



PORT OF KENNEWICK REGULAR COMMISSION MEETING

AUGUST 28, 2018 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/Auditor
Larry Peterson, Director of Planning and Development
Lisa Schumacher, Special Projects Assistant
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Commissioner Novakovich led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated August 17, 2018***
Direct Deposit and E-Payments totaling \$53,213.67
- B. Approval of Warrant Register a Dated August 28, 2018***
Expense Fund Voucher Numbers 100355 through 100405 for a grand total of \$195,935.95
- C. Approval of Regular Commission Business Meeting Minutes August 14, 2018***

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. Bidding Climate

Mr. Peterson reported that the bidding climate has changed dramatically due to several factors that include: increase in construction projects in our area over the past two years, the price of materials due to supply and demand and imposed tariffs, and a reduced labor force. All of the factors help contractors rationalize the dramatic increase to project bids. Mr. Peterson stated if the Port were to bid the three wine buildings today, the price would increase by \$1,500,000 in less than two years. Mr. Peterson introduced David Robison from Strategic Construction Management (SCM) to discuss the regional area on the bidding climate.

Mr. Robison stated this is an update to prepare the Commission for what the Port is up against as an industry, locally and nationally. Mr. Robison reported on national facts and the trickle down effect and that affects our local and regional market:

- Fails Management Institute (FMI): FMI reported that total engineering and construction spending will increase 7% in 2018, nearly double the 4% rise seen in 2017, and will continue to increase;
- Turner Construction Company: Turner reported the 2018 building cost index projections and sees a continual gross increase each quarter at a 5.63% increase;
- Steven DeFrancis reported that despite the commodities, the cost of construction continues to rise, and predicted an average of 2.3% annually, with a total of an 11.8% increase for 2018-2019;
- Talk Business and Politics reported that steel prices have continued to rise (11% year over year) and with the recently announced tariffs, their full impact on the price is uncertain. Furthermore, the cost of soft lumber prices are up 10%.

Mr. Robison reported that the demand for labor forces in Seattle have decreased the labor market in smaller cities and therefore increases the costs of local projects because of the labor shortage.

Mr. Robison stated it is important to realize that the Port does not have control over the construction costs of today and it is imperative to obtain a quality set of bid documents that have been studied and reviewed. Additionally, the Port should anticipate an escalation to any master budget that was put together several months ago and increase it by 20%. Lastly, it is important for the Port to stay the course, because the construction climate will not change for 3 to 5 years, due to the increase in construction projects.

Commissioner Novakovich agrees with Mr. Robison's comments and stated not just construction material is increasing, but all material is increasing.

Commissioner Moak inquired how other government entities are dealing with the increase in construction costs.

Mr. Robison stated other entities continue to move forward and reported that recently an entity bid a project using the high side of the engineer's estimate plus an additional amount and the bid was off by 20%. Each entity is having the same conversation and determining how to move forward

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with future projects. Mr. Robison does not believe costs will go down anytime soon, but reiterated that it is important for the Port to continue moving forward and stay the course.

Commissioner Barnes inquired if Mr. Robison believes the prices will decrease to a reasonable rate.

Mr. Robison believes there may be a decrease, but not for at least five years. Mr. Robison stated that staff is at the mercy of the market and it is up to the Commission to stay the course and continue moving forward.

Commissioner Moak thanked Mr. Robison and stated it is important to understand the bidding climate as the Commission builds the 2019-2020 budget, and that we do all we can to put ourselves in a good bidding position.

Mr. Arntzen stated Mr. Kooiker is taking precautionary measures with the draft budget and Mr. Peterson is working with Mr. Robison, JF Engineering, and Sam Nielson of Parametrix on the bid documents for Vista Field. This is an on-going process and staff continues to add in extra surpluses for Vista Field and other projects.

B. Columbia Drive

1. Master Plan Review

Mr. Peterson stated the redevelopment work on Columbia Drive over the past thirteen years has been without a formal master plan. There have been three key documents that set the direction for the Port and City's work on Columbia Drive: The Bridge to Bridge, River to Railroad report written by the Urban Design Assistance Team (UDAT) in 2003, The Willows Wine Village Pattern Language Document, written by Gary Black of Integrated Structures Inc. in 2013, and the City's Bridge to Bridge, River to Rail Plan that was adopted in 2015. In 2013 the City and Port signed their first Interlocal Agreement (ILA) that put resources together to redevelop Columbia Drive and together, the entities continue the momentum on Columbia Drive with a future tasting room building and eventual construction in The Willows.

Commissioner Moak stated the Port had a "coming soon" billboard in Columbia Gardens and inquired if the sign could be placed at the former 211 site. Commissioner Moak likes that the community is able to see the future vision of Columbia Gardens

Mr. Peterson stated the billboard was removed because of Phase 2A construction and once the roadway is complete, a new sign will go up with additional parcel information.

Mr. Peterson stated the 2019-2020 Work Plan will include updating the Clover Island Master Plan; however, the plan will consolidate the Columbia Drive plan and the Port will utilize one working Master Plan for the Kennewick Waterfront vision.

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Mr. Arntzen thanked Mr. Peterson for the Columbia Drive and Clover Island review. Mr. Arntzen and Mr. Kooiker have added a line item for the update of the Kennewick Waterfront Master Plan to the draft 2019-2020 budget.

2. *Construction Update*

Mr. Peterson reported the underground utility work is nearly finished and the grading of the road and installation of the curbs will follow. Mr. Peterson stated once the pavement has been laid, signage and landscaping will be installed. Mr. Peterson stated the utility services for the food truck plaza are in place.

3. *Food Truck Lease Rates*

Ms. Hanchette stated the new food truck plaza will offer the public a place to enjoy great food and a waterfront experience. The food truck plaza provides a unique experience and will draw people off Columbia Drive and bring people to Columbia Gardens from other parts of the community. Because the Port is providing power and a grey water dump station, the food trucks will be tenants of the Port and have a permanent home base and the opportunity to establish consistency and grow their business. Ms. Yates, Port Marina Manager, recently visited a permanent food truck cluster in Portland and was surprised by how busy it was on a Sunday and how family oriented the area was. In addition to creating an atmosphere at Columbia Gardens, the food trucks will serve other businesses in the area.

Ms. Hanchette has been working with Marilou Shea, who teaches classes in mobile vending at Columbia Basin College and established the Food Truck Friday in Pasco. Ms. Hanchette stated the food truck plaza will include six tenant spaces: four spaces will be available after Phase 2A construction is complete and two more spaces will be available in the spring, after the tasting room construction is complete. Ms. Hanchette reported that no other entity has permanent locations for food trucks and reviewed event rates, which vary from \$30 to \$125 per day/per event. Ms. Hanchette recommended the following lease rates:

- Two spaces measuring 11x25 for \$225/per month (plus leasehold tax):
- Four spaces measuring 11x20 for \$200/per month (plus leasehold tax).

Ms. Hanchette stated this is a pilot program and staff will periodically review costs and re-evaluate the rates.

Commissioner Barnes inquired how long the lease for the food trucks will be.

Ms. Hanchette stated because this is a pilot program, the lease will be the remainder of 2018 and all of 2019.

Commissioner Barnes believes this a great deal for a food truck operator and is in favor of the lease rates, provided the Commission has another opportunity to review rates after the program has been established.

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Commissioner Novakovich agreed with Commissioner Barnes' comments and inquired if rates could be lower. Commissioner Novakovich stated the food trucks are taking a chance on the location until they build momentum and establish a clientele.

Ms. Hanchette stated there may be challenges in the winter and the vendors may not see any real traction until spring and possibly give up some business opportunities because of the permanent tenancy; however, it is important for the businesses to make an investment in the area to succeed.

Commissioner Novakovich inquired if Ms. Hanchette has discussed rates with potential tenants.

Ms. Hanchette will discuss the lease rates with vendors after final approval of the rates. Ms. Hanchette stated the Port is accepting tenant applications, which are available on the Port website and a press release will go out shortly. The Port will take food truck applications until September 12, 2018. Ms. Hanchette stated the committee will review and evaluate the applications and bring a recommendation forward to the Commission.

Commissioner Novakovich stated the amenities the Port is providing for the price is outstanding. Commissioner Novakovich believes this will be a real asset to Columbia Gardens and will take the development to another level.

Commissioner Moak inquired if the food trucks will be required to be open on specific days and hours.

Ms. Hanchette stated the food trucks will need to make a commitment and the hours of operation and future commitments are included in the application. The goal is to provide consistency to the food trucks, the public, and the wineries.

Commissioner Moak inquired if the Port is providing tables and garbage receptacles.

Ms. Hanchette stated there will be site furnishings, a common seating/patio area, and one common dumpster. Ms. Hanchette believes each vendor will have a garbage receptacle near their location, and there are receptacles along the trail and one in the plaza.

Commissioner Moak stated this is an exciting new program and it sounds like a great opportunity for food truck vendors. Commissioner Moak inquired if there will be signage for either individual businesses or for the plaza.

Ms. Hanchette stated staff has discussed internal wayfinding for Columbia Gardens and if the vendor would like to install individual signage that would need to be approved.

Commissioner Barnes supports the pilot program and asked for staff to add a placeholder to discuss and revisit what we have learned at a future date.

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PUBLIC COMMENTS

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick inquired if there are individual water and electric meter for each pad.

Ms. Hanchette stated there is one electrical meter for all the sites.

No further comments were made.

MOTION: Commissioner Novakovich moved to adopt Resolution 2018-17 authorizing monthly lease rates of \$200.00 and \$225.00 plus leasehold tax for food truck plaza tenant spaces in Phase 2A Columbia Gardens Wine and Artisan Village; Commissioner Barnes seconded.

Discussion:

Commissioner Novakovich suggested that there should be a variety of vendors and meal options available throughout the day so the hours of operation extend from breakfast until dinner.

Commissioner Barnes stated the motion does not specify a time limit on the lease and welcomes the opportunity to offer an amendment stating the lease term is only valid through December 31, 2019.

Commissioner Moak stated this is a learning experience for both the Port and the vendors and the Commission would like staff to revisit the lease rates within a reasonable period of time for further discussion. Commissioner Moak does not believe the motion needs to be amended.

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

C. Vista Field

1. Street Naming Update

Mr. Peterson continues to work with City and GIS staff regarding the road names for Vista Field. Mr. Peterson will work with Lizz Plater-Zyberk and Senen Antonio of DPZ Miami to generate a theme and list of 4-8 potential street names for Commission consideration. Once the names have been vetted by the Commission, staff will present them to City staff in September, then the names will be presented to the City Council with a Resolution to create/change street names.

Commissioner Moak asked if there will be a lot of addressing changes on Van Buren or Quay.

Mr. Peterson stated Quay is mostly a side street, but may see some addresses; however, Van Buren will have several addresses and is the future site of a new fire station. The GIS staff has been very flexible and sees this as an opportunity to repair the grid system and fix some naming issues in the area.

Commissioner Moak appreciates all of Mr. Peterson's work with City staff and stated having two major roads identified is a great progress.

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Mr. Arntzen stated that he aware that the Commission has heard the information regarding the street naming; however, staff does try to balance the agenda subjects and add new topics as well as topics for review.

Mr. Arntzen and staff have been working on the 2019-2020 Draft Budget and the Vista Field Phase 1A construction plans.

Commissioner Novakovich appreciated Mr. Peterson's presentation and applauded staff for a well thought out construction plan and budget.

Commissioner Moak appreciates Mr. Robison's comments and understands that several people are reviewing the construction plans to allow Mr. Kooiker the ability to put together a budget that will accommodate Phase 1A construction. Commissioner Moak appreciates the work of staff and consultants; and the continued review of the plans, and is looking forward to awarding a bid in October.

Commissioner Barnes stated the Commission trusts Mr. Peterson and the consultants to create excellent documents for the construction community which will result in the best bids. Commissioner Barnes stated it is important for the Port to stay the course, as Mr. Robison suggested, because the community is looking to us to complete this project. Additionally, the Port has solid, committed partnerships with the City and County.

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

Commissioners reported on their respective committee meetings.

E. Non Scheduled Items

1. Mr. Arntzen stated in addition to the regular budget discussion, he asked staff to discuss a project within their budget that is interesting and critical to their department. Mr. Arntzen would like to discuss vibrancy, programming, and pop up retail as part of the budget process. With the food truck pilot program beginning soon at Columbia Gardens, the Port may have an opportunity to roll out a food truck program in Vista Field. Additionally, Mr. Arntzen stated the Port has assisted as in creating vibrancy for the Clover Island Inn, Ice Harbor, and Cedars, and believes the Port could assist the Columbia Garden wineries as well.

Commissioner Moak stated it is imperative to program in vibrancy for Port developments.

2. Mr. Peterson stated DPZ Partners, is now DPZ Co-Design, who recently announced on their Facebook page that the "Port's Vista Field Redevelopment, co-designed with DPZ, is among this year's Smart Communities Awardees, as announced by Washington Governor Jay Inslee," with a link to the *Tri-City Herald*.
3. Ms. Hanchette reported that the maintenance position has been filled and Anthony Eleshio will start on September 4, 2018. Ms. Hanchette will introduce Mr. Eleshio to the Commission at the next meeting.

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PUBLIC COMMENTS

Barb Carter, 3121 30th Avenue, Kennewick. Ms. Carter recently attended a pop-up wine makers' dinner at Palenica Winery and had a great evening with wine, food, and entertainment. Ms. Carter stated Mr. Arntzen's comments regarding vibrancy are spot-on and encouraged the Port to continue looking at these kind of opportunities.

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick reported that the Mid-Columbia Symphony will kick off the 74th season on September 8, 2018, featuring Bernstein at 100. The Symphony is celebrating the 100th anniversary of Leonard Bernstein's birth, and will feature music from West Side Story, Slava! and Symphony #1 "Jeremiah".

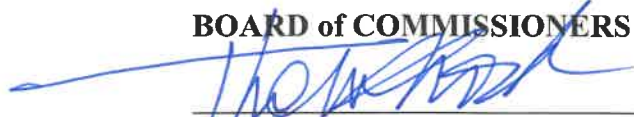
No further comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:09 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**



Thomas Moak, President



Don Barnes, Vice President



Skip Novakovich, Secretary

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Resolution No. 2018-17

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK ESTABLISHING LEASE RATES FOR
THE COLUMBIA GARDENS FOOD TRUCK PLAZA***

WHEREAS, a permanent food truck plaza will be completed as part of the Phase 2A project at the Columbia Gardens Wine and Artisan Village; and

WHEREAS, the new food truck plaza will offer the public a place to enjoy great food and a waterfront experience; and the mobile food businesses will have the opportunity to grow their business and generate daily revenue on a year-round basis. The food businesses can also support existing and future winery businesses in Columbia Gardens that do not offer food service to their customers; and

WHEREAS, the food truck plaza will include six tenant spaces (two 11' x 20' spaces, and four 11' x 25' spaces) each equipped with power and a grey-water dump station. Tenants will have access to nearby potable water, a common area dumpster and grease dump station; and

WHEREAS, a general comparable rate analysis was performed from local events, and City of Kennewick and City of Richland public facilities to determine fair lease rates.

NOW THEREFORE, BE IT RESOLVED that the Port of Kennewick Commission does hereby establish monthly lease rates of \$200.00 and \$225.00, plus leasehold tax, for food truck plaza tenant spaces in Phase 2A Columbia Gardens Wine and Artisan Village.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 28th day of August 2018.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By: 
THOMAS MOAK, *President*

By: 
DON BARNES, *Vice President*

By: 
SKIP NOVAKOVICH, *Secretary*

