Commissioner Dudney reported attending TRIDEC meetings and a Tri-Cities Visitor & Convention Bureau Board meeting.
- Mr. Arntzen met with Dr. Carl Cadwell and attended a Historic Downtown Kennewick Partnership meeting.
- Mr. Cryer met with Chuck Larson of J-U-B Engineers and met with potential tenants.
- Mr. Peterson attended a Benton-Franklin Council of Governments Technical Advisory Committee meeting and is working on getting permits submitted for the gateway and lighthouse projects.
- Ms. Bader Inglima had a wine industry meeting, met Jared LaRousse with the *Tri-City Herald*, and attended a TREC meeting.

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- Ms. Fine met with an architect from Sacramento, had a wine industry meeting and attended an Institute of Internal Auditors meeting.

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➤ *Non-scheduled Items*

- Mr. Arntzen stated he and Commissioner Wagner will be leading a walking tour of Clover Island, Duffy's Pong and Willows Trailer Court for the Young Professionals group Thursday, May 7, 2009 from 5:30 to 7:00 p.m.

- Ms. Bader Inghima congratulated Mr. Peterson for his foresight in relocating trees removed for the Benton County Intertie Project. The trees will be used in the Shoreline Restoration Project on Clover Island. Mr. Arntzen also thanked Ms. Peterson for a job well done

- Commissioner Wagner stated he had received a letter from the KGH Foundation thanking Port for supporting the annual breakfast.


- Mr. Cal Coie stated Port Orchard, Washington has a large dock that is rented out for events and also noted there are several modern art pieces located in Edmonds, Washington. Mr. Coie also stated should Vista Field Airport close, asphalt removed from could be recycled, but it would be expensive.

ADJOURNMENT

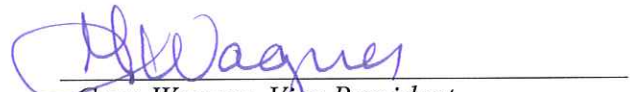
With no further business to bring before the Board, the meeting was adjourned at 3:31 p.m.

APPROVED:

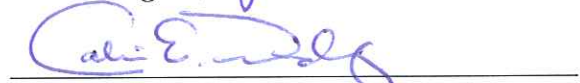
**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**



David Hanson, President



Gene Wagner, Vice President



Calvin E. Dudney, Secretary