



PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 28, 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

Steven Wiley, Arts Center Task Force President, led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

Mr. Barnes requested that a Vista Field Update be added to the Reports, Comments, and Discussion section, after Item D.

MOTION: Commissioner Barnes moved to approve the Agenda, as modified; 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 March 17, 2017**
Direct Deposit and E-Payments totaling \$51,365.95
- B. Approval of Warrant Registers Dated March 28, 2017**
Expense Fund Voucher Numbers 38929 through 38958 for a grand total of \$138,620.65
- C. Approval of Regular Commission Business Meeting Minutes March 14, 2017**

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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.*

PRESENTATION

A. *Arts Center Task Force*

Mr. Arntzen stated Port staff, Ms. Luke, and the Arts Center Task Force (ACTF) have been working towards a Letter of Intent (LOI) for a Performing Arts Center for over a year; and today, Mr. Wiley will be presenting the Port Commission with a great opportunity. Mr. Arntzen stated the LOI, if approved by the Commission, will be the first catalyst project at Vista Field. Mr. Arntzen explained under the LOI, the Port would provide 2.2 acres at Vista Field for a nominal cost and the ACTF would fundraise, construct and operate a state of the art, 800 seat, Performing Art Center (PAC). Mr. Arntzen indicated that the Tri-Cities has discussed a PAC for many years, and today, we are one step closer to fulfilling that desire for our community.

Ms. Bader Inglima introduced Steven Wiley, the ACTF President, who will be discussing the LOI. Ms. Bader Inglima stated Mr. Wiley is joined by several of the ACTF members and supporters of a PAC at Vista Field.

Mr. Wiley thanked the Commission and staff for providing ACTF with the opportunity to present the LOI (Exhibit A) for the land to build a PAC in Vista Field. Mr. Wiley stated a PAC has been the dream for many, with few opportunities to make it happen. In 2014, the Port held a public charrette to identify what amenities the community would like to see at Vista Field and the public consensus was that a PAC should be included. Encouraged by the outpouring of community support, the ACTF began working with Port staff to determine a course of action. Today, ACTF has built a grass roots organization that has engaged people and groups across the Tri-Cities, raised funds from private donors, created a preliminary business plan, and hired L & M Architects from Seattle to design the building. The facility ACTF has envisioned will transform the community and be the crown jewel of the Vista Field redevelopment. The PAC will provide entertainment every week of the year, stimulate regional economic growth, promote tourism, and will assist in recruiting and retaining top talent at our local companies, provide new education opportunities, and vastly enrich the cultural life of the community. Mr. Wiley stated the PAC will be a regional facility for the Tri-Cities and will not be funded by additional sales tax or property tax but funded by contributions, grants, naming rights, and operations. The ACTF understands that the path forward will be difficult, however, we are confident that we will be successful, because of the passion, the commitment and the energy of the people of the Tri-Cities. Mr. Wiley stated together with the Port, we will bring the vision of a PAC to fruition. Mr. Wiley thanked the Commission for their vision of what the Vista Field redevelopment could become for this community and how it could enrich lives. Mr. Wiley presented the LOI to the Port Commission, to acquire 2.2 acres at Vista Field and urged the Commission to consider action. In addition to the LOI, the ACTF submitted a letter of support signed by the ACTF Board, the ACTF Advisory Board, the Mid-Columbia Ballet, Mastersingers, Musical Theatre and Symphony, and 20 local community performing and visual arts groups; the Regional Chamber of Commerce and Visit Tri-Cities. Mr. Wiley thanked the Commission and inquired if there were any questions regarding the LOI.

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Mr. Novakovich stated this is a very momentous occasion and for the private sector to commit to build and fund a PAC that has been desired for so long is amazing and commended the ACTF and supporting groups. Mr. Novakovich reiterated that the PAC will not be funded by taxes, but by private funds.

Mr. Moak inquired what benefits the ACTF sees by locating the PAC at Vista Field.

Mr. Wiley stated the urban plan design for Vista Field is an ideal accompaniment for a PAC and an arts and entertainment district. Furthermore, it will be centrally located in the Tri-Cities and the blank slate will provide opportunities for restaurants and other facilities to drive business to the PAC.

Mr. Barnes stated based on previous ACTF presentations it is clear that the group has put forth a tremendous amount of energy and effort researching successful and unsuccessful facilities in the Pacific Northwest. Mr. Barnes believes a PAC will bring energy and vitality to Vista Field and the relationship between the Port and the ACTF is a perfect example of a public/private partnership.

Mr. Novakovich acknowledged the members of the organization in the audience today and thanked them for their hard work and diligence.

PUBLIC COMMENT

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick is the Board President of the Mid-Columbia Symphony and serves on the ACTF Planning Committee. Mr. Burdick stated the Symphony currently performs at the Richland High School Auditorium, where construction has taken over the parking lot and will soon diminish because of the planned Auditorium remodel. Because of those factors, the Symphony will need a place to perform next year. Mr. Burdick expressed that it has been a 25 year effort to build a PAC in the Tri-Cities and implored the Commission to sign the LOI.

Jose Chavallo, 927 Quinault Avenue, Kennewick. Mr. Chavallo stated he recently read an article in the *Tri-City Herald* which stated the vision for Vista Field would change. Mr. Chavallo inquired if the LOI with the ACTF will change Port's vision for Vista Field.

Mr. Peterson stated the proposed LOI does not change the vision of Vista Field, which began in November 2014 at the public charrette process. The vision of a PAC being centrally located in Vista Field to create vibrancy, has been part of the Port's direction for over two years. Mr. Peterson stated the proposed LOI is a game changer and will enhance the redevelopment of Vista Field.

Mr. Chavallo stated his support for the PAC, however, he expressed his concern over the central location and inquired if the Port might consider moving it to the front or back side of Vista Field. Mr. Chavallo referenced the Southridge development and explained that the City of Kennewick sold one piece of property and the development ended up going a different way.

It is the consensus of the Commission to sign the proposed LOI from the Arts Center Task Force.

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RECESS

Mr. Novakovich recessed the meeting 2:20 p.m. for fifteen minutes and will reconvene at approximately 2:35 p.m.

Mr. Novakovich reconvened the Regular Commission Business Meeting at 2:35 p.m.

NEW BUSINESS

A. Zach Ratkai, City of Richland Economic Development Manager

Mr. Arntzen introduced Zach Ratkai, Economic Development Manager for the City of Richland. Recently, Mr. Arntzen, met with Mr. Ratkai and Kerwin Jensen, Community Development Manager to discuss opportunities for joint projects and plan to meet quarterly. Mr. Arntzen stated a substantial portion of Richland is in the Port of Kennewick District.

Mr. Ratkai presented the City of Richland's 2016 Year End Economic Development Report and stated some of the priorities for the Economic Development group are:

- Continued Growth: Richland Queensgate area is developing at a rapid pace with the inclusion of several new businesses;
- Organization and Outreach: inform the public and partners on City's mission and funding opportunities;
- Communication: website improvements and advertising opportunities;
- Business and Community Programs: educate businesses on various funding programs.

Mr. Ratkai stated for 2017, the City will continue to address rail loop opportunities, neighborhood commercial centers inventory, adopt a Comprehensive Plan with Community Development, partner with the Port of Benton and outline future projects with the Port of Kennewick.

Mr. Moak inquired if the City has discussed redeveloping Island View.

Mr. Ratkai stated at this time the City has not received much private interest in the area, however, staff addressed some ideas with the Public Works Department. Mr. Ratkai would like to discuss Island View with Port staff and look for opportunities for partnership.

B. Capital Projects Construction Cost Estimation Process

Mr. Arntzen reported that he has been working with David Robison of Strategic Construction Management, Inc. (SCM Inc.) to create an internal process document to assist staff with cost estimation for large capital projects. Last year, the Port's initial Bid for the Wine Village was considerably higher than estimated, which resulted in the addition of value engineering and rebidding the project. Mr. Arntzen worked with staff and Mr. Robison to craft a draft document to determine the cost estimation of capital projects over \$500,000.

Mr. Robison thanked the Commission and stated this document will allow staff to determine a cost estimate by performing a project analysis, which includes the project concept, a master budget, and a review by the CFO, prior to presentation to the Commission. Mr. Robison indicated when developing a master budget, it is important to include the following: soft costs,

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hard costs, contingency, furniture, fixtures and equipment (FF&E), additive alternates and markup. The document helps create a set of guidelines for staff to utilize when determining the potential cost of a project, which allows for a better budget process and work plan. The document contains:

- Award or reject project based on whether the bid price is within the available budget, not within the engineer's estimate;
- Provide larger project contingencies;
- Provide for 10% mark-up contingency;
- Provide for additive alternatives, so project bid could be awarded with alternates, or without, as necessary;
- Create CFO's reserve account;
- Provide second, independent cost estimate for projects over \$1,000,000;
- Value engineer, if needed;
- At the outset, move some projects to the "optional" category.

Mr. Barnes inquired how a contingency amount should be determined.

Mr. Robison stated developing a contingency is based on a formula which represents the project, the complexity of the project, duration of the project and the uniqueness of the project. Then, discerning what parts of the project may need more contingency before it is engineered or even designed.

Mr. Barnes confirmed that the document will be used to assist staff in formulating a budget for a project prior to starting design and engineering phase.

Mr. Moak inquired what the Commission should be doing from a policy standpoint.

Mr. Robison believes understanding the various aspects of development is important when contemplating a project, because it is the Commission that sets a vision for staff to develop, and staff implements the vision, which is not a simple process and takes time.

Mr. Moak inquired how a CFO reserve account differs from a contingency fund.

Mr. Arntzen stated staff has not used a CFO account previously, however, with the Wine Village, Mr. Kooiker was tasked with finding three alternative funding sources to complete the project. A way to avoid that scenario is for the Commission to establish a CFO reserve account for the budget. The CFO reserve account is money that is not allocated to any project and can be used as a rainy day fund for projects that may need additional funding.

Mr. Novakovich thanked Mr. Robison and confirmed that Mr. Arntzen would like to implement this procedure internally, for major construction projects.

Mr. Arntzen stated the intent of this process is to better assist in the budget process during the work plan workshop, thereby reducing the challenge of cost estimating and guessing what a project may cost. Furthermore, Mr. Arntzen believes it would also be prudent to build in a

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substantial contingency fee, which would cover the unexpected costs, for example, the U.S. Army Corps of Engineers has incorporated a 50% contingency fee in the shoreline restoration because of the uncertainties. Mr. Arntzen intends to continue revising the document with Mr. Robison and will bring back for additional Commission comment.

C. Approval of Purchase and Sale Agreement with Spaulding Business Land Sale- Tri-Cities Chaplaincy; Resolution 2017-06

Ms. Hanchette reported Tri-Cities Chaplaincy has prepared an offer to purchase the last Port-owned parcel in Spaulding Business Park. Tri-Cities Chaplaincy currently owns property in Spaulding and intends to expand their existing administration building for additional community services, including Behavioral Health.

PUBLIC COMMENTS

No comments were made.

MOTION: Commissioner Barnes moved for approval of Resolution 2017-06 authorizing the Port's Chief Executive Officer to execute all necessary documentation associated with the land sale to Tri-Cities Chaplaincy and to take all other action necessary to close this transaction; Commissioner Moak seconded.

Discussion:

Mr. Moak stated the Port sold the first parcel in Spaulding in 2006 and it took 11 years to complete a major redevelopment project. Mr. Moak applauded the Tri-Cities Chaplaincy and other companies for creating an excellent network of businesses for the area. Mr. Moak thanked Mr. Castillo, executive director of Chaplaincy Health Care for his investment and the Port staff and City of Richland staff for bringing the project to fruition.

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

Mr. Castillo reported the Tri-Cities Chaplaincy will be opening Repeat Boutique, a thrift store in downtown Kennewick on March 31, 2017.

D. Former Tri-City Raceway Master Plan; Resolution 2017-07

Mr. Peterson presented the Former Tri-City Raceway Master Plan document for Commission consideration and stated the Master Plan represents the last four years of effort, including adding the property into the Urban Growth Boundary. The property was added into the City limits and staff continued to work on the entitlement issues, while the City constructed the industrial wastewater pre-treatment facility. Mr. Peterson stated the Commission reviewed the Draft Master Plan last year and then the draft was forwarded to the City for additional comments in January. Mr. Peterson recently received City comments, and staff folded the comments and responses into the Master Plan document. The Master Plan identifies how the Port will develop the 93 acres in the future.

Mr. Barnes stated Resolution 2017-07 indicates the Draft Master Plan was sent to the City of West Richland for comment in January 2016, but should read January of 2017.

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PUBLIC COMMENTS

Aaron Lambert, City of West Richland Community Development Director thanked the Commission for the opportunity to review and comment on the Former Tri-City Raceway Master Plan. Mr. Lambert stated comments regarding the Master Plan were drafted by Mayor Brent Gerry, Public Works Director Roscoe Slade and him. Mr. Lambert reported market conditions have changed considerably in the vicinity of the Port property with the construction of a new middle school, the purchase of land for a new high school and the future development of the I-82 Red Mountain Interchange, which was recently funded. Mr. Lambert offered his congratulations to the Commission on the full build out of Spaulding Business Park and stated, the City hopes to be at that point someday. Mr. Lambert requested that a new name for the Former Tri-City Raceway be considered and Mayor Gerry suggested Gene Wagner Commercial Park. Mr. Lambert thanked Mr. Peterson, Port staff and Oneza and Associates for incorporating the City comments and inquired if the Port would consider opportunities that may arise to initiate development of the property prior to the four to seven year timeframe outlined in the report.

No further comments were made.

Mr. Novakovich stated the Port and City have a successful partnership and thanked Mr. Peterson, staff and Oneza and Associates for their hard work.

MOTION: Commissioner Barnes moved for approval of Resolution 2017-07, adopting the Master Plan for the redevelopment of the Former Tri-City Raceway Master Plan, suggestion noted, correcting the year from 2016 to 2017; Commissioner Moak seconded.

Discussion:

Mr. Moak applauded the vision of the previous Commission who purchased the property and had the foresight to hold on to it until opportunities arose. Now that the property resides in the City limits, it will be important for the development if the Commission considers the market and triggers, such as the additional construction on Bellmont Avenue, the I-82 Interchange and the Duportail Bridge. Furthermore, it is imperative to consider the needs of Red Mountain, the community, and the triggers, then the Port can move forward and engage with partners who are willing to contribute and see the vision for the property. Mr. Moak enjoys working in West Richland and seeing the changes that are happening and the future development.

Mr. Barnes is looking forward to working with the City and stated the property is well located, and the Red Mountain Interchange will be a tremendous asset, once funded and constructed. Mr. Barnes values the relationship with the City and hopes to move forward in a mutually beneficial way, to bring about impactful changes in West Richland and support the Red Mountain AVA.

Mr. Novakovich confirmed with Mr. Peterson and Mr. Lambert that the I-82 Interchange has been fully funded, however the Federal Highway Commission is not allowing access from I-82 at this time.

Mr. Peterson stated that is correct.

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

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Kennewick Irrigation District (KID) Inundation Clause

Mr. Arntzen reported that KID Inundation Clause has been recorded and inquired if the Commission had any questions.

Mr. Moak stated this was a goal to complete for the Biennium and thanked Mr. Arntzen and staff for their diligent work with KID.

Mr. Arntzen appreciates the support of the Commission and stated Mr. Peterson worked on the details with Chuck Freeman, KID District Manager.

B. Approval to Sell & Convey Surplus Property; Resolution 2017-05

Mr. Kooiker stated for Commission consideration is Resolution 2017-05, which authorizes staff to surplus items that are obsolete, broken and/or no longer needed for Port purposes.

PUBLIC COMMENTS

No comments were made.

MOTION: Commissioner Barnes moved for approval of Resolution 2017-05 authorizing the CEO to dispose of surplus property; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

C. Clover Island Update

Mr. Peterson stated construction of the Gathering Place is underway and Big D's Construction has begun excavation for the pond, where the Tule Reed Artwork and Confederated Tribes of the Umatilla Reservation (CTUIR) educational panels will be displayed. Additionally, the project will include a sidewalk that connects the West Marina Professional Building to the orange parking lot and an additional viewing platform on the northwest corner of Clover Island. The construction is slated for completion on June 1, 2017 and the project sets the stage for future development on Clover Island. Mr. Peterson reported that the maintenance team will reuse the gravel located in the parking lot for future Port projects.

D. Columbia Drive Update

Mr. Peterson stated the two winery buildings are topped out and ready for the trusses, which are scheduled to arrive mid-April and construction has begun on the third building.

E. Vista Field Update

Mr. Arntzen recently met with City of Kennewick staff to discuss Phase II of Columbia Drive and Phase I of Vista Field. Mr. Arntzen felt the meeting went very well and stated Port and City staff focused on the Vista Field Draft Master Plan. Currently, the City zoning does not permit for elements such as the narrow street or the mixed use zoning, which was envisioned by the public; however, Carey Roe, Public Works Director, is preparing to change the ordinances to allow for the narrow streets and will have the draft material to the City Council later this spring. Additionally,

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Greg McCormick, Planning Director, has been working with Mr. Peterson on the zoning for several months and plans to take his material to the Planning Commission late summer. Mr. Arntzen stated the meeting focused on a spirit of togetherness to move the Master Plan forward, with the expectation that the Port and City will get the processes in place that are needed to develop Vista Field. Mr. Arntzen explained one reason it is taking so long to get the Master Plan approved is because there needs to be a mutual understanding that each entity believes the changes are important, thus changing the way we do business. Mr. Arntzen stated the Vista Field Master Plan has evolved into a joint effort between the City and Port and he is very optimistic that the Master Plan will continue moving forward. Mr. Arntzen reported Port and City staff will work on a joint calendar and would like to invite Marie Mosely, City Manager and Directors to present an update to the Commission on the City's process for the Master Plan.

Mr. Peterson stated the City is working to revise regulations that have been in place for fifty years to allow for the special elements in Vista Field and City staff has been working with the Port to create the citizens' vision.

Mr. Novakovich stated the Port has a very successful partnership with the City and asked Mr. Arntzen to describe the City's investments on Port projects.

Mr. Arntzen stated the City entered into an Interlocal Agreement for Phase I of Columbia Gardens which was a \$1,300,000 City investment. Recently, the Port and City entered into a second Interlocal Agreement for Phase II of Columbia Gardens and the City committed an additional \$1,100,000, whereby, in each case the City has invested in infrastructure on Port property.

Mr. Barnes stated it has been almost four years since the Port decided to close the airport and redevelop Vista Field. From the beginning, the Port has been open, transparent and receptive to public comments regarding the redevelopment. Mr. Barnes praised the Port for recognizing the magnitude and level of sophistication and complexity of this project and enlisting top rate professional help with Duany Plater-Zyberk (DPZ) to guide us through this process. Mr. Barnes stated it has taken some time to get here, however, the Commission has reiterated throughout the entire process, "to get it right, not right now" and we are still in the let's "get it right" phase. Mr. Barnes stated the Port is almost four years into process and learned that the Master Plan may take longer than anticipated because important elements need to be addressed. The working relationship with the City is excellent and the changes that were mentioned earlier, to allow narrow streets, and adjust the zoning are crucial and critical elements for this redevelopment effort. Without those elements, the Port would be constructing stock, off the shelf, commercial development at Vista Field, which would include a power center and retail strips and that is not what the public envisioned or what the Port wants. Mr. Barnes stated he is very happy to be patient and give the City the amount of time that it takes to get the critical elements addressed which will allow us to do the best job we can at Vista Field.

Mr. Arntzen appreciates Mr. Barnes comments and stated it is important that the Commission provides a point of reference on a project time frame. Mr. Arntzen stated staff and consultants continue working on the draft site plan for Phase I and continue to pursue a parallel path while the

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City addresses the Master Plan. Furthermore, the City is aware the Port is running a parallel path and appreciates and understands the timing factors.

F. Commissioner Meetings (formal and informal meetings with groups or individuals)
Commissioners reported on their respective committee meetings.

G. Non Scheduled Items

1. Mr. Barnes stated during the Vista Field update, the Commission and staff discussed the amount of time the redevelopment process has taken and believes at this stage of a project, there may be some doubt or second guessing. However, when Mr. Barnes reviews the processes, the public meetings, and joint meetings that the Port has participated in and conducted, he feels the Port is moving forward. It is important for the Port to continue to stay focused on Vista Field and trust the professional consultants and work together as a team. Although there will be naysayers, Mr. Barnes encouraged the Commission and staff to remain focused on the task at hand. Staff is working hard on the vision and doing a fantastic job, furthermore, the Port is in the hands of first rate professionals and Mr. Barnes is really looking forward to moving to the next phase.
2. Ms. Scott reminded the Commission to submit their Personal Finance Affairs Statements to the Public Disclosure Commission (PDC) with a copy to the Port, no later than April 15, 2017.

Ms. Scott reported the Washington Public Ports Association recently posted the Agenda for the Spring Conference and has copies available for the Commission.

3. Ms. Bader Inglima received a late notice from Visit Tri-Cities regarding the Tri-Cities Rivershore Enhancement Committee (TREC) wayfinding project. Ms. Bader Inglima stated MERJE, the wayfinding consultants will be presenting a status report on wayfinding to the City of Kennewick City Council at 6:30 p.m. and the City of Richland City Council at 7:00 p.m. tonight.
4. Mr. Arntzen stated he and Mr. Peterson will be traveling to Miami the week of April 10, 2017 to work with Lizz Plater-Zyberk and Senen Antonio of DPZ and inquired if the Commission would like to cancel the Regular Commission Business Meeting scheduled for April 11, 2017.

Mr. Novakovich inquired if there are any items that require action.

Mr. Arntzen stated at this time, there is nothing critical on the Agenda.

It is the consensus of the Commission to cancel the Regular Commission Business Meeting scheduled for April 11, 2017.

Mr. Arntzen reported that staff recently received a complaint from a marina tenant regarding the Port's policy of using supervised Coyote inmate work crews on the docks. The marina tenant requested that the supervised work crew should no longer be allowed to work on the docks. The Port has been utilizing the work crews for a number of years and have not experienced any issues. Mr. Arntzen responded to the tenant and stated he would visit with

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staff and the Commission and inquired if he/she may be able to provide any information which shows that the work crews may be responsible for theft on the docks. Furthermore, Mr. Arntzen will contact Chief Ken Hohenberg, who was referenced in the email, regarding the theft. Staff will be obtaining quotes from private sector contractors to determine the cost of work performed by the work crew. Currently the Port employs two work crews, at a \$1.45/hour each and there are certain duties the work crew can perform on the docks, such as sweeping the cobwebs and shoveling snow off the docks. Mr. Arntzen believes the work crews provide a great benefit to the Port and taxpayers, however, the Commission may determine to utilize a private contract, it will need to be determined if the Port will absorb the cost, or the cost be added to the marina tenants rent. Mr. Arntzen stated staff is taking the complaint very seriously and will update the Commission on the status of the complaint.

Ms. Hanchette stated she is researching the cost to upgrade the camera system.

Mr. Arntzen attended a reception where he spoke with Chief Hohenberg, who expressed his appreciation for the Port and stated the Port's acquisition of properties has helped the Kennewick Police Department in a number of ways. Mr. Arntzen stated there are many factors that can contribute to mayhem on the docks that the gates cannot solve.

Ms. Hanchette reported the Coyote work crews are inmates who committed offenses in Western Washington and stated the Port does not utilize the local Benton County Sheriff work release work crews. Additionally, prior to any Coyote inmate being released, they are returned to Western Washington.

5. Mr. Peterson reported that Northwest Orthopaedic and Sports Medicine will hold a ribbon cutting on Thursday, March 30, 2017 at 11:30 a.m. Mr. Peterson stated the 36,000 square foot building is one of three, state of the art medical buildings in the nation.

PUBLIC COMMENTS

No comments were made.

COMMISSIONER COMMENTS

No comments were made.

Mr. Novakovich anticipates the Executive Session will last approximately 20 minutes, Site Selection per RCW 42.30.110(1)(b) and Real Estate Minimum Price per RCW 42.30.110(1)(c) with no action anticipated. Mr. Novakovich asked the public to notify Port staff if they will return after the executive session.

Mr. Novakovich recessed the Regular Commission Meeting at 4:26 p.m. for nine minutes until 4:35 p.m.

EXECUTIVE SESSION

- A. Real Estate, per RCW 42.30.110(1)(b) – Site Selection*
- B. Real Estate, per RCW 42.30.110(1)(c) – Minimum Price*

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Mr. Novakovich convened the meeting into Executive Session at 4:31 p.m. for approximately twenty minutes.

Ms. Scott exited the meeting at 4:49 p.m. and extended session for 10 minutes.

Mr. Novakovich adjourned the Executive Session at 4:58 p.m.

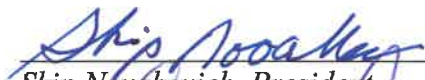
Mr. Novakovich reconvened Regular Commission Meeting at 4:59 p.m.

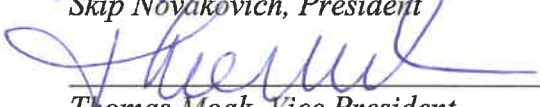
ADJOURNMENT


With no further business to bring before the Board; the meeting was adjourned 4:59 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS


Skip Novakovich, President


Thomas Moak, Vice President


Don Barnes, Secretary



March 28, 2017

Port of Kennewick
Board of Commissioners
350 Clover Island Drive, Ste. 200
Kennewick, WA 99336

Re: Letter of Intent to Purchase Land from the Port of Kennewick at Vista Field,
Kennewick, Washington

Dear Commissioners:

This Letter of Intent ("LOI") sets forth the intent of the Arts Center Task Force ("ACTF"), a Washington nonprofit corporation, to purchase certain real property, as shown on the site maps (Exhibits "A" and "B" attached hereto and incorporated herein by reference), hereinafter referred to as the "Property", from the Port of Kennewick ("Port") with the intent that ACTF build a medium size performing arts center (hereinafter the "Arts Center"). For the purposes of this LOI, "medium size" refers to an approximately 800-seat theater that serves local, regional, and smaller touring companies. ACTF acknowledges that it is the Port's intent to market the area in which the Arts Center will be located as the Vista Arts Center as generally identified in the Vista Field redevelopment Charrette process. ACTF and the Port are hereinafter collectively referred to as the "Parties".

The following proposed terms and conditions are intended to be the basis for a purchase and sale agreement covering the Property. The Parties shall use the collaborative design process set forth in the Port's Guidelines for Vista Field Development Proposals (hereinafter the "collaborative design process"), as may be amended from time to time by the Port, to develop the design plan for the Arts Center project. This LOI does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of either party. No such obligations shall be created, except by the execution and delivery of a purchase and sale agreement containing such terms and conditions of the proposed transaction as shall be agreed upon by the Parties and then only in accordance with the terms and conditions of such purchase and sale agreement. Any such proposed purchase and sale agreement shall not be effective until approved by a majority of the Port Commission.

PROPOSED TERMS AND CONDITIONS

ACTF proposes the following principal transaction terms:

1. Purchaser: ACTF or other entity as determined by the Arts Center Task Force and approved by the Port.

2. Property to Be Purchased: Real property consisting of approximately 2.2 acres (95,832 square feet) of undeveloped land at a location as determined by the Port approximating that of the "site for possible arts center" depicted in the July 28, 2015 Vista Field Project Update prepared by Duany Plater-Zyberk & Company.

3. Use of the Property: ACTF shall use the Property to construct and develop an Arts Center, designed pursuant to the collaborative design process, that will include a medium size performing arts center building with a footprint of not less than 30,000 square feet and "public amenities" consisting of:

- a. Improved public parking of not less than 200 spaces; and,
- b. Other public amenities as identified by the Parties in the collaborative design process.

4. Basic Purchase Terms: The purchase price shall be Ten Thousand Dollars (\$10,000.00) and shall be payable in cash at closing. If the Washington State Auditor's Office or other oversight agency determines that the \$10,000.00 purchase price is not sufficient compensation for the Property, the Parties agree to work together to determine a purchase price that will be satisfactory to ACTF, the Port and the relevant oversight agency.

5. Closing: Closing shall occur within sixty (60) days after satisfaction or waiver of all contingencies to closing, but no later than on or before March 31, 2019. The contingencies to closing shall include, but are not limited to, the following:

a. ACTF providing to the Port evidence that at least seventy-five percent (75%) of the funding necessary for completion of the Arts Center has been secured or committed and such other intermediate funding benchmarks as the parties may agree.

b. ACTF obtaining, at its sole expense, those reports and inspections regarding the feasibility of purchasing the Property and use of the Property for a medium size arts center, which reports and inspections shall be satisfactory to the ACTF, in ACTF's reasonable discretion. Such reports and inspections may address, among other things, the adequacy of existing or planned infrastructure. The Port shall be entitled, upon request, to copies of any such reports and inspections obtained by ACTF.

c. The execution and recording of real covenants binding upon and running with all lots and parcels adjacent to and/or touching the Property, which covenants shall be satisfactory to the Parties, in the Parties' reasonable discretion.

d. The Parties obtaining all necessary permissions, permits and approvals from state and local governmental entities and the appropriate zoning of the Property.

e. The Port obtaining an economist's (or other appropriate professional as determined by the Port) opinion supporting the overall enhancement of the value of the Port's Vista Field project as a result of this project.

6. Preliminary Due Diligence Review: Following execution of this LOI, the Port will allow ACTF to complete its examination of the Property including review of all documents, reports and all other forms of information reasonably obtainable from the Port and which are customary in the normal course of real property development. ACTF shall indemnify and hold the Port harmless from any loss, damage or claim arising out of ACTF's access to the Property for purposes of conducting due diligence including but not limited to conducting tests, inspections, studies and other investigations of the Property. The Parties will cooperate to complete such examination expeditiously.

7. Condition of Property: ACTF will purchase the Property "AS IS" and will assume full responsibility for whether the Property is suitable for the design, construction and conditions required for the Arts Center. ACTF will assume, as of closing, the responsibility for and risk of all defects and conditions of the Property, including any defects and conditions that could not have been observed by casual inspection.

8. Timeline: ACTF anticipates that, subject to agreement on the final terms of a purchase and sale agreement, and jurisdictional review of building plans and issuance of permits, construction will begin no later than three (3) years from the closing date of the Parties' anticipated purchase and sale agreement for the Property and will proceed expeditiously to anticipated completion within twenty-four (24) months thereafter.

9. Evidence of Funding: See section 5 above.

10. Expenses: The Port and ACTF will each pay its own respective expenses incident to this LOI including but not limited to all architect, legal, and the costs or fees associated with the negotiation of a purchase and sale agreement.

11. Broker's Fees: The Port and ACTF acknowledge that no real estate agent or broker is currently involved in this transaction and, therefore, the Parties understand that no broker's fees are to be incurred by either party.


12. Exclusive Negotiating Rights and Fee: Exclusive Negotiating Rights and Fee: For a period of time covered by this LOI (see section 5 above), the Port will not initiate, solicit, encourage, directly or indirectly, or accept any offer or proposal, regarding the possible sale of the Property by any entity or person other than ACTF. In the event that the Parties are not able to negotiate a purchase and sale agreement for the Property that closes by March 31, 2019, this LOI shall terminate and be of no further force and effect, and the Port shall have no further obligations to ACTF. In consideration of providing ACTF with the exclusive negotiating rights period, ACTF shall pay to the Port a non-refundable fee of \$1,000.00 for these exclusive negotiation rights. This fee is intended to reimburse the Port for the administrative and other costs associated with the Port's provision of the exclusive negotiating rights period herein provided to ACTF.

13. Public Announcements and Compliance with Open Public Meetings and Public Records Act: Except as provided by law, neither the Port nor ACTF will make any public announcement of the proposed transaction prior to the execution of the Purchase and Sale Agreement without the prior written approval of the other, which approval shall not be unreasonably withheld or delayed. The foregoing shall not restrict in any respect the Port's ability or ACTF's ability to communicate information concerning this LOI and the transactions contemplated hereby to either party's respective affiliates, officers, directors, managers, members, employers, staff, elected officials and professional advisors and to the extent relevant to third parties whose consent is required in

connection with the transaction contemplated by this LOI. ACTF understands that the Port is subject to and must comply with all requirements of the Washington State Open Public Meetings and Public Records Act.

If the foregoing is approved by the Port, please execute and return the enclosed copy of this LOI to us at your earliest convenience. The effective date will be that date upon which the Port signs this LOI.

Sincerely,




Steven Wiley
President, Arts Center Task Force

AGREED AND ACCEPTED by the Board of Commissioners of the Port of Kennewick on the 28th day of March, 2017.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***



SKIP NOVAKOVICH, President



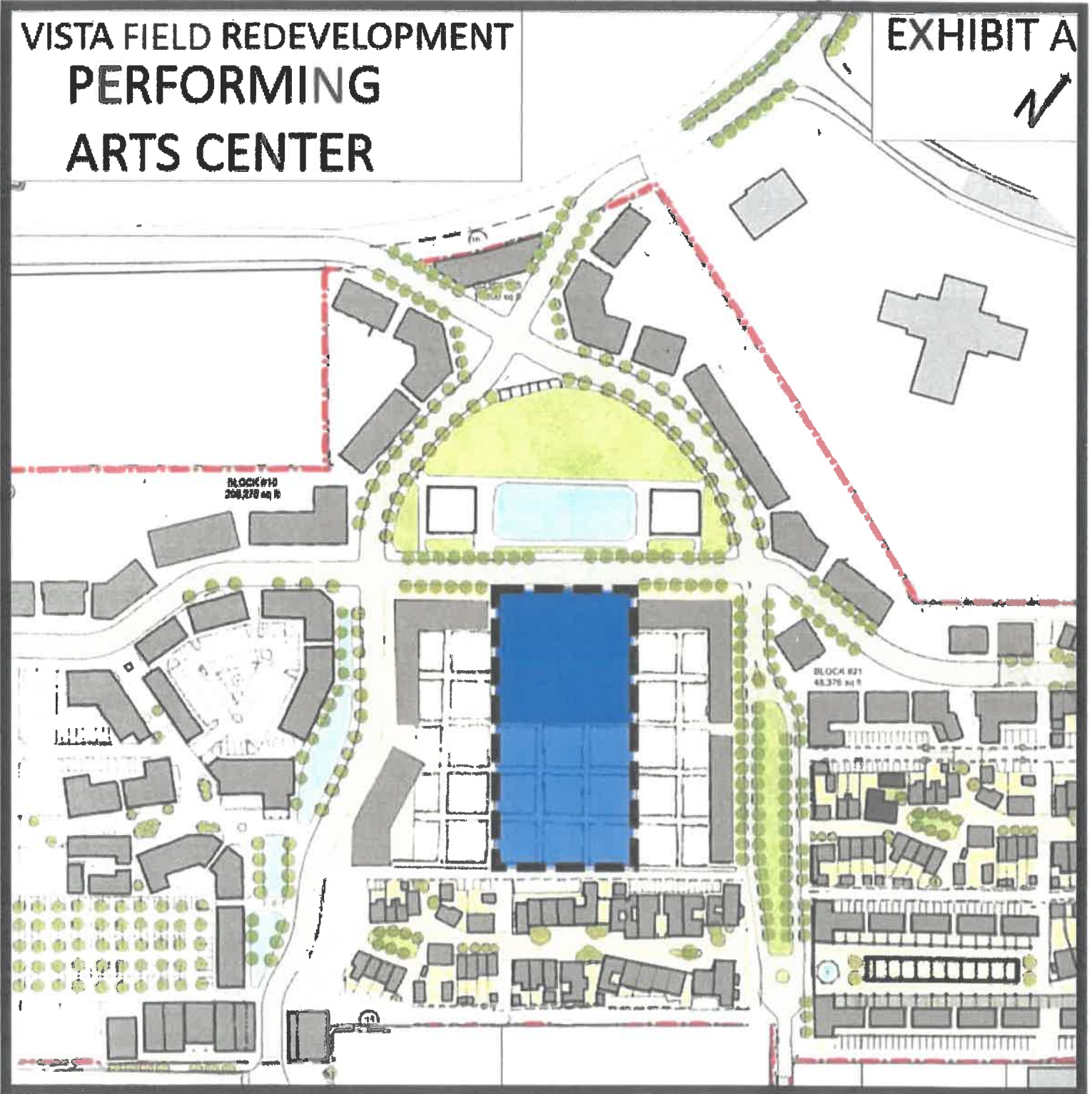
THOMAS MOAK, Vice President



DON BARNES, Secretary

VISTA FIELD REDEVELOPMENT PERFORMING ARTS CENTER

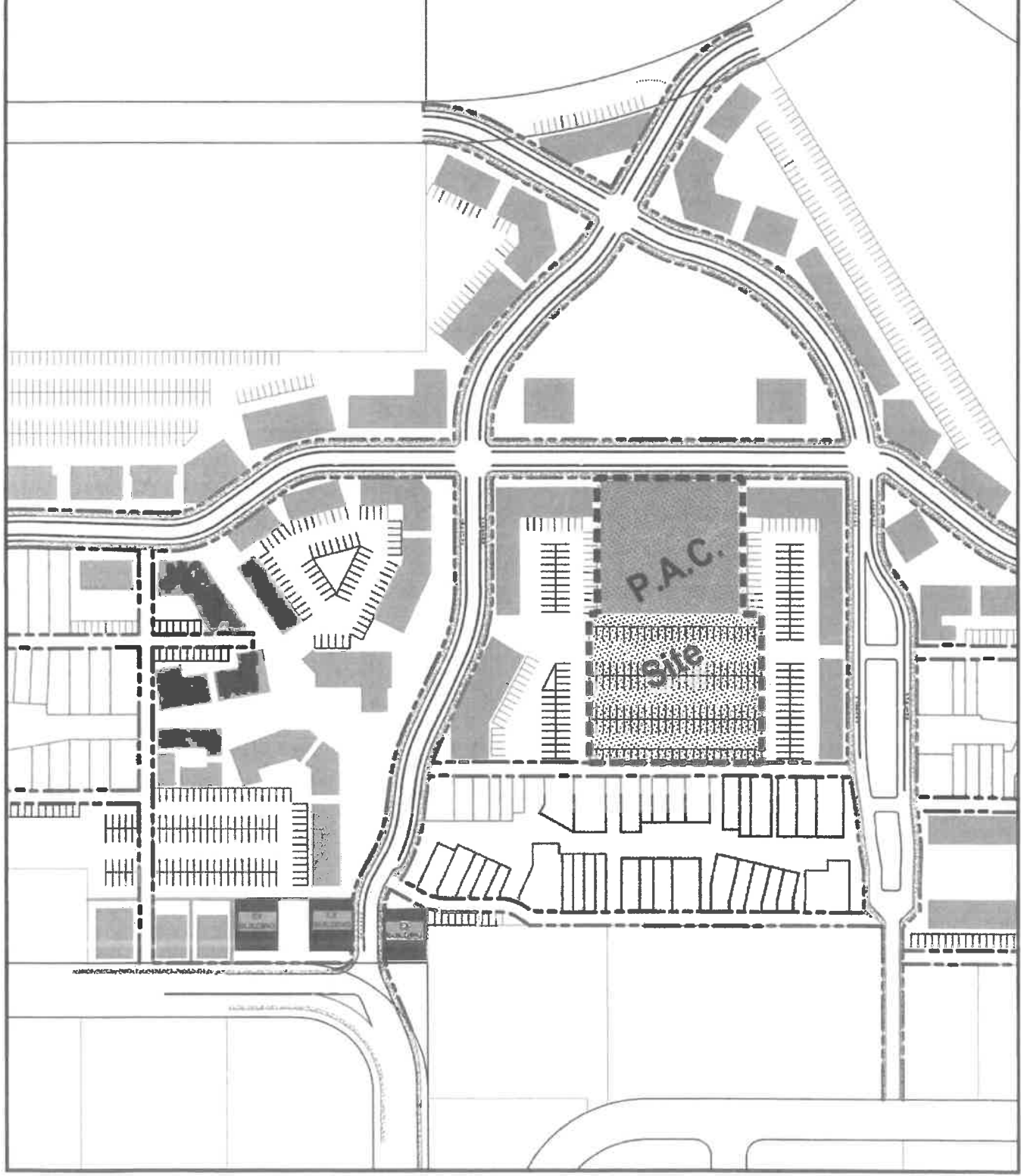
EXHIBIT A



VISTA FIELD REDEVELOPMENT

EXHIBIT B

PERFORMING ARTS CENTER



PORT OF KENNEWICK

RESOLUTION 2017-05

***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
PORT OF KENNEWICK AUTHORIZING THE PORT CHIEF EXECUTIVE OFFICER
TO SELL AND CONVEY SURPLUS PROPERTY***

WHEREAS, the Board of Commissioners of the Port of Kennewick met this 28th day of March 2017, a quorum of the Commissioners being present; and

WHEREAS, from time to time it is necessary to surplus items no longer needed for Port District purposes; and

WHEREAS, RCW 53.08.090 provides that the Port Commissioners may authorize the Port Chief Executive Officer to sell and convey property; and

WHEREAS, prior to each such disposition of Port property, the Port Chief Executive Officer is directed to present to the Commission an itemized list of the property and to make written certification that the listed property is no longer needed for Port District purposes.

NOW, THEREFORE, BE IT RESOLVED by the Port of Kennewick Commissioners to authorize the Chief Executive Officer to surplus Port property no longer needed for Port purposes as attached in "Exhibit A".

ADOPTED by the Board of Commissioners of Port of Kennewick this 28th day of March 2017.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***

By: 
SKIP NOVAKOVICH, *President*

By: 
THOMAS MOAK, *Vice President*

By: 
DON BARNES, *Secretary*

RESOLUTION 2017-05

"Exhibit A"

Attractive Assets				
Asset	Disposition	Property Description	Date In Service	Cost
103	Broken	Recon Air Filter	06/15/11	749.17
104	Obsolete	Nightvision HD Camera Clock	06/15/11	749.18
119	Broken	HSM Shredstar X18	09/26/12	~100.00
121	Broken	HSM Shredstar X18	09/26/12	~100.00
19	Broken	Twin Head Work Light	01/13/04	75.76
24	Broken	Fax Machine - All in One	03/23/04	432.49
28	Broken	Fiberglass Step Ladder	04/27/04	204.69
82	Broken	6" Random Orbit Sanding System	02/28/06	808.23
86	Broken	Dewalt Small Angle Grinder	02/28/06	~100.00
89	Broken	1.5 HP Craftsman Air Compressor	02/28/06	~250.00
126	Broken	Craftsman 21" Chainsaw	10/21/11	227.41
137	Broken	Echo 125B Blower	10/10/12	138.58
150	Broken	RotoZip Saw	12/31/12	~75.00
160	Broken	HP 3522 Printer	06/27/13	74.73
161	Broken	Werner 6' Ladder	06/17/13	85.56
163	Broken	Dewalt Reciprocating Saw	06/17/13	~100.00
Capital Assets				
Asset	Disposition	Property Description	Date In Service	Cost
849	Broken	Drafting Table	09/30/06	666.46
977	Obsolete	HP Entertainment Notebook PC	01/23/08	1,178.29
979	Obsolete	HP Entertainment Notebook PC	01/23/08	1,178.28
1037	Obsolete	HP Workstation Q9300	10/13/09	2,553.51
1038	Obsolete	HP Workstation Q9300	10/13/09	2,553.51
1040	Obsolete	HP Pro 8500	10/30/09	228.21
1045	Obsolete	HP QJ 6500 AIO Printer	12/02/09	154.10
1096	Broken	Paper Folder - MBM93 NexPost	09/30/11	539.33
1158	Broken	3 Dell Monitors	11/01/13	618.36

CFO/Auditor Certification:


Nick Kooiker

3/28/17
Date

PORT OF KENNEWICK

RESOLUTION No. 2017-06

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH TRI-CITIES CHAPLAINCY

WHEREAS, Tri-Cities Chaplaincy (Purchaser), has offered to purchase approximately 0.53 acres of the area graphically depicted on “*Exhibit A*” at the Spaulding Business Park, in Richland, Washington from the Port of Kennewick (Seller) for \$6.00 per square foot or approximately \$137,508.00; 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 Tri-Cities Chaplaincy 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.

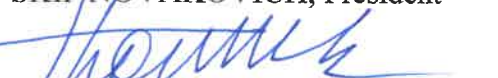
ADOPTED by the Board of Commissioners of the Port of Kennewick on the 28th day of March, 2017.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

By:


SKIP NOVAKOVICH, President

By:


THOMAS MOAK, Vice President

By:


DON BARNES, Secretary

EXISTING
CONCRETE CURB

PROPERTY LINE



SCALE 1"=40'-0"

A100

01.23.17

Chaplaincy
1480 Fowler Street
Richland, WA

Account: Matthew J. Walsh
Phone: 509-820-0117
Email: mjwalsh@chcom.ell.com



AGENDA REPORT

TO: Port Commission

FROM: Amber Hanchette, Director of Real Estate & Operations 

MEETING DATE: March 28, 2017

AGENDA ITEM: Spaulding Business Park Land Sale – Tri-Cities Chaplaincy

- I. REFERENCE(S):** Resolution 2017-06 and Site Map; attached.
- II. FISCAL IMPACT:** \$137,508.00 revenue to the Port.
- III. DISCUSSION:** An offer to purchase the last port-owned parcel in Spaulding Business Park (Richland) has been submitted by Tri-Cities Chaplaincy. The property is approximately 0.53 acres with frontage on Fowler Street and lies directly adjacent to property already owned by Tri-Cities Chaplaincy. The offer by Tri-Cities Chaplaincy (Purchaser) is for a purchase price of \$6.00 per square foot or approximately \$137,508.00.

The Purchaser intends to build a two-story 17,000 square foot extension to their existing office building for expansion of community services including Behavioral Health. The Purchaser will potentially add 10 licensed professionals and administrative support staff.

The building must meet established Covenants and Restrictions for the Spaulding Business Park.

VI. ACTION REQUESTED OF COMMISSION:

***Motion:** I move approval of Resolution 2017-06 authorizing the Port's Chief Executive Officer to execute all necessary documentation associated with the land sale to Tri-Cities Chaplaincy and to take all other action necessary to close this transaction.*

PORT OF KENNEWICK
Resolution No. 2017-07

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK ADOPTING THE MASTER PLAN FOR
REDEVELOPMENT OF THE FORMER TRI-CITY RACEWAY PROPERTY***

WHEREAS, the former Tri-City Raceway property in the City of West Richland provides an economic development opportunity for the Port of Kennewick and the City of West Richland; and

WHEREAS, Oneza & Associates was contracted to assist the Port with preparation of the Tri-City Raceway Redevelopment Master Plan; and

WHEREAS, public input regarding the future redevelopment of the Tri-City Raceway was obtained throughout the planning process; and

WHEREAS, the Board of Commissioners has reviewed the Tri-City Raceway Redevelopment Master Plan throughout the planning process; and

WHEREAS, the Board of Commissioners directed the draft plan be forwarded to the City of West Richland for review and comments which occurred on January 3, 2017; and

WHEREAS, the City of West Richland provided review comments on March 15, 2017; and

WHEREAS, revision comments received from the City of West Richland have been incorporated into the Tri-City Raceway Redevelopment Master Plan.

NOW THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners hereby approves and adopts the Tri-City Raceway Redevelopment Master Plan as prepared and revised by Oneza & Associates.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 28th day of March, 2017.

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

By: _____

SKIP NOVAKOVICH, President

By: _____

THOMAS MOAK, Vice President

By: _____

DON BARNES, Secretary