

## AGENDA

*Port of Kennewick  
Regular Commission Business Meeting  
Port of Kennewick Commission Chambers  
350 Clover Island Drive, Suite 200, Kennewick, Washington*

Tuesday, March 12, 2019  
2:00 p.m.

- I. CALL TO ORDER**
- II. PLEDGE OF ALLEGIANCE**
- III. APPROVAL OF AGENDA**
- IV. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- V. CONSENT AGENDA**
  - A. Approval of Direct Deposit and ePayments Dated March 4, 2019
  - B. Approval of Warrant Register Dated March 12, 2019
  - C. Approval of Special Commission Business Meeting Minutes February 19, 2019
  - D. Approval of Regular Commission Business Meeting Minutes February 26, 2019
- VI. REPORTS, COMMENTS AND DISCUSSION ITEMS**
  - A. City of Kennewick – Playground of Dreams Sponsorship Opportunity, Emily Estes-Cross (**TANA/EMILY**)
  - B. Columbia Drive Update
    - 1. Bid Award: Wine Tasting Building; Resolution 2019-05 (**LARRY**)
  - C. Vista Field Update (**LARRY/TIM**)
    - 1. Bid Award: Phase 1A; Resolution 2019-06 (**LARRY**)
  - D. Ivy Land Sale (**TIM/LUCY**)
  - E. Commissioner Meetings (formal and informal meetings with groups or individuals)
  - F. Non-Scheduled Items
- VII. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- VIII. ADJOURNMENT**

***PLEASE SILENCE CELL PHONES***



# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

**DRAFT**

**FEBRUARY 19, 2019 MINUTES**

Commission President Thomas Moak called the Special Commission Meeting to order at 9:00 a.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  
Lucinda Luke, Port Counsel via Phone

## **PLEDGE OF ALLEGIANCE**

Commissioner Moak led the Pledge of Allegiance.

## **APPROVAL OF THE AGENDA**

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

## **PUBLIC COMMENT**

No comments were made.

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 stated there is no public in attendance to notify when Executive Session ends.

*Commissioner Moak recessed the Special Commission Meeting at 9:02 a.m.*

## **EXECUTIVE SESSION**

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

*Ms. Hanchette extended the Executive Session 20 minutes at 9:32 a.m.*

*Commissioner Moak adjourned the Executive Session at 9:52 a.m.*

# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

FEBRUARY 19, 2019 MINUTES

**DRAFT**

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*Commissioner Moak reconvened Regular Commission Meeting at 9:52 a.m.*

Commissioner Barnes believes that the property in question is a strategic piece of property that may have a significant impact on the redevelopment of Vista Field. Commissioner Barnes researched some of the previous Vista Field documents and stated the Pattern Language discusses the site pattern, which is a long, thin site. “The strong axis generated by this long, thin site, sets up the natural expectation that it have something of significance at either end and possibly toward the middle. Additionally, the document states trying to place a destination at each end of the long, thin site. Commissioner Barnes stated if this particular piece of property is included the Vista Field redevelopment project, it nearly doubles the frontage along Kellogg Street on the North East end of the property. Commissioner Barnes believes it is an opportunity for the Port and understands the potential for liability if the Port tries to purchase the property; however, Commissioner Barnes would like to see if the Port has the ability to purchase the property.

Commissioner Novakovich agrees with Commissioner Barnes that it is strategic piece of property; however, the Port made a commitment to this community and borrowed funds to develop Vista Field “inside the fence.” Commissioner Novakovich mulled what kind of response the Port could offer to the community that would explain why the Commission is revisiting the plans for Vista Field and the potential for liability and criticism.

Commissioner Barnes understands Commissioner Novakovich’s concerns; however, the Commission has always maintained “let’s get it right, not right now.” Commissioner Barnes feels the public could say that the Port had an opportunity to add five acres along Kellogg Street to include in the Vista Field Master Plan and failed to act upon that opportunity. Commissioner Barnes stated the Commission recently received a document which outlined the 2017-2018 budget and stated the Port performed well in operating profit and in the 2019-2020 budget, set aside money in the Opportunity Fund and an additional \$1,000,000 is allocated to an ROI project. Commissioner Barnes believes if the Port were to take action, it would be a strategic investment and understands that it would take additional time and effort on the part of staff to get the property incorporated into the Vista Field Master Plan and work with the City on the zoning issues. Once the administrative tasks are completed, the property could be marketed in short order. Commissioner Barnes stated it is a tough decision, but would like staff to look at the possibility of pursuing this piece of property.

Commissioner Moak asked why staff feels that the Port could not come up with the funds to purchase the property, when there are funds available in the Opportunity Fund and the ROI project.

Mr. Arntzen stated staff will wholeheartedly follow any direction the Port Commission gives and this is just an opportunity for staff to provide the Commission with facts and thoughts to assist the commission if there is a decision made today. Mr. Arntzen stated staff has spent a lot of time trying to anticipate what the funding might be for the Columbia Gardens tasting rooms. The Port consulted with professional estimators, engineers’ estimates, and even conducted a mock bid to determine the cost of the tasting rooms and all the estimates vary. In this challenging construction environment, it is difficult to anticipate what the bids might come in for the tasting rooms; however, staff believes we have the funds to have a viable shot at the tasting rooms building. Mr. Arntzen believes the same analysis applies to Vista Field Phase 1A infrastructure, which is also out to bid. Until the bid numbers come in for the

# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

FEBRUARY 19, 2019 MINUTES

**DRAFT**

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tasting rooms and Vista Field, staff is uncertain how much extra funding will be needed for the priority projects. While I am hoping that this is unlikely, there could come a point where the Port may fall short of the funding necessary for those two projects.

Commissioner Moak stated that staff's main concern is the uncertainty of the tasting rooms and Vista Field Bids.

Mr. Arntzen stated that is correct and the Port has two, large, almost once in a lifetime projects out to bid and he is uncertain that the Port will be able to cover them because of the construction climate. Mr. Arntzen believes the Opportunity Fund is \$100,000, not \$1,000,000 and asked Mr. Kooiker to elaborate on the budget.

Mr. Kooiker stated the Opportunity Fund is \$100,000 and the ROI project fund is \$1,000,000. Mr. Kooiker spent some time reviewing the budget so he would be prepared if the Commission decided to move forward with this property; working with the presumption of awarding bids for Columbia Gardens and Vista Field based on previous discussions. Mr. Kooiker used the numbers provided by the estimators and the mock bid, and had to find extra funding for the Port to complete these two projects. Mr. Kooiker stated \$1,000,000 ROI project fund would be used to cover the overage on Vista Field and the tasting rooms, based upon the current projections. Mr. Kooiker stated staff will know more when the bids come in.

Commissioner Barnes inquired when the bids are due.

Mr. Peterson stated Columbia Gardens tasting rooms bid is due on Tuesday, February 26 at 10:00 a.m. and Vista Field Infrastructure Phase 1A is due on Thursday, February 28 at 2:00 p.m.

Mr. Kooiker stated based upon those numbers, staff pulled together all available funds, including the interest savings, to pay for the current estimates. Mr. Kooiker stated there is an opportunity that the bids will come in low, but is not confident based on the estimations the Port has received. Additionally, there is a lot of partnership money on the line, for example, if the Port did not award the tasting rooms bid, it would forego approximately \$1,000,000 of City and insurance money, likewise, with Vista Field, the Port could lose more than \$1,000,000 in matching funds.

Commissioner Moak stated Vista Field and the tasting rooms are the top two priorities that he would want to make sure are funded; however, if the bid numbers came in right, the Port could still consider the Ivy purchase.

Commissioner Barnes agrees with Commissioner Moak's comment.

Mr. Peterson stated from a planning aspect, the Master Plan has the development growing from the core out, sequentially. Per the Master Plan, the Port would need to modify the Development Agreement and City zoning, and would possibly need to revisit the Transportation Plan with the City. Mr. Peterson stated this would not be a quick profit in six months or a year, as the Master Plan identified that the development will grow from the core outwards and not leapfrog to either end, at Kellogg or at Young Street. This would be a long term investment, with a ten to fifteen-year hold.

# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

FEBRUARY 19, 2019 MINUTES

**DRAFT**

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Commissioner Barnes inquired if the Port could revisit that stipulation and adjust it.

Mr. Peterson stated the Commission can revisit that stipulation; however, the general concept the Port presented to the City was that this will not be a sprawling development and that the Port will work from the core out. If the Port were to stay true to the principles that came out of the Charrette and be lean in the core, this property in question would be a long-term hold based on when the Port develops that particular phase. Although the Port would not defeat ourselves if some phases were developed at the same time, it would contradict everything the Port has said for the last five years regarding the development.

Commissioner Barnes sees this as a strategic opportunity, which could have a significant impact to the redevelopment at Vista Field. Commissioner Barnes believes our partners would recognize this as a strategic opportunity, if the Port were to take action, try and capture this opportunity and incorporate the property into our Master Plan.

Commissioner Novakovich verified that unless the Commission reallocated funds from Columbia Gardens and Vista Field, there is no other source of funds that the Port could use to purchase this property.

Mr. Kooiker stated that is correct, based upon the estimates.

Commissioner Novakovich stated the transaction is expected to close on March 4, 2019 and there are too many unknowns, and too many liabilities with a limited time frame, that it does not make sense to pursue. Commissioner Novakovich stated the Port is investing almost \$7,000,000 in Phase 1A and developing 20 acres, why would the Port consider marketing property outside the fence when we have 100 plus acres of property inside the fence that we have invested money in to market.

Commissioner Moak is reminded of an article in the *Tri-City Herald* recently, related to Columbia Basin College (CBC) purchasing an office building that was not on their radar, but was in the sphere of influence, and acquired it, even though it was not in their comprehensive scheme. Commissioner Moak believes this property is within the Port's sphere of influence and agrees that it is a strategic piece of property.

Commissioner Novakovich stated the Port is developing two major properties and has a limited amount of staff and resources, and does not believe the CBC purchase is comparable.

Commissioner Moak believes it falls within the Port's sphere of influence and in two weeks the Port will know for certain if we are able to fund our projects at Columbia Gardens and Vista Field. Commissioner Moak would like more time to consider the property and understands there is a risk for some liability, but there is also a risk to Mr. Ivy, who has known about repurchase agreement and did not do anything remove the clause over the past thirteen years. Commissioner Moak believes the Port can do its due diligence, now that Mr. Ivy has requested the removal of the clause, and extending the closing date is part of the real estate transaction.

# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

FEBRUARY 19, 2019 MINUTES

**DRAFT**

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Commissioner Novakovich asked would the Commission agree, that if we were to wait until the last bid was open on the February 28, 2019 and there were not enough funds to purchase this property, without affecting our two other projects, that the Commission would give the CEO the right to exercise the release of the repurchase option, as requested.

Commissioner Moak would still like staff to see if there is a way to come up with the funds to purchase the property.

Commissioner Barnes stated the 2017-2018 budget cycle just ended and according to his calculations, we have quite a surplus left over from that budget cycle.

Mr. Kooiker stated that ending fund balance was projected and then carried over to the 2019-2020 budget, and thus effectively accounted for in the 2019-2020 budget. Mr. Kooiker stated as part of the budget process, the Port has to predict the fund balance five months in advance of approving the budget. Mr. Kooiker would not look at that amount as extra money since it is included within the new budget cycle.

Commissioner Moak would like to hear from staff as to how the Port could come up with the funds to purchase the property; however, is there is no way that the Port can feasibly fund the purchase, then he would agree with Commissioner Novakovich's comments and give the CEO the right to release the repurchase clause.

***MOTION: Commissioner Novakovich moved that the Commission postpone a decision regarding the Ivy property until February 28, 2019, to allow staff time to review the Columbia Gardens and Vista Field bids, and advise the Commission on any monies that may be in excess that allow the Port to purchase this property and if those funds are not available, then give the CEO the right to release the repurchase option.***

***Motion dies for lack of second.***

Commissioner Novakovich expressed his concern regarding the liabilities associated with the potential transaction and does not want to misuse funds and resources of the Port of Kennewick to do something that has not been presented to the public.

Commissioner Barnes reiterated that this is a strategic piece of property and could have a tremendous impact on the redevelopment of Vista Field. The location is one of the primary gateways into Vista Field. Commissioner Barnes inquired if staff has contacted DPZ regarding the property.

Mr. Arntzen spoke with Lizz Plater-Zyberk of DPZ briefly, but did not get any substance as to whether or not this would be a strategic purchase or not.

Commissioner Barnes called DPZ; he apologized, but said he had a question regarding the property.

Mr. Arntzen inquired if Mr. Peterson got any substantive answers from DPZ.

# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

FEBRUARY 19, 2019 MINUTES

**DRAFT**

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Mr. Peterson stated DPZ called and informed him that a question had come up and asked what the various pieces of the puzzle are. The discussion was brief, as these are policy questions for the Commission: policy on money and policy of when the property would be developed. Mr. Peterson did not hear the urgency of purchasing the property and then turning it around to put on the market. The conversation centered on the core development and as long as the purchase does not take away from the potential of going vertical, moving forward with the hangar remodel and creating vibrancy within the development. Additionally, they discussed preserving the core 20 acres and putting funds into that location and using extra funds to construct a building in the core development. Mr. Peterson concurred that it is a strategic piece of property; however, could the Port go back to our development partners and the community to say we are going to work on both the core and the North East end of the site, which would dilute our own Master Plan. Mr. Peterson would lobby that if the Commission were to acquire the property, to think of it as a long term hold, not a piece that would be marketed to recoup the funds that were spent. That would deviate from the strategy that has been in place for 5 years.

Commissioner Novakovich stated it would be similar to the race track; holding for a long term development.

***MOTION: Commissioner Moak moved to hold a Special Commission Meeting on March 1, 2019 or shortly thereafter, for the purpose of making a decision regarding the property in question.***

***Motion dies for lack of second.***

Commissioner Barnes stated he is scheduled to be out of town, but can be available via phone.

Mr. Arntzen that per Port policy, he does not believe that is an option.

Commissioner Novakovich inquired when the representatives wanted a response.

Ms. Hanchette stated she received an email this morning from their real estate agent asking for a status update.

Commissioner Novakovich inquired if they gave the Port a timeline.

Ms. Hanchette stated no, they did not, but the listing indicated that they are trying to close by March 4, 2019.

Mr. Arntzen asked based on the discussion today, if all communication should go through Ms. Luke.

Ms. Luke agrees with Mr. Arntzen and will communicate with the representatives moving forward

Commissioner Moak stated the Port will be awarding bids on the tasting rooms and Vista Field on March 12, 2019.

***MOTION: Commissioner Moak moved to make a decision regarding the property in question at the March 12, 2019 Regular Commission Meeting; Commissioner Barnes seconded.***

**PORT OF KENNEWICK  
SPECIAL COMMISSION MEETING**

**FEBRUARY 19, 2019 MINUTES**

**DRAFT**

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***Discussion:***

*Commissioner Novakovich believes before a decision is rendered, the Commission needs to know the anticipated closing date.*

*Commissioner Barnes stated that is a valid point.*

*Commissioner Moak confirmed that they cannot close until the Port releases the clause.*

*Commissioner Novakovich stated then the liabilities will start mounting.*

*Commissioner Barnes stated from his experience in commercial real estate, this is something that came up in title search and if there is a delay in closing, it is not taking it to a different year and does not see an issue with extending the closing. Commissioner Barnes has seen deals extended for matters like this, without much of a problem; however, that is not to say this deal would be exactly like that.*

*Commissioner Novakovich agrees but believes it is important to find out when the closing date is and make a decision before that date.*

***With no further discussion, all in favor, 1 Aye (Commissioner Moak): 1 Nay (Commissioner Novakovich); 1 abstain (Commissioner Barnes). Motion Dies for lack of Majority.***

Mr. Arntzen asked Ms. Luke to reiterate the course of action.

Ms. Luke will notify the agent that reached out to Ms. Hanchette and let them know that the Commission is considering its course of action and will be making a decision on its next Regular Commission Meeting on March 12, 2019, as to what action to take related to the repurchase option. Ms. Luke will keep communications straight forward and simple and let them know to communicate with her if there are any questions. Ms. Luke anticipates that they will extend the closing date in order to accommodate this.

Mr. Arntzen will instruct staff to not have further contact on this without going through Ms. Luke first.

Commissioner Moak inquired if there were any further comments.

Commissioner Novakovich clarified that the next meeting is February 26, 2019 not March 12. Furthermore, Commissioner Novakovich verified that the Commission did not define March 12 as the date to make the decision.

Commissioner Moak stated the Commission did not make any decision.

Commissioner Moak asked staff to place this on the February 26, 2019 Agenda.

**PORT OF KENNEWICK  
SPECIAL COMMISSION MEETING**

**FEBRUARY 19, 2019 MINUTES**

**DRAFT**

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Commissioner Novakovich stated there will be some information on February 26, 2019 because staff will have the tasting rooms bid in, so we may have more information regarding the numbers.

Ms. Luke stated when she communicates with the agent, she will let them know that the Commission continues to consider its options and but not commit to a decision being made on February 26, 2019.

**COMMISSIONER COMMENTS**

No comments were made.

**ADJOURNMENT**

With no further business to bring before the Board; the meeting was adjourned 10:29 a.m.

***APPROVED:***

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**

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*Thomas Moak, President*

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*Don Barnes, Vice President*

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*Skip Novakovich, Secretary*



# PORT OF KENNEWICK REGULAR COMMISSION MEETING

**DRAFT**

**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

**DRAFT**

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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

**DRAFT**

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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

**DRAFT**

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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

**DRAFT**

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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

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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**

**DRAFT**

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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**

**DRAFT**

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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.

Commission 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**

**DRAFT**

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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**

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*Thomas Moak, President*

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*Don Barnes, Vice President*

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*Skip Novakovich, Secretary*