



# PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 26, 2019 MINUTES

Commission President Thomas Moak called the Regular Commission Meeting to order at 2:00 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

## The following were present:

**Board Members:** Thomas Moak, President  
Don Barnes, Vice-President  
Skip Novakovich, Secretary

**Staff Members:** Tim Arntzen, Chief Executive Officer  
Tana Bader Inglima, Deputy Chief Executive Officer  
Amber Hanchette, Director of Real Estate and Operations  
Nick Kooiker, Chief Financial Officer  
Larry Peterson, Director of Planning and Development  
Lisa Schumacher, Special Projects Assistant  
Bridgette Scott, Executive Assistant  
Lucinda Luke, Port Counsel

## PLEDGE OF ALLEGIANCE

Commissioner Barnes led the Pledge of Allegiance.

## APPROVAL OF THE AGENDA

***MOTION:*** Commissioner Novakovich moved to approve the Agenda as amended; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

## PUBLIC COMMENT

David Fetto, 799 Pikes Peak Drive, West Richland. Mr. Fetto introduced himself as the new City of West Richland councilman and Port liaison. Mr. Fetto replaced Councilman Don Engleman on October 1, 2018.

No further comments were made.

## CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated February 4, 2019**  
Direct Deposit and E-Payments totaling \$135,793.58
- B. Approval of Warrant Register and E-Payments Dated February 12, 2019**  
Expense Fund Voucher Numbers 100816 through 100859 for a grand total of \$113,260.65
- C. Approval of Direct Deposit and E-Payments Dated February 15, 2019**  
Direct Deposit and E-Payments totaling \$77,389.42
- D. Approval of Warrant Register and E-Payments Dated February 26, 2019**

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 26, 2019 MINUTES

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Expense Fund Voucher Numbers 100860 through 100904 for a grand total of \$513,415.26

***E. Approval of Regular Commission Business Meeting Minutes January 22, 2019***

***MOTION:*** *Commissioner Barnes moved for approval of the Consent Agenda as presented; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

## REPORTS, COMMENTS AND DISCUSSION ITEMS

***A. Columbia Drive Update***

Mr. Peterson stated the Port opened bids today for Columbia Gardens Phase 2B for the tasting room and parking lot and received ten bids. The apparent low bidder was Banlin Construction, with a base bid of \$1,495,000 before tax. Mr. Peterson stated the bids were between \$1,495,000 and \$1,800,000 and four of the bids were within \$100,000 of each other. Mr. Peterson stated there were no issues raised regarding the process.

Mr. Arntzen stated this project has been a team approach by staff and our consultants, Ms. Luke, David Robison of SCM, and Thomas Kastner of Meier Architecture. Mr. Arntzen stated this has been a very challenging and time consuming process and he is pleased with the progress and competent advice staff received during this process.

Commissioner Barnes inquired what the budget is for Phase 2B.

Mr. Kooiker stated the cost is \$2,160,000 which includes the bid, A & E costs, taxes, change orders, and permits. This funding package includes:

- \$910,000 from the insurance proceeds;
- \$200,000 from City of Kennewick Interlocal Agreement for the parking lot;
- \$400,000 from the City of Richland 2017-2018 budget allocation;
- \$150,000 from the ROI line item from the 2019-2020 budget;
- \$500,000 from Columbia Drive line item from the 2019-2020 budget.

Mr. Kooiker stated depending on the Vista Field Phase 1A bid, this will leave approximately \$850,000 for an ROI project in Vista Field.

Commissioner Moak inquired what the alternate bid includes.

Mr. Peterson stated the alternate bid includes a brick wainscot that will wrap around the entire building. Mr. Peterson stated with the alternate, Banlin Construction is still the lowest bid. Mr. Peterson will present the final bid recommendation on March 12, 2019 for Commission consideration.

Commissioner Moak stated this building will set the standard for Columbia Gardens and Columbia Drive. Commissioner Moak expressed his appreciation for the team who worked diligently to get the Port to this point and thanked them for their continued efforts and Mr. Kastner for the design.

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 26, 2019 MINUTES

Commissioner Novakovich inquired if the Port has enough in the financing package to include the alternate.

Mr. Kooiker stated the alternate is included in the finance package.

## ***B. Vista Field Update***

Mr. Peterson stated Vista Field Infrastructure Phase 1A bids are scheduled to be opened this Thursday at 2:00 p.m. Mr. Peterson reported that at least nineteen companies are following the project and believes the Port could receive 8-10 bids. Mr. Peterson will bring the final bid tab to the Commission for consideration on March 12, 2019.

## ***C. Clover Island***

### ***1. Benton County Disbursement Agreement for Shoreline Improvements; Resolution 2019-04***

Ms. Bader Inglima expressed her excitement in presenting the Benton County Disbursement Agreement for Shoreline Improvements. Ms. Bader Inglima has been working for several years to find ways to fund the improvements to the shoreline that are needed. These improvements include: creating a better habitat, creating better visuals of the island, additional recreational access and an opportunity for economic development. The Port succeeded in attaining a State Recreation Conservation Office (RCO) grant, and partnered with U.S. Army Corps of Engineers (USACE) on Phase 1 of the 1135 study, and completed the bathymetry study, to move forward with alternative 1. The Port is now in the process of securing the matching funds that are required to sign the contract with the USACE to move forward with the 1135 project. The Port and City of Kennewick submitted a joint application to the Benton County Rural County Capital Fund (RCCF). The City has agreed to allocate their portion of the RCCF to expend on the shoreline restoration and recreational path extension. The County accepted the joint application and stated the City and Port met the criteria and the review committee will recommend approval of the application to the Benton County Commission. Ms. Bader Inglima stated the RCCF application approval should be on the Benton County Agenda on March 5, 2019. The Port is receiving the following funds for the 1135 project: \$500,000 from the RCO grant, \$3,500,000 from the federal 1135 restoration project and potentially \$1,000,000 from the RCCF fund. Ms. Bader Inglima stated the USACE has the funding in place for the project and the remaining piece is for the Port to certify the \$1,000,000 match.

Commissioner Novakovich asked Ms. Bader Inglima how long has she been working on this project.

Ms. Bader Inglima stated since 2008.

Commissioner Novakovich thanked Ms. Bader Inglima for her continued effort on the shoreline.

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 26, 2019 MINUTES

Ms. Bader Inglima stated it has been a team effort and the Commission's continued investment has helped this move forward.

Commissioner Barnes confirmed that construction would begin June 2020.

Ms. Bader Inglima stated if the Port can get the contract under way with USACE, construction would begin August 2020 or winter 2020-2021, because of the short construction window for in-water work, however; if Benton County does not approve the RCCF funding, the project will be delayed.

***MOTION: Commissioner Novakovich moved for approval of Resolution 2019-04, adopting the Interlocal (Disbursement) Agreement with Benton County and City of Kennewick related to the Clover Island 1135 Shoreline Transformation Project and authorize the Port's Chief Executive Officer to execute this Interlocal Agreement; and all documents necessary to implement the federal cost share agreement with the US Army Corps of Engineers; Commissioner Barnes seconded.***

## PUBLIC COMMENT

No comments were made.

### ***Discussion:***

*Commissioner Novakovich complimented staff for their years of work on this project. If Benton County approves the RCCF funding, it just shows how our partners believe in what the Port is trying to accomplish around the region.*

*Commissioner Barnes agrees with Commissioner Novakovich's comments and stated the staff has done an excellent job. Commissioner Barnes thanked Ms. Bader Inglima for her diligent work and he is looking forward to seeing the shoreline work take place so that it will eventually look like the West Causeway shoreline.*

*Commissioner Moak stated this project speaks to patience and he credits Ms. Bader Inglima and Mr. Arntzen for taking the time to keep the project moving forward and developing the relationship with USACE. Commissioner Moak stated USACE staff has frequent changes and the Port has continued to plug along and work with USACE and address their concerns. Commissioner Moak thanked staff for being successful at leveraging funds and it shows that others believe in the Port and what we are doing.*

*Ms. Bader Inglima stated that this is considered a reimbursement program.*

***With no further discussion, motion carried unanimously. All in favor 3:0.***

Commissioner Novakovich inquired if a representative from the Commission needs to attend the Benton County Commission Meeting.

Ms. Bader Inglima does not believe the Port needs to attend the meeting.

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 26, 2019 MINUTES

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## ***D. Opportunity Fund***

Mr. Arntzen stated in preparation for potentially purchasing additional property, staff has been looking at ways to assemble funds. Mr. Arntzen stated the opportunity fund is \$100,000 for two years and is meant for requests from other partners or projects that come up and are of interest to the Commission. Staff has been working with the City of Kennewick on traffic calming ideas on Columbia Drive, which would allow pedestrians to cross the busy four lane road. Mr. Arntzen stated the Port is looking at contracting with Parametrix, Inc. to look at traffic calming options for approximately \$13,000. However, in light of reserving any extra funds, staff recommends halting the discussion on traffic calming until further Commission direction on the potential purchase.

## ***E. West Richland Land Sale***

Ms. Hanchette reported the Commission approved land sale to Benton County Fire District #4 closed on January 29, 2019. The Port sold two one acre lots off Keene Road in West Richland for a new fire station.

Mr. Arntzen stated this has been a seamless government project between the Port and Benton County Fire District (BCFD) #4, where the Port was able to assist the BCFD in utilizing the public approved bond to find a location that will benefit the growing population and businesses in West Richland. The location allows for a shorter response time and lowers insurance rates for local businesses. Additionally, Commissioner Novakovich spent a lot of time working with West Richland to bring more services to the area.

## ***F. Water Rights***

Mr. Arntzen would like to withdraw the Water Rights Agenda item.

*The consensus of the Commission is to withdraw Water Rights.*

## ***G. Commissioner Meetings (formal and informal meetings with groups or individuals)***

Commissioners reported on their respective committee meetings.

## ***H. Non-Scheduled Items***

1. Commissioner Moak had a very engaging meeting with Lizz Plater-Zyberk and Andres Duany of DPZ Partners while in Miami. Commissioner Moak stated the conversation centered on housing for Vista Field and the use of mobile homes instead of storage containers. Mr. Duany indicated that container buildings are cool but expensive, whereas, a mobile home can be altered to look like a container building and are already permitted. Additionally, Mr. Duany suggested the Port work with Matt Lambert of the Portland office and hold a mini-Charrette for the youth of the Tri-Cities. Ms. Plater Zyberk continues to be very engaged with Vista Field and believes things are going well.

Commissioner Moak apologized stating if, during the special meeting last week, his irrational exuberance related to Vista Field seemed to be negatively directed toward staff. He stated that he understands that we are all working very hard to get the Vista Field bid done and moving forward. He knows we have spent years getting there, and understands that sometimes a curve ball gets thrown into what we want to do. He expressed appreciation for all the work that staff

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 26, 2019 MINUTES

has put in to the Vista Field effort, and wanted to provide assurance that what he said was not meant as criticism. He believes that Vista Field is the biggest and most important project he'll ever be associated. And while he doesn't change his perspective, he does think his remarks last week might have sounded intemperate and for that he apologized.

2. Commissioner Novakovich reported that House Bill 1375/Senate Bill 5309 will put all port districts into the general campaign contribution limits that apply to most other elected positions. The bill will limit campaign contributions to \$2,000 per person per election for all ports.
3. Ms. Scott reported that she, along with Mr. Kooiker and Ms. Schumacher attended the Laserfiche Conference. Laserfiche is the new software system that the Port implemented last fall. The conference had about 5,000 attendees and we attended many classes to improve our skills; and they made a fantastic contact. Michelle Cournyer, Executive Assistant with the Port of Kalama attended the conference as well and is very fluent in Laserfiche. The Port of Kalama has had Laserfiche for over ten years and has integrated it into everything. Ms. Cournyer invited us down to tour the Port and see their system.

## OLD BUSINESS

### A. *Ivy Transaction*

Ms. Luke stated at the January 22, 2019 Regular Commission Business Meeting, staff received a request related to a pending real estate transaction, involving property that the Port owned up until 2004. Ms. Luke stated the Port sold the property to the Ivy Trust and utilized the standard Purchase Sale Agreement which stipulates a repurchase provision. The repurchase provision states that the purchaser agrees to sell back the property to the Port, if development does not begin within 18 months, at an agreed upon appraised price. There were some discussion in 2005 and 2006 related to the undeveloped property; however, the Port did not exercise its rights at that time. The Port's rights became effective November 2005 and have remained in effect thereafter. With the passage of time, there is certainly the question of whether at some point, the Port waived its rights to exercise the option. There has not been any formal exercise or waiver to the property and Mr. Ivy is requesting the Port release the repurchase rights so that he can proceed with the sale. Ms. Luke believes the sale is still pending and the closing date is set for March 4, 2019.

Rob Ellsworth, real estate broker for Mr. Ivy, stated the closing date has been extended. The buyer has requested an extension to complete the due diligence, pending the Commission's decision. Closing will take place in late March or early April.

Ms. Luke stated the Commission requested additional information regarding the Port's rights related to repurchase rights and at the February 19, 2019 Special Meeting, the Commission requested additional time to review after the Port received the Columbia Drive Phase 2B bid results. The Port has several options including, releasing the right to repurchase with conditions to allow the pending transaction to proceed or exercise the right to repurchase or attempt to do so. The repurchase option would require notification to Mr. Ivy, who would then need to consider what action to take in regards to his pending transaction. Ms. Luke stated there are risks associated with anything other than the releasing the repurchase provision and inquired if the Commission had any questions.

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 26, 2019 MINUTES

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Commissioner Novakovich inquired if the seller perceived the option as being waived, could he still go through with the transaction.

Ms. Luke stated if they proceed with the transaction without the Port removing the repurchase provision, the cloud would remain on the title.

Commissioner Moak stated since the deadline has been extended, he would like to wait until the Commission considers the bids for Vista Field Phase 1A and Columbia Gardens Phase 2B on March 12, 2019 to make a decision regarding the property. Commissioner Moak thanked Ms. Luke for the update and stated he is not prepared to make a decision today.

Commissioner Barnes offered an apology to Mr. Arntzen and to staff regarding the Ivy real estate matter, stating the issue caught him by surprise and he felt he didn't have enough information and overreacted. He acknowledged it was out of line to call DPZ, and he apologized for that. As a commissioner he stated he wants the best possible redevelopment at Vista Field. His intent is to do the best job that he can for the Port as a commissioner; as he has for the past 6 ½ years. He understands that we are in a challenging bid environment; and even if we get favorable bid numbers on Vista Field, he believes it would be a stretch to find the resources to make a purchase happen. If the timing or a lot of other things had been different, maybe; but it's hard to say: would have, could have, or should have. He feels he overreacted and at this point would consider relinquishing it.

Mr. Arntzen stated he appreciated the Commissioner comments and acknowledged that as a manager he made an assumption that this was not a significant matter and for that he apologized to the Commission. He stated as manager he tries to guess what matters would be of importance to Commission and which are secondary in nature; his mea culpa is that he guessed wrong on this matter. Since Commissioner Moak suggested waiting until the March 12th meeting, and since Mr. Ellsworth said they are willing to push things back a little bit, Mr. Arntzen offered to make notes, visit with his staff, and with legal counsel, and others, and then compile a list of issues that the Commission might wish to consider. He offered to put together a summary memo so that Commissioners might have a full discussion on March 12. Mr. Arntzen stated again that he appreciated the Commissioners earlier comments; that this has been an important matter, and he apologized again for misinterpreting the potential significance of the piece of property to the Port.

Mr. Arntzen stated Mr. Ellsworth, the broker for the Mr. Ivy is here today and inquired if the Commission had any questions regarding the purchaser.

Commissioner Novakovich stated because we are all concerned about the development at Vista Field, he believes it would be beneficial if Mr. Ellsworth could enlighten the Commission on the potential use of the property.

Mr. Ellsworth, a broker for SVN Retter and Company, stated the buyer for the property is the Yakima Valley Farmworkers Clinic (YVFC), who would be building a new administrative and clinic building on the five acres. YVFC is purchasing the property as an owner user and not developer, and intends to develop the five acres. Mr. Ellsworth stated the Port's repurchase option

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 26, 2019 MINUTES

does not state a specified amount, or purchase price if the Port were to repurchase the property. Mr. Ellsworth believes the repurchase price would be at or near that price of the current agreed upon market price at approximately \$1,700,000 for the 5 acre parcel.

Commissioner Novakovich inquired if Mr. Ellsworth had any examples of what YVFC might build. He would like to see if it would be complementary to Vista Field.

Mr. Ellsworth will contact YVFC to see if they have any predesign work completed or if they are planning to clone any of their current facilities.

Commissioner Barnes inquired if the perspective buyer has a website.

Mr. Ellsworth stated YVFC has a website and are a public agency.

Ms. Luke stated YVFC is a federally qualified health center, similar to Tri-Cities Community Health, except they are quite a bit larger, with a large budget and employs a lot of people. YVFC is a large clinic/health care facility who treats farmworkers, but also anyone who walks in their doors and offers services beyond healthcare such as counseling.

Commissioner Novakovich inquired if the YVFC clients are of a protected class. Ms. Luke confirmed that some of the patients are of a protected class.

Commissioner Barnes inquired if Ms. Luke knew how YVFC is funded.

Ms. Luke stated YVFC is partially funded by federal dollars; however, it is large enough that it also has its own private funding. Ms. Luke believes it is a \$100,000,000 entity and the federal funding is only a small portion of that amount.

Commissioner Barnes inquired if that amount is in assets or annual volume.

Ms. Luke stated it is in volume and they have sites throughout the northwest.

Mr. Ellsworth will follow up with Ms. Luke regarding the renderings.

## **PUBLIC COMMENTS**

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick stated the four Mid-Columbia Art groups scheduled a fundraiser for February 9, 2019; however, the fundraiser was postponed due to the inclement weather. The fundraiser has been rescheduled for March 23, 2019 and the Mid-Columbia Symphony postponed their show until March 24, 2019.

David Fetto, 799 Pikes Peak Drive, West Richland. Mr. Fetto stated the Port's land sale to BCFD #4 is a great example of public service. For the Port to sell the land below market value even though the real estate market continues to grow is a great statement for the Port. Future developments will continue to grow in that area and by placing the fire station at that particular location, BCFD is able to provide better services to the citizens and businesses.



**PORT OF KENNEWICK  
REGULAR COMMISSION MEETING**

**FEBRUARY 26, 2019 MINUTES**

Commissioner Moak anticipates the Executive Session will last approximately 30 minutes, Potential Litigation, per RCW 42.30.110(1)(i) with possible action anticipated. Commissioner Moak asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

*Commissioner Moak recessed the Regular Commission Meeting at 3:12 p.m. until 3:20 p.m. Commissioner Moak convened the meeting into Executive Session at 3:20 p.m. for approximately 30 minutes.*

**EXECUTIVE SESSION**

***A. Potential Litigation per RCW 42.30.110(1)(i)***

*Commissioner Moak adjourned the Executive Session at 3:36 p.m.*

*Commissioner Moak reconvened Regular Commission Meeting at 3:36 p.m.*

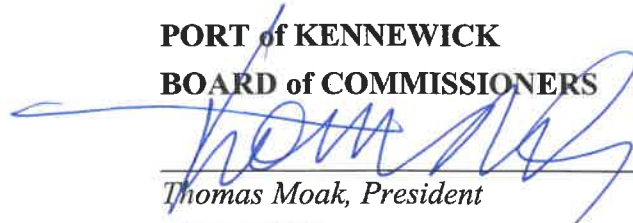
*No action taken by the Commission.*

**ADJOURNMENT**

With no further business to bring before the Board; the meeting was adjourned 3:37 p.m.

***APPROVED:***

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**



*Thomas Moak, President*

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*Don Barnes, Vice President*

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*Skip Novakovich, Secretary*

**PORT OF KENNEWICK**

**Resolution No. 2018-04**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE PORT OF KENNEWICK APPROVING AN INTERLOCAL AGREEMENT  
WITH THE CITY OF KENNEWICK RELATED TO THE HANFORD AREA ECONOMIC  
INVESTMENT FUND ADVISORY COMMITTEE GRANT TO SUPPORT THE  
COLUMBIA GARDENS PHASE II INFRASTRUCTURE JOINT PROJECT**

**WHEREAS**, the Hanford Area Economic Investment Fund Advisory Committee (HAEIFAC ) approved a joint port/city application for grant funding for a total of \$150,000, awarding \$75,000 to the port and \$75,000 to the city, in support of the Columbia Gardens Urban Wine and Artisan Village Phase II Infrastructure Project; and

**WHEREAS**, this partnership will continue to enhance the development of the Columbia Gardens Urban Wine and Artisan Village project area into a destination wine village, permitting the parties to attract major private sector investment; and

**WHEREAS**, the Port and City have outlined an Interlocal Agreement related to disbursement of the HAEIFAC grant funds whereas the city agrees to assign its \$75,000 grant allocation to the port so that the port (as fiscal agent) may be reimbursed for expenses the port incurs related to the project.

**NOW, THEREFORE; BE IT HEREBY RESOLVED** that the Board of Commissioners for the Port of Kennewick approves the Interlocal Agreement between the Port of Kennewick, and City of Kennewick related to HAEIFAC grant funds to support infrastructure for the Columbia Gardens Wine Village Phase II; and authorizes the Port's Chief Executive Officer to take all action necessary to execute and implement the Interlocal Agreement and HAEIFAC Grant.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 27th day of March, 2018.

**PORT OF KENNEWICK  
BOARD OF COMMISSIONERS**

By: 

THOMAS MOAK, President

By: 

DON BARNES, Vice President

By: 

SKIP NOVAKOVICH, Secretary

# RESOLUTION 2019 218

BEFORE THE BOARD OF COMMISSIONERS OF BENTON COUNTY, WASHINGTON

## IN THE MATTER OF THE RURAL COUNTY CAPITAL FUND, DISBURSEMENT TO THE PORT OF KENNEWICK FOR THE "CLOVER ISLAND SHORELINE TRANSFORMATION" PROJECT

**WHEREAS**, RCW 82.14.370, adopted by the Washington State Legislature in 1997, authorizes certain qualified counties like Benton County to impose a "sales and use tax for public facilities", the revenue from which is intended to support "economic development activities" through the construction of "public facilities" by the cities, ports, and the County itself for the purposes of job creation and tax revenue generation; and,

**WHEREAS**, Benton County has established the "Rural County Capital Fund" for said economic development activities, and has reserved a portion of the Fund for disbursement to cities and ports within the County who request County participation with qualified capital development projects; and,


**WHEREAS**, the City of Kennewick and the Port of Kennewick have submitted a joint application for disbursement of funds – with the Port as the project manager and fiscal agent – to be used toward development of a project within the city known as "Clover Island Shoreline Transformation"; and,

**WHEREAS**, the County, the City, and the Port have mutually agreed to terms on a *Disbursement Agreement for use of Rural County Capital Funds*, with the City assigning a portion of its allocation of the Fund to be disbursed directly to the Port; **NOW THEREFORE**,

**BE IT RESOLVED**, by the Board of County Commissioners that the Chairman is hereby authorized to sign the *Disbursement Agreement for use of Rural County Capital Funds* with the City of Kennewick and the Port of Kennewick for the disbursement of up to \$1,000,000.00 of the City of Kennewick's Fund allocation for development of the "Clover Island Shoreline Transformation" project.

Dated this 12 day of March, 2019.

  
Chairman of the Board

  
Member

  
Member

Constituting the Board of Commissioners  
of Benton County, Washington.

Attest.....  
Clerk of the Board

orig: Sustainable Development  
cc: City of Kennewick, Port of Kennewick, Auditor

Prepared by: A.J. Fyall

## **DISBURSEMENT AGREEMENT FOR USE OF RURAL COUNTY CAPITAL FUNDS**

This Agreement, among and between Benton County (hereinafter "County"), the City of Kennewick (hereinafter "City"), and the Port of Kennewick (hereinafter "Port"), shall be effective upon execution by all parties.

WHEREAS, the County has previously agreed to distribute certain funds received from the State of Washington that it has deposited in its Rural County Capital Fund (hereinafter "Fund") after April 1, 2016 for the financing of certain "public facilities [projects] serving economic development purposes" as contemplated by State statute (RCW 82.14.370) and in conformance with County policy (Resolution 2017-103, adopted January 31, 2017); and

WHEREAS, the Port and the City are authorized, including under Chapters 39.33 and 39.34 of the Revised Code of Washington, to contract with each other and other public agencies in order to effectively and efficiently operate, administer and carry out their programs and public projects; and

WHEREAS, the Port owns property in the City that it desires to develop for economic development purposes; and the City agrees to the use by the Port of a portion of the Fund that would otherwise be available for a City project for construction related to the development of the Port property in return for the expected business, tourism, and job creation that will be stimulated by the project and its benefits to the City; and

WHEREAS, the Port's economic development project referenced above is known as "Clover Island Shoreline Transformation", and consists of the Port's improvement of public infrastructure and preparation of commercial building sites in the form of shoreline stabilization, extension of certain utilities, construction of trails, installation of drainage infrastructure, and landscaping to support the shovel-ready preparation of three parcels totaling 3.24 developable and marketable acres shown in the aerial photograph in Exhibit A (the "Project"), for food service, lodging, tourism, and other related businesses; and

WHEREAS, the Project will develop underused but high-value riverfront property on Clover Island and near the upgraded Columbia Gardens area and downtown Kennewick for use by new businesses, and is expected to result in over 140 permanent jobs and positively impact sales, B&O, and property tax revenues; and

WHEREAS, the subject properties referenced herein are currently unbuildable because they are encumbered by the degraded and unstable shoreline in certain areas of Clover Island that needs to be remedied through the Project before the Port will be allowed to develop the properties; and

WHEREAS, the City has agreed to assign \$1,000,000.00 from its allocation of the Fund to the Port for this Project; and

NOW THEREFORE, in consideration of the mutual covenants, conditions, and terms contained herein, the County, the City, and the Port mutually agree to the following:

1. The City agrees to assign up to \$1,000,000.00 of its allocation from the Fund to the Port so that the Port may be reimbursed for expenses the Port incurs for expenses related to the Project.
2. Based on the above assignment and the Port's request for reimbursement from its allocation, the County agrees to reimburse the Port for up to \$1,000,000.00 of qualified direct costs incurred by the Port for the Project *after* the execution of this Agreement; contingent upon funds being available in the City's allocation, and that each reimbursement is consistent with the County's Rural County Capital Fund Disbursement Policy.
3. The Port and City represent that the use of said Fund for the Project is consistent with RCW 82.14.370.
4. The Port agrees to use all funds allocated by this Agreement solely for the purpose of financing the Project and warrants that all expenditures by the Port for which it seeks reimbursement will comply with RCW 82.14.370.
5. The anticipated disbursement schedule is attached hereto as Exhibit B. The parties agree that funds will be disbursed only as reimbursement for actual, direct costs incurred by the Port in connection with the Project. The Port will keep the County informed of any changes to the schedule as the Project progresses.
6. The Port shall invoice the County at the end of each calendar month for all Project costs incurred by the Port in the prior month that are eligible for and for which reimbursement is sought. All invoices shall be mailed to the County at the following address:

Benton County Commissioners Office  
ATTN: Sustainable Development Manager  
7122 West Okanogan Place  
Kennewick, Washington 99336
7. All approved reimbursement payments will be made via check mailed directly to the Port at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.
8. The Port and the City shall not hold the County liable for any delay in disbursements, but the County agrees to use its best efforts to make appropriate disbursement payments to the Port in a reasonably timely fashion.
9. The Port shall be responsible for establishing policies for implementing this Agreement, monitoring progress of the Project, and monitoring the fulfillment of the Parties' responsibilities under the Agreement. In addition to other responsibilities set forth in this Agreement, the Port and the City are responsible for following applicable bid and prevailing wage law policies and procedures when awarding bids for the Project contemplated by this Agreement.
10. The Port agrees to provide the County and the City with a monthly report along with each invoice outlining the status of the Project, including a spreadsheet detailing all costs being reimbursed by the County.
11. If Rural County Capital Funds are applied toward non-eligible expenditures, the County may cease all disbursements until the Port has repaid to the Fund all monies inappropriately expended.

12. The records and documents with respect to all matters covered by this Agreement shall be subject to inspection by the Parties during the term of this Agreement and for three years after its termination. This Agreement shall be filed by the Port with the Benton County Auditor.
13. It is not the intention that a separate legal entity be established with respect to the Project, nor is the joint acquisition, holding, or disposing of real or personal property anticipated.
14. The Port and City agree to indemnify the County from and against any claims, actions, losses, costs, penalties, damages, attorneys' fees, and all other liabilities and costs of defense of any nature arising out of the County's agreement to disburse Funds under this Agreement.
15. The Port shall not have the right to assign the rights under this Agreement nor to terminate its obligations hereunder without first securing the written consent of the County and the City.

*Remainder of page left blank.*

16. This Agreement shall terminate and the County's obligation to disburse funds under this Agreement shall cease at any time that any aspect of the Project falls twelve (12) months or more behind the schedule set forth in Exhibit B. In such case, the County's rights under this Agreement shall continue, but the County may use the funds previously allocated under this Agreement for any purpose allowable under state law. The County will make a good faith effort to notify the Port whenever it believes any aspect of the Project is six (6) months or more behind schedule; provided that maintaining the Project on schedule is the Port's responsibility and the Port shall have no recourse against the County if such notice is not provided.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date signed below.

**BENTON COUNTY**

  
\_\_\_\_\_  
Shon Small, Chairman  
Board of Commissioners

Date: 3-12-2019

ATTEST:

  
\_\_\_\_\_  
Clerk to the Board

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Deputy Prosecuting Attorney

**PORT OF KENNEWICK**

  
\_\_\_\_\_  
Tim Arntzen, Chief Executive Officer

Date: 2/26/19

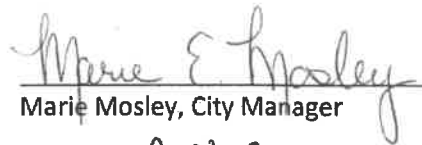
ATTEST:

  
\_\_\_\_\_  
Chief Financial Officer & Auditor

APPROVED AS TO FORM:


  
\_\_\_\_\_  
Lucinda J. Luke, Port Counsel

**CITY OF KENNEWICK**

  
\_\_\_\_\_  
Marie Mosley, City Manager

Date: 2-21-2019

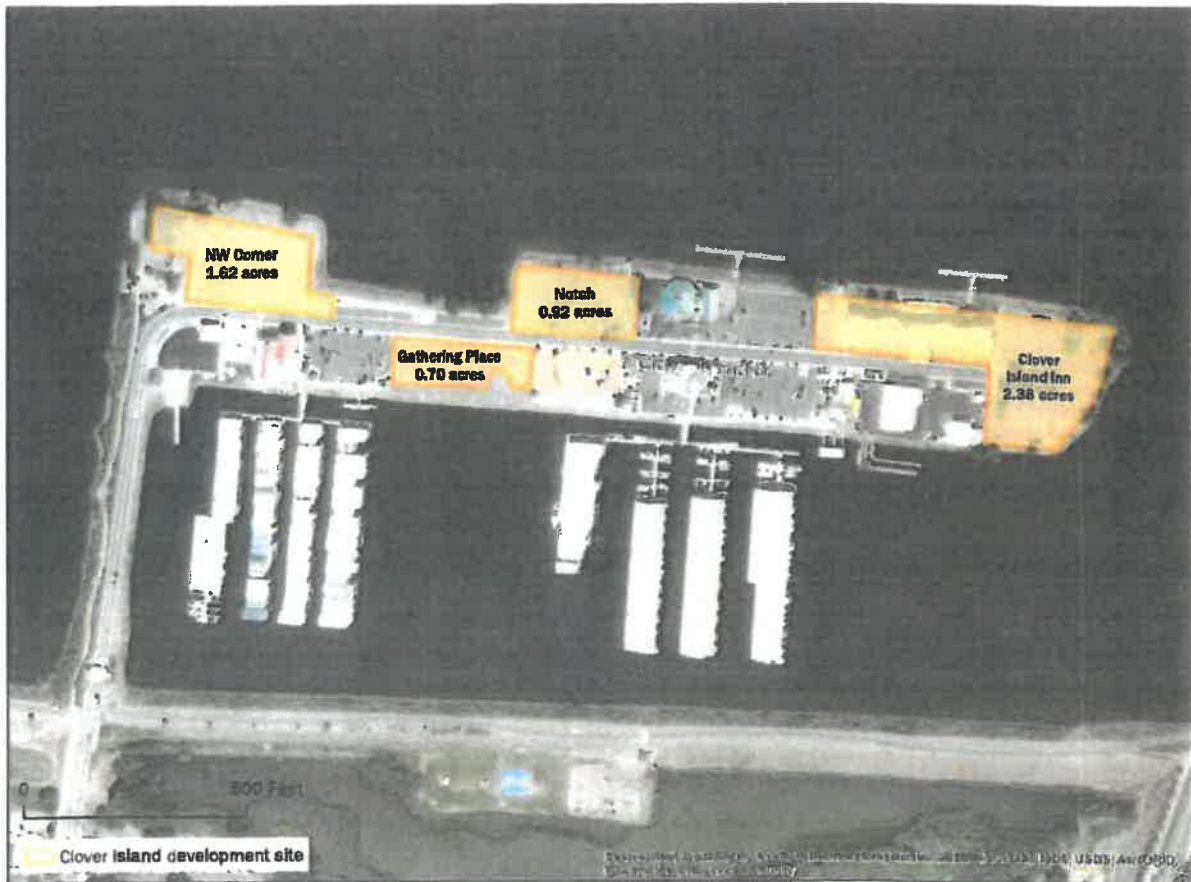
ATTEST:

  
\_\_\_\_\_  
Terri L. Wright, City Clerk  
Christina Palmer, Deputy City Clerk

## **EXHIBIT A**

### **PROJECT AREA**

The Project work will be completed in and upon the three shaded areas totaling 3.24 acres on the west end (left side) of the map below labeled “NW Corner 1.62 acres”, “Notch 0.92 acres”, and “Gathering Place 0.70 acres”, respectively; and not including the fourth shaded area on the east end (right side) titled “Clover Island Inn 2.38 acres”.





**EXHIBIT B**

**ESTIMATED PROJECT COMPLETION AND FUND DISBURSEMENT SCHEDULE**

Projected schedule and expenses, in dollars. Disbursement schedule is depicted quarterly through the middle of 2021.

<b>CLOVER ISLAND SHORELINE TRANSFORMATION CONSTRUCTION &amp; DISBURSEMENT SCHEDULE</b>					
<b>PROJECT PHASES</b>	<b>DISBURSEMENT</b>				
	<b>2020</b>		<b>2021</b>		<b>TOTAL</b>
	<b>06/01 - 09/30</b>	<b>10/01 - 12/31</b>	<b>01/01 - 03/31</b>	<b>04/01 - 06/30</b>	
<i>Construction (Shoreline Stabilization &amp; Restoration)</i>	\$250,000	\$400,000			\$650,000
<i>Extension of Utilities</i>		\$100,000			\$100,000
<i>Drainage, Site Preparation, &amp; Landscaping</i>			\$150,000		\$150,000
<i>Construction (Trail)</i>				\$100,000	\$100,000
<b>RCCF Contribution</b>	<b>\$250,000</b>	<b>\$500,000</b>	<b>\$150,000</b>	<b>\$100,000</b>	<b>\$1,000,000</b>