

AGENDA

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

Tuesday, March 26, 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 15, 2019
 - B. Approval of Warrant Register Dated March 26, 2019
 - C. Approval of Regular Commission Business Meeting Minutes March 12, 2019
- VI. PRESENTATION**
 - A. Culinary Arts District in Florida (**TOM**)
- VII. REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Rural County Capital Funds Partnership Opportunities (**TIM**)
 - B. Opportunity Fund (**TIM**)
 - C. Columbia Drive Update (**LARRY**)
 - D. Vista Field Update (**LARRY/TIM**)
 - 1. Marketing Update (**TANA**)
 - E. Endorsement Request Procedure (**TIM**)
 - F. Commissioner Meetings (formal and informal meetings with groups or individuals)
 - G. Non-Scheduled Items
- VIII. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- IX. ADJOURNMENT**

PLEASE SILENCE CELL PHONES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

MARCH 12, 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 Novakovich led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

MOTION: Commissioner Barnes moved to add an Executive Session per RCW 42.30.110(1)(i) Potential Litigation to the Agenda; Commissioner Moak seconded.

Discussion:

Commissioner Barnes deferred to Ms. Luke regarding the placement of the Executive Session.

Ms. Luke suggested moving Item 8, Adjournment to Item 9 and placing the Executive Session under Item 8.

Commissioner Novakovich asked what is the purpose of the Executive Session.

Commissioner Barnes stated he has follow up questions from the February 19, 2019 Special Meeting.

Commissioner Novakovich will defer to legal counsel to decide if an Executive Session is appropriate.

Ms. Luke stated if it is the same topic that was discussed in the February 19, 2019 Executive Session, then it is subject to the same parameters.

With no further discussion, motion carried. All in favor 2:1 (Commissioner Novakovich).

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

PUBLIC COMMENT

Gabriel Portugal, 804 Road 52, Pasco. Mr. Portugal wanted to share a few comments regarding the Agenda Item concerning the Yakima Valley Farm Workers Clinic (YVFWC). Mr. Portugal stated as a person nears the age of retirement, it is nice to know that there is access to state of the art medical technology that the YVFWC provides. The YVFWC was established 46 years ago and is the largest community based health facility in the Pacific Northwest, with an excellent reputation. The YVFWC is not a qualified federal health clinic, but a full primary care facility that provides excellent care. Mr. Portugal hopes the Commission will consider releasing the property so that the YVFWC can provide services for the Tri-Cities.

Derrick Stricker, 3709 West 40th Avenue, Kennewick. Mr. Stricker is here on behalf on the YVFWC and Ivy transaction. Mr. Stricker has more information on the transaction, the quality of construction, and a portfolio of YVFWC properties. The YVFWC is currently working on the design phase of the building that will be located at Vista Field and Mr. Stricker is looking forward to moving forward and closing this transaction. Mr. Stricker brought two representatives from the YVFWC, Glen Davidson and Michael Young, and Steve Young, a representative from the design team to answer any questions the Commission may have. The YVFWC will have a tremendous impact on the economic development at Vista Field, by building a 35,000-40,000 square foot facility and creating 80 new jobs. The clinic will be a large economic driver that will bring in the daytime population to Vista Field. Mr. Stricker, a Vista Vision Task Force Member, stated during the Charrette process, economic development and the multiplier effect were discussed. Vista Field needs a new economic base that will create a dynamic for daytime consumer spending, where people can visit shops and restaurants and Mr. Sticker believes the private investment made by YVFWC will do this.

Mr. Arntzen stated the Commission has the discretion to allow more time for speakers, as part of the presentation.

Commissioner Moak concurs and stated it is an important issue and will allow for more time.

No further comments were made.

CONSENT AGENDA

A. *Approval of Direct Deposit and E-Payments Dated March 4, 2019*

Direct Deposit and E-Payments totaling \$84,214.35

B. *Approval of Warrant Register and E-Payments Dated March 12, 2019*

Expense Fund Voucher Numbers 100905 through 100936 for a grand total of \$88,721.93

C. *Approval of Special Commission Business Meeting Minutes February 19, 2019*

D. *Approval of Regular Commission Business Meeting Minutes February 26, 2019*

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

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *City of Kennewick – Playground of Dreams Sponsorship Opportunity*

Ms. Bader Inglima introduced Emily Estes Cross, Director of Parks, Recreation, and Economic Development for the City of Kennewick. Ms. Estes-Cross is here today to update the Commission on the progress made at the Playground of Dreams rebuild and a potential sponsorship opportunity.

Ms. Estes-Cross is joined today by the Parks and Recreation Commission Chairman Ken Hanh and City of Kennewick City Manager, Marie Mosley, both of whom are passionate about this project and park. The Playground of Dreams is a well-loved asset, originally constructed in 1999 from community donations, and rebuilt in 2004 after a fire. In 2015, an assessment was completed and with increased maintenance needs and non-compliance safety concerns, it was recommended to start over. The design guidance on a new structure was steered by 1750 responses from community outreach events and provided much of the criteria for the RFP process.

Phase 1 of the park construction was completed November of 2018 and Phase 2A will be completed by Memorial Day 2019, weather permitting. The City is currently fund raising \$117,000 to complete Phase 2B, which includes a zip track and Cascade climbing range.

Commissioner Novakovich congratulated the City on the project and stated he chaired the 2004 rebuild project. Commissioner Novakovich stated the rebuild project engaged the local elementary schools by holding penny drives to support the rebuild. Commissioner Novakovich stated the current rebuild is a compliment to the young children who donated fifteen years ago.

Commissioner Barnes echoed Commissioner Novakovich's comments and stated that he is a member of the Kiwanis Club, who operates the train during the summer months. Commissioner Barnes stated it is very enjoyable to see first had, the kids that use the facility and the joy it brings. Commissioner Barnes commended the City on their efforts and looks forward to seeing it fully rebuilt.

Commissioner Moak appreciates the way the City is raising the funds and working with the community to make the rebuild happen. The City identified the importance of this local landmark to the community and visitors and Commissioner Moak expressed his appreciation for the work by the City and hopes the Port can participate in the rebuild.

Ms. Bader Inglima stated the Port is looking for ways to partner with the City, as we have done on many other projects. Ms. Bader Inglima and Mr. Arntzen have discussed the potential use of the opportunity fund for a contribution and believes it would be a good step in right direction to continue leveraging funds in the community.

Commissioner Moak stated that this would be another area that the Port could partner with the City and looks forward to seeing the Park completed.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

B. Columbia Drive Update

1. Bid Award: Columbia Gardens Phase 2B Wine Tasting Building; Resolution 2019-05

Mr. Peterson stated the Port opened bids on February 26, 2019 for Columbia Gardens Phase 2B for the tasting room and parking lot and received ten bids. The project includes a 2500 square foot tasting room with two tenant spaces that have already been identified. Additionally, the Port is partnering with the City on the new parking lot. The apparent low bidder was Banlin Construction with a base bid of \$1,495,000, before tax and the alternate includes a stone wainscoting around the exterior for \$32,000. For the consideration of the Commission, Resolution 2019-05 would award the project to Banlin Construction and accept the bid for the alternate for \$1,527,000, plus applicable taxes.

Commissioner Novakovich asked staff to describe the budget for the project.

Mr. Peterson stated the 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.

Commissioner Barnes inquired if the bid, alternate, and sales tax are within the budget.

Mr. Kooiker stated the original budget for the project was \$910,000; however, staff expected the increased numbers based on the construction climate and Mr. Kooiker distributed a modified budget.

Commissioner Barnes stated the Port recently passed the 2019-2020 budget and inquired if the 2019-2020 budget was modified.

Mr. Kooiker stated that is correct.

MOTION: Commissioner Novakovich moved for approval of Resolution 2019-05, authorizing the Port's Chief Executive Officer to execute the contract with Banlin Construction LLC for construction of the Columbia Gardens Wine Tasting Building and including Alternative 1, for the sum of \$1,527,441.00, plus applicable tax. Further, the Chief Executive Officer is authorized to amend the 2019-2020 capital budget to reflect the actual cost of the project; Commissioner Moak seconded.

PUBLIC COMMENT

No comments were made.

Discussion:

Commissioner Barnes is strongly in favor of this motion, with one small housekeeping item. The current motion provides that the CEO is authorized to amend the capital budget to reflect the costs of the project and again later on in the Agenda. Commissioner Barnes proposed the Port move forward with the contract with Banlin Construction and note the variance in the budget

**PORT OF KENNEWICK
REGULAR COMMISSION MEETING**

MARCH 12, 2019 MINUTES

DRAFT

and then address the budget alterations in a more comprehensive way. Commissioner Barnes stated this is an addition to the motion pertaining to the budget, which is overseen and maintained by the Commission.

MOTION: *Commissioner Barnes moved to amend the motion by striking the last sentence which reads further, the Chief Executive Officer is authorized to amend the 2019-2020 capital budget to reflect the actual cost of the project and strike last paragraph in Resolution 2019-05 that addresses the budget; Commissioner Moak seconded.*

Discussion:

Commissioner Barnes believes this is a great project and would like to move forward with Banlin Construction but devote time at another meeting for a more compressive budget discussion.

Mr. Kooiker stated, to clarify the process of which Commissioner Barnes is speaking of is a mid-biennium budget review, which many entities do on a two year budget. Staff could perform a budget review in the fall of 2019 and go through the budget and make amendments that the Commission desires; however, the wording is usually included in Port Resolutions. Mr. Kooiker stated that for 2019-2020 budget, \$650,000 needs to be moved in order to accept the bid. Mr. Kooiker recommends the Commission move the funds prior to accepting the bid in order to fund the project. Mr. Kooiker agrees with Commissioner Barnes's comments and understands that he would like staff to have budget reviews during the two year cycle.

Commissioner Novakovich stated the last sentence allows the CEO to move the funds. Commissioner Novakovich believes it is important to leave that sentence in so that the project can move forward.

Commissioner Moak understands both Commissioner Barnes' and Mr. Kooiker's comments and will vote no against the amended motion. Commissioner Moak stated staff can update the Commission on the budget more comprehensively at a later date.

Commissioner Barnes understood staff to say the project was within the budget. One of the primary responsibilities of the Commission is to make policy decisions and set the budget, and Commissioner Barnes takes that very seriously. Commissioner Barnes reiterated that he would like to see alterations to the budget in a more comprehensive way with more frequent updates. It is important for the Commission to understand where the Port is financially and what flexibility we may have for potential projects.

With no further discussion, amended motion denied. All in favor 1:2 (Commissioners Moak and Novakovich).

Main Motion Discussion continued:

Commissioner Moak appreciates the work of Meier Architecture and staff for their efforts and believes the wine tasting building is very important to the Wine Village. This will be a signature

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

building that will hopefully entice others to build in the Village and on Columbia Drive. Commissioner Moak is very pleased the Port can construct a building that will be good for the established wineries, the community, and the Port. Commissioner Moak stated with the current tasting room tenants and the food trucks, this will set this location apart from other locations around the Tri-Cities.

Commissioner Barnes stated it is wonderful for the Port to be able to construct this building and provide an additional amenity for the community and is gratified to see how well Columbia Gardens has been received on Columbia Drive.

Commissioner Novakovich inquired if the budget numbers provided is new information.

Mr. Kooiker stated the information has been discussed previously.

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

C. Vista Field Update

1. Bid Award: Vista Field Phase 1A Infrastructure; Resolution 2019-06

Mr. Peterson stated for Commission consideration, Resolution 2019-06 authorizes the construction of Vista Field Phase IA infrastructure and water feature. The project was bid in a base bid format, which includes the main roadway network as the base bid, alternate one includes additional streets and alleys and alternate two includes an 850 foot water feature.

The project was bid as a base bid with alternates, in case the numbers came in significantly over the budget. The Port received eight bids on February 28, 2019, with the lowest base bid belonging to Big D's Construction; however, the combination of the base bid plus alternates one and two belongs to Total Site Services:

BIDDER	BASE	ALT. 1	ALT. 2	BASE + ALT 1 & 2
Big D's Construction	\$3,502,174.00	\$420,578.00	\$1,313,000.00	\$5,235,752.00
Total Site Services	\$3,953,209.71	\$197,886.14	\$753,960.79	\$4,905,056.64

Mr. Peterson stated there are two scenarios and four combinations of the base bid and alternates; however, depending on which combination is selected, two different contractors submitted the lowest responsive bid. Resolution 2019-06, as prepared, awards the project to Total Site Services (TSS) with the base bid and both alternatives. The following makes up the Vista Field funding:

- \$1,000,000 from the Special Loan Financing;
- \$700,000 from the ROI Project from 2017-2018 Budget;
- \$1,000,000 from the Shoreline Allocation from 2017-2018 Budget;
- \$500,000 from Benton County Rural Capital County Funds;

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

- \$150,000 from the ROI Project from 2019-2020 Budget;
- \$50,000 from the Loan Interest Savings.

Mr. Peterson stated it has taken several years for the Port to get to this point and the Commission has the option of selecting the base bid and alternates. Mr. Peterson asked Ms. Luke to speak to the mechanics regarding the lowest responsive bidder.

Ms. Luke stated to be in compliance with the state bid laws, the Port is required to award the bid to the lowest responsive bidder. As Mr. Peterson stated, the Commission has several options to choose from. Ms. Luke stated the Port received an intent to protest notification by Total Site Services on February 28, 2019, the same day as the bid opening. The intent to protest preserves the contractor's rights in the case the Commission chose to award the bid to someone other than said contractor. If the Port Commission decides to award the contract to someone other than TSS, the Port will be required to go through a statutory process of notification, two days in advance, prior to signing the contract. However, if the Commission awards the contract to TSS, then that intent to protest is removed. In the bid documents, there is a question with regard to Article 18 in the Instruction to Bidders that may be raised by parties attending today. Article 18.2 states "It is the Owner's intent to award bids based upon the lowest responsive base bid received." The language states the Port's intent, and does not state it shall award to the lowest base bid. That language does not preclude the Port from moving forward and awarding the contract as laid out today.

Commissioner Moak confirmed that state law is very clear on bid awards.

Ms. Luke stated state law is very clear and the Port is required to award to the lowest responsive bidder, depending on what combination the Port Commission chooses to award.

Commissioner Novakovich assumed that if the Commission were to award the base bid only and bid the alternates at a later date, prices would increase.

Mr. Peterson believes that in general, the prices would increase, based on a number of factors, such as site mobilization. Furthermore, the coordination and timing of multiple contractors on one site would also be an issue and there would be an increase in administrative costs to reconfigure design documents.

Commissioner Novakovich asked where the \$1,000,000 from the shoreline fund will be backfilled from.

Mr. Kooiker stated the \$1,000,000 will be backfilled by the City of Kennewick is allocation of Rural Capital County Funds (RCCF) from Benton County.

MOTION: Commissioner Novakovich moved for approval of Resolution 2019-06, authorizing the Port's Chief Executive Officer to execute the contract with Total Site Services, LLC for construction of the Vista Field Phase #1A infrastructure including Alternatives 1 and 2, for the sum of \$4,905,056.64,

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

plus applicable tax. Further, the Chief Executive Officer is authorized to amend the 2019-2020 capital budget to reflect the actual bid cost of the project; Commissioner Moak seconded.

PUBLIC COMMENT

Duane Howard, 3902 North Swallow Avenue, Pasco. Mr. Howard, of Big D's Construction of Tri-Cities stated on February 28, 2019, Port staff reiterated Article 18, regarding the lowest responsive base bid. Mr. Howard inquired with the Port prior to the bid date and specifically asked if the project would be awarded on the base bid and was told yes. Mr. Howard stated that was how the bid was approached and is always approached in Public Works, is by the base bid and then the acceptance of alternates. With that being said, when the bid was opened, Big D's was stated to be the apparent low bidder of this project and the bid results were posted on the Port website sighting Big D's as being the lowest responsive bid off the base bid. Mr. Howard believes the understanding of most contractors, at the time of the bid, would be that the project would be awarded off the base bid. Mr. Howard feels that the Port intended to award the project to the lowest base bid because of the published documentation and now the Port has decided to not award to the lowest base bid. Additionally, Mr. Howard understands how important the water feature is to the Port and stated there was specific criteria in the bid documents listed for water feature. The bid document states that the contractor or sub-contractor needs five years of experience and completed two projects in the last two years. The bid document pointed out the need for a responsible water feature contractor that met all of the qualifications. The Port listed four water feature contractors and Big D's received two thorough bids which covered all of the Port's specifications; however, the third bid did not list any of the plumbing, pumps or any items that would be needed for the longevity of the project. The contractor would install the liner and the bid did not include the infrastructure, the pumps or the plumbing that the Port would need to maintain the water feature. Mr. Howard stated that he understands that the water feature is a key feature in the development; however, Big D's alternative bid was beat for the water feature because they followed the criteria listed by Port. Mr. Howard asked the Commission to reconsider who will receive the contract for Vista Field Phase 1A. Big D's has been a friend of the Port for several years and completed a lot of projects for the Port and believes if the Vista Field contract is awarded to someone other than Big D's, the Port will not get the water feature that was specified in the documents. Mr. Howard asked the Commission to take the facts into consideration and believes the cost of the project is important to the Port and you get what you asked for.

Commissioner Moak thanked Mr. Howard for his comments and stated Big D's has been a very good friend to the Port.

Shannon Toranzo, 4903 Laredo Drive, Pasco. Ms. Toranzo of Total Site Services (TSS) has been in business for over a decade and has worked on large projects that range from \$1,000,000 to \$42,000,000. Additionally, TSS has worked on large civil jobs, general contracting and buildings and Ms. Toranzo believes TSS has the experience the Commission is looking for. TSS was the low bidder for Vista Field, if the Commission is considering the base bid plus alternates and bid the water feature responsibly. Ms. Toranzo indicated that TSS is using one of the specified sub-contractors from the list, and while they are not necessarily self-performing all of the infrastructure, TSS has the ability to install the infrastructure. TSS can install water lines and has a qualified sub-contractor to complete the electrical portion. TSS worked very hard on the bid and came up with an innovative approach, but within the specified

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

guidelines of the contract. Ms. Toranzo believes the TSS bid is responsible and the Port will get the water feature that is outlined in the specified documents.

Lisa Chapman Rosa, 4219 Ironton Drive West Richland. Ms. Chapman Rosa, TSS President, took an innovative approach to bid the project and looked for ways to give the Port the base plus the alternatives. Ms. Chapman Rosa stated as far as the chosen sub-contractors, they have been deemed responsible and were very responsive; however, if for some reason a sub-contractor fails, it will be up to TSS to make it right. Ms. Chapman Rosa stated the sub-contractor hired for water feature was responsive and TSS has the backup to prove it. Ms. Chapman Rosa stated TSS is a small, woman-owned business that has been around the Tri-Cities for eleven years and is very proud of their work. Ms. Chapman Rosa is very excited about becoming a new friend of the Port and is looking forward to constructing and delivering the Vista Field project to the Port.

Brad Hisle, Kennewick. Mr. Hisle echoes some of the comments and statements made by Mr. Howard and TSS. Mr. Hisle stated a lot of people put time into bidding this large scale project, which will require a significant amount of coordination with several sub-contractors to complete the work. Mr. Hisle believes it is very important for the Port to perform due diligence before deciding on a contractor and not just base the award on the bid numbers. Mr. Hisle would like to see the Port do their homework on all responsive bidders regarding the items outlined in the engineered specifications before making a final decision.

Marie Mosley, 210 West 6th Avenue, Kennewick. Ms. Mosley, City of Kennewick City Manager, thanked the Port for their partnership and assured the Commission that the City is committed to the \$1,000,000 backfill for the Clover Island Shoreline and City Council signed the Interlocal Agreement in 2018. Additionally, the City applied for RCCF for the Clover Island Shoreline. Ms. Mosley stated the City is very committed to the Columbia Gardens project and Vista Field project and is excited to see progress in the area. This is a significant project for this community and Ms. Mosley is confident that Port staff reviewed the bids. Ms. Mosley stated the Port is required to award the bid to the lowest responsive, responsible bidder and she encouraged the Commission to move forward with the Resolution that awards the base bid and the two alternatives that will advance construction at Vista Field.

No further comments were made.

Mr. Peterson stated at the pre-bid meeting contractors asked Port staff to recommend a firm for the water feature, which required five similar projects in last two years. Waterscapers, the designer of the water feature, presented a list of four firms, which met the criteria provided and the list was distributed to the contractors through the addenda process. Additionally, the addenda stated that the list was not exclusive and contractors were free to choose their own sub-contractor. Mr. Peterson stated the Port is not privy to the scopes that are submitted by various sub-contractors, because it is the general contractor's responsibility that the sub-contractors complete the work per the scope. Mr. Peterson stated TSS utilized one of the sub-contractors from the list of firms and that met the criteria provided by the designer. Mr. Peterson stated the water feature includes excavation and irrigation; however, it is the unique elements such as the placement of the liner and rocks that will need the experienced sub-contractor. Mr. Peterson stated there will be observation in the field regardless of who the project is awarded to.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

Ms. Luke pointed out that bid protests in general are not unusual in a project of this size. Additionally, both bids were evaluated and reviewed by Sam Neilson, Community Building Senior Engineer for Parametrix and he determined both bids to be responsive.

Discussion:

Commissioner Novakovich expressed his respect for Mr. Howard and Big D's Construction and stated he has done a lot of work for the Port and was very quick to respond when the building on Columbia Drive collapsed in 2017. Commissioner Novakovich stated that legally, if the Port were to choose the base bid plus alternatives one and two, the Port would need to award on the combination of the lowest bid. Commissioner Novakovich stated that he does not have any experience with TSS; however, he hopes TSS will perform as Big D's would perform. Additionally, Commissioner Novakovich would like staff to maintain a close vigilance over TSS to ensure their performance at Vista Field. Commissioner Novakovich expressed his concern about starting a relationship with a contractor who wrote the letter of notification of bid protest; however, the Port is committed to doing what is legally correct.

Commissioner Barnes stated Vista Field Phase 1A is a high profile project and the community has been patiently waiting for construction to begin. In 2013 the Port closed the airport and embarked on a path of redevelopment. Commissioner Barnes was pleased to see the level of competition and the very competitive bids. Ms. Luke advised the Commission that there are well established laws if the Port were to accept the base bid plus alternatives one and two. Commissioner Barnes echoed Commissioner Novakovich's comments regarding Big D's and stated they have done excellent work for the Port. Commissioner Barnes values the relationship, and is looking forward to working with Big D's in the future. Commissioner Barnes stated this is an opportunity for the Port to develop a new working relationship with another firm. Commissioner Barnes thanked all bidders on this project and is excited for the outcome.

Commissioner Moak stated this is a day that the Port has been waiting for, for many years. Commissioner Moak stated alternatives one and two are very important to the development to Vista Field Phase 1A and sees them as key elements of the redevelopment. Commissioner Moak stated it is the nature of the bidding process to have competition and TSS seems to have more competitive numbers. This is a major project for the Port and the goal is to do the best job at Vista Field and follow the law. Commissioner Moak would like to develop a new friendship with TSS, as the low bidder on this project, recognizing that Big D's has done a lot of good work for the Port; however, we must follow the law. Commissioner Moak believes that the Port will end up with a very good project and process, with a reputable firm.

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

Commissioner Moak stated this is a very important day in the Port's history and congratulated staff for all of their work on Vista Field.

D. Ivy Land Sale

Mr. Arntzen stated there is a five acre parcel of land for sale, adjacent to Vista Field, just outside of the Port's Master Plan for Vista Field. The Port sold the property to the Ivy trust in 2004 and

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

there is a tentative private two-party purchase and sale agreement in the works. The potential purchaser of the property is the YVFWC, who plan on building a medical clinic to serve the Tri-Cities. In the Port's standard Purchase and Sale Agreement with the Ivy Trust, there is a buy back clause, whereby if the property is not developed in a specific amount of time, the Port can option the buyback clause; however, Mr. Arntzen does not know if the clause is valid since it has been on the books since 2005. Mr. Arntzen stated the Commission has two options for the property, either release the buyback clause and let the transaction with the YVFWC proceed or enter into negotiations to purchase the property. Mr. Arntzen stated the property in question has not been included in the Vista Field Master Plan and does not believe it is strategic to the Port. Mr. Arntzen stated, early on in the Master Planning process, the Port discussed buying additional property around Vista Field and also looked at working with property owners outside the fence regarding New Urbanism. Mr. Arntzen stated there were not a lot of property owners that were interested in the Port's concept, so that idea was abandoned. The Port moved away from buying additional properties and decided to Master Plan on Port property and allocate extra funds to pay for Phase 1, which included selling property and taking a loan to pay for the infrastructure. Mr. Arntzen stated the plan for Vista Field now centered on the Master Plan for 103 acres and funding the infrastructure. Mr. Arntzen stated the Port did not include the five acres in the Master Plan and cannot articulate a vision of property for the Commission.

Furthermore, can the Port afford to purchase the property if the Commission exercises the buyback clause? Mr. Arntzen believes the transaction price is approximately \$1,800,000 and applauded Mr. Stricker and Mr. Ellsworth for bringing the private sector to Vista Field. Mr. Arntzen stated \$1,800,000 is a lot of money and staff can find the money if the Commission instructs staff to negotiate a sale, but that would require cutting from other areas of the budget. Mr. Arntzen is concerned of how those budget changes would affect the Port later on and stated the Commission recently awarded two significant projects where money needed to be reallocated.

Mr. Arntzen stated the Port is working with the United States Army Corps of Engineers on the 1135 project for the Clover Island Shoreline, where the Port pays 25% of the project which is currently estimated to cost \$3,500,000-\$5,000,000. Mr. Arntzen voiced his concern because the Port does not have a solid number to go off of. Additionally, staff leaned heavily on our partners for the additional \$1,500,000 to complete Port projects; the City allocated \$1,000,000 of their RCCF funds to the Shoreline and Benton County allocated \$500,000 to Vista Field. Mr. Arntzen is concerned as a manager, that he went out and asked our partners for additional funding to help complete the Shoreline and Vista Field and is concerned how it would look to our partners if the Port finds \$1,800,000 to purchase the Ivy property.

Mr. Arntzen stated Ms. Luke has counseled the Commission on the legal liability if the Port decides to exercise the buyback option; however, we have not discussed how the YVFWC would be beneficial to the area. Mr. Arntzen stated the Port has a tremendous working relationship with the Latino community, which we are extremely proud of at the Port. DPZ Partners, the architects behind the Vista Field Charrette and Master Plan, specifically call out for everyone to invest and be a part of the development. All of the DPZ Master Plan documents embrace diverse uses, income levels and ethnicities. Port staff firmly believes that the use of the property is consistent

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

with the DPZ Master Plan. Additionally, DPZ Partners were asked about the Ivy property and they believe that it could dilute the efforts of what the Port had planned on doing, build from the core out. DPZ stated it is more important for the Port to go vertical to create additional vibrancy within the development. The Port reallocated funds from the hangar reconstruction fund to complete Columbia Gardens Phase 2B and Vista Field Phase 1A. The Port planned to rehabilitate the three aircraft hangars into usable, leasable space for small businesses; however, the Port would need to use all of those funds to purchase the property. The question ends up being, does the Commission want to purchase more property around Vista Field or create vibrancy within the development?

Lastly, Mr. Arntzen stated the buyback clause is included in the standard Purchase and Sale Agreement (PSA) to spur development and to his knowledge, the Port has not exercised the buyback option in the last 17 years. Mr. Arntzen stated whatever the Commission decides, there is either an opportunity or a potential hazard and inquired if it is the best interest for the Port to buy more property or find a better use of the potential funding. As a manager, he is nervous if he needs to find \$1,800,000 and how that could impact future projects.

Commissioner Moak invited Mr. Stricker and the YVFWC representatives to speak on this matter.

Glen Davis, YVFWC Chief Operating Officer, appreciates the opportunity to speak to the Commission about YVFWC. Mr. Davis stated YVFWC started over 40 years ago and that the name can be misconstrued at times. The YVFWC names clinics appropriately and currently has several sites in the Tri-Cities: Dentistry for Kids in Kennewick and Mirimar Health Center in Pasco. Research shows that Kennewick is underserved in the field of primary care and our hope is to fill the gap. YVFWC plans to offer medical, dental and pharmacy services for the new Kennewick location and plan on hiring 10-12 primary care providers, 2 dentists, 2 hygienists and 80-90 support staff.

YVFWC prides ourselves in our facilities and offers state of the art medical equipment. YVFWC started space planning and held our first Charrette with our construction and architecture partner. YVFWC looks to construct a 35,000-40,000 square foot building and invest \$20,000,000 into the Vista Field site.

Mr. Stricker stated this is a current investment in Vista Field that will bookend the development and be an economic force for the development.

Commissioner Novakovich inquired if YVFWC viewed the Port's design standards for Vista Field.

YVFWC's architect has investigated the design standards thoroughly and had meetings about what will be required by the City and we understand the requirements for Vista Field. The intent is to create a design that is going to be an asset and not just a box. YVFWC is very proud of our facilities and hope this new building will be a centerpiece to Vista Field.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

Mr. Davis stated when they held the Charrette they discussed fitting into Vista Field.

Michael Young stated YVFWC reviewed the Vista Field Master Plan and hopes the synergy from the Vista Field project will create synergy for the Clinic.

Commissioner Moak appreciates the presentation and stated that he has had an interest in Vista Field for some time and is very passionate about what goes on and off the site. Commissioner Moak stated there are several what ifs in this scenario and he would very much like the 5 acres to be a part of Vista Field. Although staff has informed the Commission that they can find the funds, Commissioner Moak is concerned if the Port will have enough money for Vista Field Phase 1B. While Commissioner Moak would love to have this parcel as part of the development, the Port does not have the funds. As Mr. Arntzen mentioned earlier, staff asked our partners for their participation to make things work and they were willing to do that. The Port has operated on a very conservative basis and if the Commission spends the money today, that could put us in a position where we are unable to complete a project. Commissioner Moak believes in the success of Vista Field project which is also dependent upon the private sector getting involved. Businesses are beginning to invest in Vista Field because they believe in the Port's vision. Commissioner Moak stated that his concern with the transaction had nothing to do with the YVFWC, but more to do with construction of another block building. Commissioner Moak expressed his appreciation to the YVFWC, what they represent, how they will create jobs and construct an aesthetically pleasing building that will complement Vista Field. Commissioner Moak withdraws his objections to removing the buyback clause.

Commissioner Barnes believes the 5 acre parcel is strategic to the overall redevelopment of Vista Field; however, it was very fortunate that Mr. Stricker and Mr. Ellsworth worked together to find an excellent use for the site and what will be a good asset to the redevelopment of Vista Field. Commissioner Barnes stated the Commission did not have knowledge of the buyback clause until recently, thereby the parcel did not have an opportunity to be included in the Master Plan. In 2014 the Port held a week long Charrette where the community embraced the overall plan of Vista Field. In 2015, the Port, City and Kennewick Public Facilities District held a joint meeting to discuss minor modifications to the Three Rivers Convention Campus to incorporate the Campus into Vista Field. It was made clear that the Port should stay inside the fence and Master Plan for the Port owned 103 acres. Commissioner Barnes is disappointed in the process of how we got here, but the end result will be positive for the community and Vista Field. Commissioner Barnes supports the removal of buyback clause.

Commissioner Barnes stated many of the elements from this discussion have been very unpleasant; however, he hopes that it can provide some lessons moving forward. Commissioner Barnes inquired why a buyback clause is standard in the Port's PSA if it has never been exercised. Commissioner Barnes stated the clause should be revisited and perhaps removed, because there will be many PSA's in Vista Field. The Port needs to be a dependable partner and work with the private sector to get the best possible result at Vista Field.

Commissioner Novakovich stated he has an obligation to do what is morally ethical to protect himself and the Port of Kennewick's reputation and to maintain the Port's high level of integrity.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

Commissioner Novakovich reiterated his support to remove the buyback clause and stated what we have heard today is that the Port will have an excellent partner that is willing to come forward and is willing to contribute to the value of Vista Field. Mr. Stricker made a good point when he stated that improvements to the outside of the fence will only increase the value within the fence. Commissioner Novakovich believes it will be an economic boom that will drive people to the development. Commissioner Novakovich believes the Port has a good partner with the YVFWC, the first of many for the development of Vista Field. Commissioner Novakovich asked Mr. Arntzen what projects he would like to begin pursuing for the Port.

Mr. Arntzen and Ms. Mosley have been discussing additional RCCF projects for Columbia Gardens and Vista Field. The RCCF funding from Benton County is very important because it allows the Port and City to invest in projects what will ultimately spur economic development. Mr. Arntzen stated there are always things of value that staff can pursue.

Commissioner Novakovich believes that is a higher, better use of staff's time and tax payer funds to do that. Commissioner Novakovich is proud that the Port did not raise taxes to build Vista Field, we borrowed money to build what the community wants without raising taxes.

MOTION: Commissioner Novakovich moved for approval of Resolution 2019-02, authorizing the Port's Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the release of the repurchase option on the 2004 Land sale to Jeff L Ivy Jr., trustee and Jerry L. Ivy Jr. Descendents trust; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

No comments were made.

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

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

Commissioners reported on their respective committee meetings.

F. Non-Scheduled Items

1. Commissioner Novakovich stated he would like to add a review of the Commission Policies and Procedures to a future Agenda.
2. Mr. Peterson expressed his appreciation for the support and direction from Mr. Arntzen and the Commission. Mr. Peterson stated the vision captured during the 2014 Charrette is finally coming to fruition and that is because of the tough choices made by the Commission and the diligence of staff. Mr. Peterson stated 2019 will be a very exciting year for the Port and the community.

PUBLIC COMMENTS

David Robison, 5426 Road 68, Pasco. Mr. Robison stated it was a very animated meeting today, all in the best interest of the Port. Mr. Robison stated Ms. Luke is correct when she said bid protests are standard

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2019 MINUTES

DRAFT

on large projects and there will always be more. Mr. Robison stated construction projects today are notorious, but related to only, with one exception: accept in the middle of a battlefield, nowhere must men or women coordinate movement of other men or women and all the materials, in the midst of such chaos, with such limited certainty, but present facts or future occurrences, as in a huge construction project. Mr. Robison stated today, the Commission gave staff armor to forge ahead and they should be proud.

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick was troubled that the emphasis on the YVFWC transaction only dealt with economic development and did not discuss the opportunity to serve the underserved population and this is a great social benefit for the community. Mr. Burdick noticed this emphasis on economic benefit when we speak of diversity and how great it is for a business to be diverse, instead, there should be concern for this population who have been discriminated against and do something that will benefit them, rather than the bottom line.

Rob Ellsworth, 1407 Meadow Hills Drive, Richland. Mr. Ellsworth thanked the Commission for releasing the buyback clause and allowing the transaction to move forward. Mr. Ellsworth serves as the broker for the cities of West Richland and Pasco, and stated buyback clauses have value and the Port may want to consider revising their clause. Mr. Ellsworth stated the cities use buyback clauses, but not on every property, to generate property tax, sales tax and create jobs. Mr. Ellsworth encouraged the Commission to keep the buyback clause to ensure that developers do not sit on the property, but rather build and develop. Mr. Ellsworth suggested adding a time frame for the buyer to develop, an expiration date on the repurchase option, and a specified repurchase price.

Ron Swamby, 110 South McKinley Place, Kennewick. Mr. Swamby, owner of Swampys BBQ thanked the Port Commission and staff for working with him. Mr. Swamby expressed his excitement to be part of Columbia Gardens and Swampys is looking forward to embracing the Port's vision and holding cool events that will tie in all of the cultures.

Commissioner Moak anticipates the Executive Session will last approximately 15 minutes, Potential Litigation, per RCW 42.30.110(1)(i) with no 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 4:10 p.m. until 4:15 p.m.

Commissioner Moak convened the meeting into Executive Session at 4:15 p.m. for approximately 15 minutes.

EXECUTIVE SESSION

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

Commissioner Moak adjourned the Executive Session at 4:19 p.m.

Commissioner Moak reconvened the Regular Commission Meeting at 4:19 p.m.

No action was taken by the Commission.

**PORT OF KENNEWICK
REGULAR COMMISSION MEETING**

MARCH 12, 2019 MINUTES

DRAFT

Further Commission discussion ensued regarding the Ivy transaction.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:23 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Thomas Moak, President

Don Barnes, Vice President

Skip Novakovich, Secretary

Exhibit A

Tasting Room Budget	
Source	Amount
Insurance	\$ 910,000
City of Kennewick	\$ 200,000
City of Richland (17/18 Budget)	\$ 400,000
CD Contingency (19/20 Budget)	\$ 500,000
ROI Project (19/20 Budget)	\$ 150,000
TOTAL	\$ 2,160,000

Vista Field Budget	
Source	Amount
Financing	\$ 5,000,000
ROI Project (17/18 Budget)	\$ 700,000
Shorelinge (17/18 Budget)	\$ 1,000,000
Benton County RCCF	\$ 500,000
ROI Project (19/20 Budget)	\$ 150,000
Loan Interest Savings	\$ 50,000
TOTAL	\$ 7,400,000