



PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 13, 2017 MINUTES

CALL TO ORDER

Commission President Skip Novakovich 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: Skip Novakovich, President
Thomas Moak, Vice-President
Don Barnes, 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/Auditor
Larry Peterson, Director of Planning & Development
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Cal Coie led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

Consent agenda consisted of the following:

- A. Approval of Direct Deposit and E-Payments Dated June 2, 2017***
Direct Deposit and E-Payments totaling \$65,922.91
- B. Approval of Warrant Register Dated June 13, 2017***
Expense Fund Voucher Numbers 39174 through 39225 for a grand total of \$143,926.16
- C. Approval of Regular Commission Business Meeting Minutes May 23, 2017***

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

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REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Twin Tracks (Pronghorn LLC) Land Sale; Resolution 2017-11

Ms. Hanchette stated the Port has received an offer to purchase heavy industrial vacant land in the Port-owned Twin Tracks Industrial Park. The property is approximately 34.66 acres with access to the SR397/Piert Road truck route. The offer by Pronghorn LLC, parent company of JMAC Resources, is for a purchase price of \$4,443 per acre or approximately \$154,000.00, which is in excess of the \$153,000.00 appraised value. The property has been in the Port's portfolio for several decades and has been marketed by the Port for a number of years. JMAC Resources is located in Wenatchee and Dean Gill, JMAC Resources Business Manager is here today to answer any questions the Commission may have. JMAC Resources intends to construct a concrete batch plant facility with office, scales, stockpile and gravel along with parking for approximately fifty vehicles. JMAC Resources will add up to 30 new jobs to the community comprised of administrative support staff, plant operations and truck drivers. This will be a new Tri-Cities business.

Mr. Barnes inquired how the Port property was marketed and asked what the asking price of the property was, prior to the appraisal.

Ms. Hanchette stated the Port marketed the property on the Port website and when TRIDEC was searching for industrial development land for a special project, Ms. Hanchette referred to Twin Tracks. Furthermore, when Ms. Hanchette received calls regarding industrial development land she has suggested the property. Ms. Hanchette stated the Port had not established an asking price, so when an offer came in above the appraised value, that became the baseline for the asking price.

PUBLIC COMMENT

Dean Gill of JMAC Resources stated the location of the property and proximity to Interstate 84 works well for their company.

Motion: Commissioner Moak moved for approval of Resolution 2017-11 authorizing the Port's Chief Executive Officer to execute all necessary documentation associated with the land sale to Pronghorn LLC and to take all other action necessary to close this transaction; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

B. Letter Supporting TRIDEC and AREVA's efforts to Bring NuScale to the Tri-Cities; Resolution 2017-12

Mr. Arntzen reported TRIDEC and AREVA recently requested a letter of support from the Port of Kennewick and other area agencies to recruit NuScale, a company that designs and markets small modular reactors to the area. Mr. Arntzen presented Resolution 2017-12 and inquired if the Commission had any further questions.

Mr. Novakovich stated the Port has no obligation of resources other than the letter of support and believes this is a valuable project for our community.

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Mr. Barnes stated he represents the Port at the TRIDEC Board meetings and indicated TRIDEC is very supportive of this opportunity and NuScale is a very compatible business with the general activities in the Hanford area; and he feels it is important for the Port to support this endeavor.

PUBLIC COMMENT

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick retired from AREVA after more than 30 years of service. Mr. Burdick reported AREVA is an active participant with NuScale and has several contracts in place and believes this would be a beautiful compliment to the area and encouraged the Commission to approve Resolution 2017-12.

Motion: Commissioner Moak moved for approval of Resolution 2017-12 supporting TRIDEC and AREVA's efforts to bring NuScale's Component Manufacturing Facilities to the Tri-Cities, capitalizing on the very real local economic and technological advantages of the region; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

C. Clover Island Update

Mr. Peterson reported the construction on Clover Island is nearing completion and because of the winter weather, the construction deadline has been extended to July 3, 2017.

Mr. Novakovich inquired if the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) has been contacted for a dedication ceremony.

Ms. Bader Inglima stated the Port will work with the CTUIR on the scheduling of the dedication ceremony when the project is complete.

D. Columbia Drive Update

Mr. Peterson presented an update on the progress at Columbia Gardens and discussed the sequencing that is taking place between the Port and City. Additionally, Phase 2, which includes the loop road and food truck court, is 90% complete and ready for city review.

Mr. Novakovich inquired when Bartholomew and Palencia Wines will be able to occupy the buildings.

Mr. Peterson believes they will be able to occupy the buildings in October of this year.

Ms. Hanchette added that Mr. Palencia recently walked the site for the first time and is very excited to move in. Furthermore, he will be installing a butterfly habitat to the new space and has come up with several marketing ideas.

Mr. Moak inquired if the tenants will share equipment such as forklifts.

Ms. Hanchette indicated the Port is purchasing a barrel washer for each tenant, however, the only item the tenants are sharing is the barrel and case good storage. Ms. Hanchette stated Mr. Fawbush

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and Mr. Palencia have conversed many times, and she believes there is a nice synergy between the two wineries.

Mr. Peterson stated the City is requiring barrel washers to reduce the overall input into the waste water tank and create efficiencies. Mr. Peterson reported that last year the Port completed the utility work for Columbia Gardens and worked with our partners on undergrounding the utilities. Mr. Peterson recently received communication from Charter Communications and stated that Charter covered the full amount of \$6,500.00.

E. Vista Field Update

Mr. Peterson stated in an effort to be consistent with vocabulary terms for Vista Field, he defined the following terms: entitlements, biddable construction documents and owners association.

- Entitlements: City controlled regulations that allow development on the site include: Master Plan, Urban Mixed Use (UMU) Zoning Ordinances, Amendment to the Comprehensive Plan and the Development Agreement;
- Biddable Construction Documents: what will be constructed, including water, sewer, utilities roadway, and horizontal and vertical improvements (recently referred to as site plan);
- Owners Association: funding, maintenance, and programming of space and activities for Vista Field (recently referred to as a Business Improvement District).

Mr. Peterson stated the proposed schedule for the entitlements are as follows:

- June 19, 2017 the City will be holding a public meeting to discuss the Urban Mixed Use Zoning with the businesses and citizens who reside in the Bridge to Bridge Area;
- June-August: City Planning Commission to consider the UMU Zoning with a recommendation to City Council in the fall;
- Master Plan Public Hearing in front of the Planning Commission, with possible recommendation to the City Council for approval.

The Port will be receiving City comments on the Draft Master Plan by June 19, 2017 and staff will fold in the comments and prepare the document for publication.

Mr. Peterson reported that the biddable construction documents are currently at 30% and include the design of the roadways, water, sewer, utilities, sidewalks, irrigation, illumination, and the main roads that connect Phase 1 to Grandridge and Deschutes. The documents are ready to be submitted to the City for comments.

Mr. Peterson stated Ben Floyd of White Bluffs Consulting is working on the Owners Association documents with Ms. Luke, Foster Pepper, and Doris Goldstein. Ms. Goldstein is a planning consultant recommended by the DPZ partners and helps establish long-range financial plans for mixed-use developments and assists in creating a relationship between business owners and residents of the development.

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Mr. Novakovich inquired if the City meeting on Monday, June 19, 2017 for the Bridge to Bridge residents and businesses is an open house and if the public can make comments.

Mr. Peterson stated the meeting is an open house, from 4:30 p.m. to 6:00 p.m. and City representatives will be available to answer any questions.

Mr. Arntzen thanked Mr. Peterson for the recap and stated that he is currently working on an implementation memo that will include Mr. Peterson's comments, the financing component and sequencing of events. Mr. Arntzen stated the memo will focus on the elements of the Master Plan and what finance can provide through a loan and other resources. Vista Field is constantly evolving and there are many moving parts to consider, however, Mr. Arntzen believes the memo will be a fairly accurate representation of how the Port will implement the Master Plan. Mr. Arntzen would like to present the memo for discussion and Commission comments and reiterated that there are a lot of moving parts, and the information is subject to change.

Mr. Barnes appreciates the comment regarding the allowance for changes and unforeseen events in our planning process. Mr. Barnes stated as the City works through the UMU zoning ordinances and the review of the Draft Master Plan, there is the possibility that the City Council will not approve either document. Mr. Barnes stated if that were to happen, he would oppose a redevelopment effort that falls back on the standard development practices that is seen in the Tri-Cities. Vista Field is the most modern, visionary city center that the Port can provide to the public. The Port has world renowned consultants working on the development and an excellent staff working on implementing the public's vision and reiterated that it is important to get it right, not right now. Mr. Barnes stated the Commission does not want to settle for standard and hopes that we are not asked to do so.

Mr. Arntzen stated that staff and the consultants are giving 100% to create the public's vision. If for unseen reasons the City Council does not approve the Master Plan, staff and consultants will go back to the drawing board. However, Mr. Arntzen stated, he has nothing to indicate that the City is withdrawing their support for Vista Field and the New Urbanism concept. Mr. Arntzen recently received correspondence from the Ports of Ridgefield and Whitman regarding New Urbanism and he believes development is trending towards New Urbanism. Mr. Arntzen reiterated that this is a long process, however, staff is 100% committed to the concept.

Mr. Novakovich stated the Commission is elected to represent the public and the public has a vision for Vista Field, and it is our job to implement that vision.

Mr. Moak believes it is good to reiterate the commitment that the Commission and staff have and that there is no "plan B."

Mr. Peterson stated there is not a ban on the use of any words, but it is a recommendation for consistency, so we are all on the same page as we move forward in the process.

Mr. Moak inquired when the Draft Master Plan would be available to the public.

Mr. Peterson stated the Port sent the Draft Master Plan to the City on March 15, 2017 and expects to receive a comprehensive list of comments from the City on June 19, 2017. Port staff will incorporate the comments into the document for further review by the Planning Commission and

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will upload the Draft Master Plan with the attached appendixes to the Port website. Mr. Peterson will send an email to over 300 community stakeholders with the available link once the comments have been included.

F. Maintenance and Operations Update

Ms. Hanchette updated the Commission on current maintenance and operations projects for the Port and stated the focus of our efforts include 485 square miles, over 200,000 square feet of office space and warehouse space, 150 marina slips and over 30 different commercial leases.

Ms. Hanchette reported that operations has been dealing with the effects of the winter weather and related repairs from the weather. The current projects for maintenance and operations are:

- Boardwalk Rejuvenation: Fix and re-stain the boardwalk for vibrancy;
- Storm Filter Maintenance: Port went out for bid to clean and remove debris from the filters on Port properties;
- Pavement Maintenance: Port will go out to bid for striping, crack seal and potentially seal coating on some Port properties;
- Routine Maintenance: Tenant calls for repairs, maintenance of landscaping, irrigation, the marina, and public restrooms.
- The Department of Corrections Coyote Work Crews: The work crews are a vital resource to our maintenance and operations staff and assist with mowing, trimming, cleaning up properties and the docks, dumping trash, and assisting with small projects such as installation of fences and signs.

Ms. Hanchette stated with addition of Columbia Gardens, the Northwest Viewing Point, the Gathering Place and Vista Field, the operations and maintenance staff will have more public space to maintain and increased demands, therefore, the 2017-2018 Budget allows for an additional full time operations staff member to be hired for 2018.

Mr. Novakovich commended Ms. Hanchette on her work with the maintenance and operations department.

G. Open Public Meeting Act Update

Ms. Luke reported on June 8, 2017, the Washington Supreme Court issued its opinion in the Columbia Riverkeepers versus the Port of Vancouver, adopting a very narrow interpretation of the executive session “exception” to the Open Public Meetings (OPM) Act for discussion about the sale or lease of the real estate (“minimum-value exception”). This exemption permits governing bodies to enter executive session to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price (RCW 42.30.110(1)(c)).”

Eric Johnson, executive director of the Washington Public Ports Association (WPPA), circulated an email, which gave an over view of the case and what the decision means to public agencies. Ms. Luke will continue to study the new requirements set forth by the Supreme Court and how it applies to the OPM Act and the Port. Ms. Luke stated the requirement is open to interpretation, however, it does require more guidance. The Port has always taken a conservative approach and does a good job with regards to real estate and compiling with the OPM Act. Ms. Luke stated

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there will be additional guidance available, but the main takeaway is the Port may need to review various factors regarding the price, prior to convening an Executive Session. Ms. Luke read an excerpt from the Washington State Supreme Court:

“We now hold that a government entity may enter executive session to discuss the minimum acceptable value to sell or lease property, but not to discuss all factors comprising that value. To the extent that various factors directly alter the lowest acceptable value, the governing body may discuss how these factors impact the minimum price; but general discussion of the contextual factors themselves must still occur at an open public meeting.”

The Court goes on to say later in the case:

“The clear language of the statute limits discussion in executive session to consideration of the lowest acceptable value to sell or lease property. To the extent that various factors directly alter the lowest acceptable value, the governing body may discuss how these factors impact the minimum price. This limited scope does not permit a general discussion of the contextual factors themselves; any such general discussion must occur at an open public meeting. Once the relevant factors have been discussed in public session, then, armed with this knowledge, the governing body may enter executive session; there, the governing body can apply this knowledge to set a new minimum price.”

Ms. Luke stated the Port has taken the lead on compliance of the law and the OPM Act and believes the Port has been very transparent in its discussions of such matters and keeping the public apprised of real estate matters. Ms. Luke will evaluate the case to ensure the Port is in full compliance and believes we have met these guidelines and will continue to in future. Ms. Luke will continue to keep the Commission apprised of the case.

Mr. Arntzen thanked Ms. Luke for reviewing the case and for her continued guidance. The OPM Act and the Sunshine Laws were meant to protect the public, and the Port will continue to be open and transparent within the bounds of the law.

Mr. Moak commended counsel for the judgement that she gives us in her advice, but it is important that the Commission and staff are aware that the Courts rule in favor of the public. Mr. Moak stated the Port should follow the best course of action, listen to counsel and continue operating in a judicious manner when it comes to Executive Sessions.

H. WPPA Commission Seminar

Ms. Scott reported that the Annual WPPA Commission Seminar is July 24-25, 2017, which falls on a Regular Commission Meeting day. Ms. Scott asked the Commission to review the Agenda and let her know if they will be attending the Seminar.

Mr. Barnes and Mr. Novakovich will not be attending the WPPA Commission Seminar.

I. Commissioner Meetings (formal and informal meetings with groups or individuals)

Commissioners reported on their respective committee meetings.

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J. Non Scheduled Items

1. Ms. Bader Inglima reported that she will be meeting with David Porter from the Economic Development Administration on June 22, 2017. Mr. Porter will be visiting a variety of Port sites including Columbia Gardens and the Willows.
2. Mr. Peterson reported Hillary Franz, the new State Lands Commissioner, is visiting five rural communities, including Prosser. Ms. Franz and the Department of Natural Resources (DNR) held an event at the Walter Clore Wine and Culinary Center to meet with community leaders and local legislators. DNR hopes to identify five rural community partners by year's end, to bring DNR resources, expertise and publicly owned land to promote rural development. Mr. Peterson stated the Port of Kennewick attended in support of our development partners, and some of the other attendees were the Ports of Pasco and Walla Walla, City of West Richland and Benton City.

PUBLIC COMMENTS

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick reported that the Arts Center Task Force Planning Committee held a video conference call with LMN Architects to discuss acoustics. Mr. Burdick stated the facility will be comprised of a large and small performing space and an art gallery. LMN has developed a siting concept, which integrates the New Urbanism concept that the Port is striving for and the facility will feature pedestrian access and an area for vibrant outdoor activities.

No further comments were made.

COMMISSIONER COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 3:43 p.m.

APPROVED:

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BOARD of COMMISSIONERS


Skip Novakovich, President


Thomas Moak, Vice President


Don Barnes, Secretary

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RESOLUTION No. 2017-11

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH PRONGHORN LLC

WHEREAS, Pronghorn LLC (Purchaser), has offered to purchase approximately 34.66 acres of the area graphically depicted on “*Exhibit A*” at the Twin Tracks Industrial Park, in Richland, Washington from the Port of Kennewick (Seller) for \$4,443 per acre or approximately \$154,000; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Purchase and Sale Agreement and find it is in proper form and is in the Port’s best interest; and

WHEREAS, the Port Commission finds that said property is surplus to the Port’s needs and the proposed sale is consistent with all previous Port policies, including its Comprehensive Scheme of Development.

NOW, THEREFORE; BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorizes the Port’s Chief Executive Officer to execute a Purchase and Sale Agreement with Pronghorn LLC and hereby authorizes the Port’s Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

BE IT FURTHER RESOLVED that the Port Commission declares that said property is surplus to the Port’s needs and the proposed sale as referenced above is consistent with all previous Port policies, including its Comprehensive Scheme of Development.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 13th day of June, 2017.

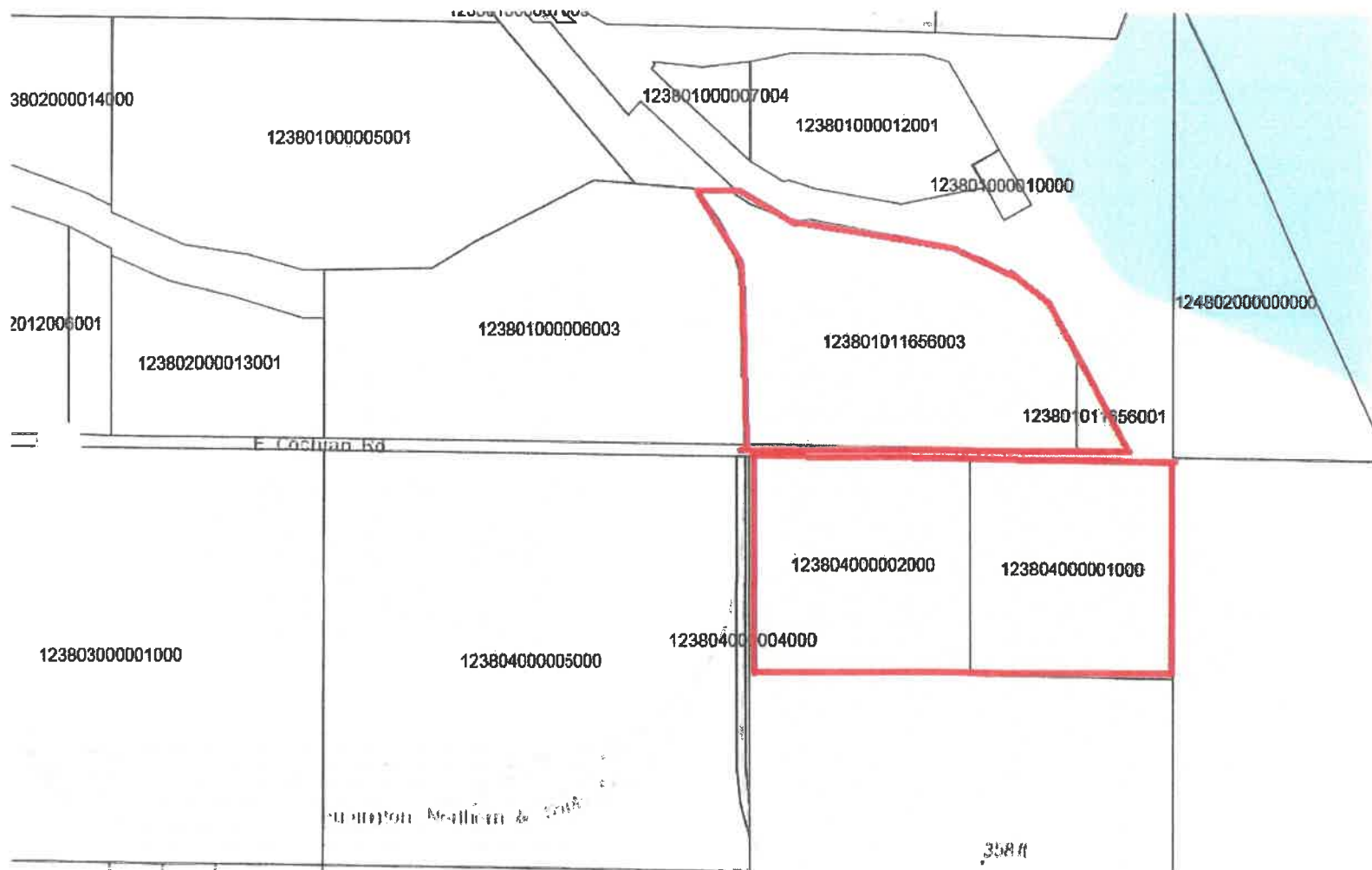
**PORT of KENNEWICK
BOARD of COMMISSIONERS**

By: 
SKIP NOVAKOVICH, President

By: 
THOMAS MOAK, Vice President

By: 
DON BARNES, Secretary

Pronghorn LLC Land Sale
Resolution 2017-11; Exhibit A



PORT OF KENNEWICK
Resolution No. 2017-12

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK SUPPORTING TRIDEC and AREVA's EFFORTS
TO BRING NUSCALE'S COMPONENT MANUFACTURING FACILITIES
TO THE TRI-CITIES***

WHEREAS, through economy of manufacturing, inherent safety, and adaptability to regional and industrial needs, Small Modular Reactors (SMRs) are being identified both domestically and internationally as crucial elements of the future of US nuclear energy; and

WHEREAS, on December 31st, 2016, NuScale submitted the first ever SMR Design Certification Application (DCA) to the US Nuclear Regulatory Commission (NRC); and

WHEREAS, depending upon the chosen site and pending NRC approval, construction of the first US SMR could start within the next 40 months; and

WHEREAS, NuScale has teamed with Fluor and AREVA for facility design, construction, fuel design, testing and analysis services; and

WHEREAS, NuScale has developed an extensive supply chain with key engineering and manufacturing companies to support design of various components for its SMR design; and

WHEREAS, Since the 1940s, the Tri-Cities has been involved in the nuclear industry and retains many, if not all, of the crucial skills, resources, and infrastructure that will be needed for manufacturing support; and

WHEREAS, many companies including US Department of Energy, Fluor, AREVA, Energy Northwest, Pacific Northwest National Laboratory are already located here and are actively seeking long term missions. Supporting NuScale in the manufacture of SMR components in the Mid-Columbia would be in the community's best interest.

NOW THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners hereby supports TRIDEC and AREVA's efforts to bring NuScale's component manufacturing facilities to the Tri-Cities, to capitalize on the very real local economic and technological advantages of the region.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 13th day of June, 2017.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: 
SKIP NOVAKOVICH, President

By: 
THOMAS MOAK, Vice President

By: 
DON BARNES, Secretary