



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

APRIL 24, 2012 MINUTES

## CALL TO ORDER

Commission President Skip Novakovich called the 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  
Vice-President Position Currently Vacant  
Gene Wagner, Secretary

**Staff Members:** Tim Arntzen, Executive Director  
Tana Bader Inglima, Director of Governmental Relations & Marketing  
Larry Peterson, Director of Planning & Development  
Tammy Fine, Director of Finance/Auditor  
Kandy Yates, Receptionist  
Lucinda Luke, Port Counsel

## PLEDGE OF ALLEGIANCE

Ms. Yates led the Pledge of Allegiance.

**MOTION:** *Commissioner Wagner moved approval to add two items (Oak Street Development Buildings and WSDOT Airport Grant update) to the end of the agenda; Commissioner Novakovich seconded. With no further discussion motion carried unanimously. All in favor 2:0.*

## PUBLIC COMMENT

Derrick Stricker, 3121 West 30th Avenue, Kennewick. Mr. Stricker is President of the local chapter of Gonzaga University that was formed this year; the chapter is already one thousand members strong. The members selected the Cable Bridge to be the logo that represents all three cities; it represents a sense of unity to the community and the University.

No further comments were made.

## CONSENT AGENDA

The consent agenda consisted of the following:

- A. Approval of Direct Deposit and Warrants Dated April 15, 2012**  
Direct Deposit totaling \$28,610.13 and Expense Fund Voucher Numbers 33024 through 33027 totaling \$4,282.50; for a grand total of \$32,892.63.
- B. Approval of Warrant Registers Dated April 25, 2012**  
Expense Fund Voucher Numbers 33028 through 33083 totaling \$91,860.30. Construction Fund Voucher Numbers 3274 through 3279 totaling \$48,711.85.
- C. Approval of Staffing Agreements; Resolution 2012-20**
- D. Approval of a (3) Year Lease Renewal with Derek Alexander Farms Inc.; Resolution 2012-18**



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

APRIL 24, 2012 MINUTES

***E. Approval of a (3) Year Lease Renewal with One World Telecommunications, Inc.;  
Resolution 2012-19***

**MOTION:** *Commissioner Wagner moved approval of the consent agenda as presented; Commissioner Novakovich seconded. All in favor 2:0. With no further discussion motion carried unanimously.*

## **PRESENTATION**

***Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), Generally Accepted Accounting Principles (GAAP), and Other Comprehensive Basis of Accounting (OCBOA)***

Ms. Fine explained the following accounting terms and reviewed the history behind them.

- FASB - Financial Accounting Standards Board.
- GASB - Governmental Accounting Standards Board.
- GAAP - Generally Accepted Accounting Principles.
- OCBOA - Other Comprehensive Basis of Accounting.

Ms. Fine explained OCBOA is a basis of accounting other than GAAP. Statements are prepared with a definitive criteria having substantial support in accounting literature that the preparer applies to all material items appearing in the statements. Ms. Fine feels OCBOA is simpler and more cost effective to prepare and audit financial statements and can include reporting on a cash basis. Following GAAP (GASB/FASB) is costly, time consuming, and difficult to compile and understand.

The general population understands cash accounting better, cash statements are easier to read and require less manipulation. There is a lack of clarity between GASB/FASB. Governments can use OCBOA and spend more time focusing on accountability and less on cumbersome and confusing financial reporting!

Ms. Fine will present the OCBOA financial statements at a future meeting.

## **NEW BUSINESS**

***KEPR News – Port of Kennewick Cost Savings Article and News Clip***

Ms. Fine shared a news clip from KEPR News. Ms. Fine reported that the Port saved over \$900,000 since the end of 2009 since the cost-savings program was implemented. Ms. Fine explained that the Port saves money through alternative contracting methods; contract negotiations; cell phone reimbursements; the wellness program; insurance plans; setting office printers to print in black and white verses color; and installing security cameras instead of hiring guards for the Marina.

The Commission expressed their gratitude for the cost-saving efforts by the staff and commented that every dollar saved is used for investment purposes and the benefit of the community.





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

APRIL 24, 2012 MINUTES

## REPORTS COMMENTS AND DISCUSSION ITEMS

### A. *Commissioner Meetings (formal and informal meetings with groups or individuals)*

Mr. Wagner attended the Washington State Good Roads and Transportation Association meeting in Ellensburg and met with Don Sampson.

Mr. Novakovich attended normally assigned meetings, attended several meetings with the Benton Franklin Humane Society, including the private reception for the grand opening of the facility; a Read to Lead breakfast meeting, and several meetings with the Columbia Basin Veterans Coalition.

### B. *Non-Scheduled Items*

Commissioner Novakovich requested Mr. Peterson present the additional items to the agenda.

1. Mr. Peterson stated he received last minute approval from the Benton PUD for their rebate program for lighting improvements at the Oak Street Development Buildings 1 and 2, including updating the exterior building and parking lot lights. Replacement of the lights was a need that was identified as the buildings were being rehabilitated after TiSports moved out. The lighting that was constructed and installed in 1983 and 1985 is wholly inefficient and many of the fixtures are not functioning properly. The Port's electrical contractor, Absolute Power, brought the rebate program to the Port's attention. The PUD's rebate is approximately \$17,385; the overall cost to replace the lights is \$63,229, and after sales tax and rebates, the total cost of the project is \$51,122. The resolution was added to today's agenda due to the deadline to complete the project by July 2012.

**MOTION:** *Commissioner Wagner moved approval of Resolution 2012-21 accepting and awarding the construction contract at Oak Street Industrial Park for the energy efficiency lighting project; Commissioner Novakovich seconded. All in favor 2:0. With no further discussion motion carried unanimously.*

2. Mr. Peterson reported the bids received for the Vista Field Slurry Seal Project came in much higher than anticipated. The project is solely driven by the price of oil, which has increased significantly. The engineer's estimate for the entire project was \$161,700. The bids received for the project ranged from \$213,000 to \$330,000. Mr. Peterson contacted the Washington State Department of Transportation (WSDOT) and was informed they may be able to find additional funding available for the project. Mr. Peterson will provide an update as it becomes available.
3. Ms. Bader Inglima reported that she and Mr. Novakovich met with Doc Hastings and his assistant and talked with them about some of the projects on Clover Island, Columbia Drive/Willows neighborhood and the shoreline improvements.
4. Mr. Arntzen stated comments have been received from a marina tenant that noted several items at the marina that need to be addressed. Mr. Arntzen stated the Port has a great maintenance staff; however, they are often pulled in many directions and do not have enough time to complete all the tasks.
5. Air Race Classic 2013. Mr. Arntzen received a draft proposal request from Marjy Leggett, with assistance from JUB Engineers, just before the meeting. Mr. Arntzen has



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

APRIL 24, 2012 MINUTES

not had a chance to read the proposal yet and will respond to the proposal after he has had a chance to review it. Mr. Arntzen spoke to the City Manager and inquired if the City could provide additional support to leverage community resources. From the Port's prospective, there are two potential types of funding that the Port could provide: advertising and capital improvements that are generally consistent with the master plan. Mr. Arntzen complimented Marjy for her determination and persistence with the project. JUB Engineers and Gary Long have been very helpful in the process of determining the needs of the event.

6. Mr. Arntzen met with the Tri-City Herald Editorial Board and felt it was a very good meeting. He thought that all Port properties would be discussed; however, the Editorial Board wanted to discuss the Columbia Drive properties and Duffy's Pond. They inquired how the Port will tie-in Clover Island and Columbia Drive to downtown. The discussion was about how in a few years, if we do it right, the community will look at Clover Island, Duffy's Pond, Columbia Drive and downtown as one unit. They appeared to be very supportive of our projects. The new publisher, Gregg McConnell, stated that in his own opinion, the most important thing is the shoreline.

Mr. Arntzen stated that the project is very expensive and will cost approximately \$5-6 million. However, much of the funding can be obtained through grants. The Port has, and is, pursuing grant funding and will complete a portion of the project each time grant funding is received. Mr. Wagner stated the Port is restricted in what we can do with public grant funds. Mr. Novakovich stated that grant funds are tax payer's money, but that they have already been spent and if we do not use the grant funding, someone else will.

Mr. Arntzen commented the second concern of the Editorial Board is the limits on elected officials being able to talk outside of sanctioned public meetings. Mr. Arntzen reiterated that two meetings ago he had cautioned the Commission about this subject. The Editorial Board is very concerned about getting elected officials together outside of a public meeting. Mr. Arntzen suggested if the Commissioners have to attend the same meeting, that they do not sit together. Mr. Arntzen presented a memo to the Commission to minimize the risk of the public perceiving it as an illegal meeting.

Mr. Novakovich stated several people are in the audience that are interested in being appointed to this Commission. He stated that Mr. Arntzen's comments are very well presented and should be taken to heart because this is a very serious matter. Mr. Novakovich recalled the publisher making a comment about having a quorum of elected officials at the Rivershore Master Plan II meeting.

Mr. Novakovich shared that Doc Hastings had wonderful things to say about the Port and that every effort should be taken to ensure the Port's image is not tarnished in any way.

7. Mr. Arntzen met with Don Sampson, the former Executive Director for the Umatilla Nation. Mr. Sampson is doing some consultant work and has worked with approximately 15-20





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

APRIL 24, 2012 MINUTES

different tribes to give advice on the partnering opportunities with several of the Northwest tribes – the Umatilla, Yakima and Kalispell. Mr. Arntzen feels this is consistent with the outreach we are making to other governmental entities. Mr. Sampson indicated in a memo that the tribes have multi-million dollar contributions into the economies of the money they put back in through their business ventures. Mr. Arntzen will visit with him about some the potential prospects. Mr. Arntzen will keep the Commission informed of the discussions and feels it would be good to forge a closer relationship. He commented the Port has become friends the Umatilla's and feels this is an opportunity to take it to the business level, not only with the Umatilla's, but with several other tribes. The tribes have very deep recognition of what benefits their people, also benefits the people in our area.

## PUBLIC COMMENTS

Mr. Brent Gerry, West Richland City Councilman, 5401 Kalakaua Court, West Richland. Mr. Gerry inquired if the Commission has considered going to a five-member commission in order to more efficiently operate the Commission, as well as work in conjunction with Commission to staff? The West Richland Council has seven members and has sub-committees consisting of three council members and staff to work through a problem. Mr. Gerry feels a five-member commission could streamline the efficiency of the Port.

Mr. Arntzen feels that is a very good question and mentioned the same question was posed by the Tri-City Editorial Board today. The Editorial Board commented the perfect number is five, because two commissioners could then talk about port business without being an illegal meeting. A five-member commission could bring stability as well. Mr. Arntzen stated it is currently fairly easy for the Commission to change direction. If one Commissioner takes to a constituent, all you have to do is pick up a second vote and the Port would change direction. If we do have five commissioners, it could offer institutional stability. The Editorial Board appeared to be very supportive of a five member commission. The Port could have a five-member commission with two at-large commissioners. A draw back would be the two additional Commissioner salaries.

Mr. Novakovich stated if staff has time, he would appreciate reviewing the pros and cons of a five member commission. Mr. Arntzen believes it is a voter approved process to increase to five commissioners. The two new commissioners would not be appointed, they would be voted into office by the public. If the public believes it is a good idea, the voters would approve the issue on the ballot. Mr. Wagner suggested Ms. Luke and Mr. Arntzen review the process and provide a report.

Marjy Leggett, Airport Support Network Volunteer. Ms. Leggett thanked Mr. Arntzen and the Commissioners for the support the committee has received on behalf of the Air Race Classic. Ms. Leggett gave a brief update on the committee's activities, including sponsorships. The committee is planning a fundraiser dance called "Bomb's Away Boogie," a World War II USO themed dance with donuts and coffee on November 17, 2012. The committee is also working in conjunction with Malin Bergstrom on a joint Save the Old Navy Tower with a silent auction. Ms. Leggett invited everyone to attend a fundraiser pancake feed at Applebee's on Road 68 in Pasco on May 5, 2012 from 8:00 am to 10:00 am. Mr. Wagner inquired how many planes will attend the Air Race Classic. Ms. Leggett stated a maximum of 55 planes are allowed.



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

APRIL 24, 2012 MINUTES

---

No further public comments were made.

## ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 3:13 p.m.

### ***APPROVED:***

**PORT of KENNEWICK**

**BOARD of COMMISSIONERS**

  
\_\_\_\_\_  
*Skip Novakovich, President*


Position Currently Vacant

*Vice President*

  
\_\_\_\_\_  
*Gene Wagner, Secretary*



## Memorandum

**To:** Port Commission   
**From:** Tim Arntzen, Port of Kennewick  
**Date:** 4/24/2012  
**Re:** Quorum of Commissioners outside of a Port Commission Meeting

Port attorney Lucinda Luke has briefed you on communications or meetings between two commissioners which take place outside of an official port commission meeting. Here is my follow up. My intention is to point out a potential issue with some suggestions. However, as a commissioner, it is your prerogative to manage your actions as you deem appropriate. Thank you for this opportunity to comment.

Any communication between any two port commissioners, outside of an official public meeting of the commission, may, under certain conditions, constitute an official meeting of the commission in violation of the Washington Open Public Meetings Act. A violation could occur, even if the commissioners are together in a non-work setting, travelling together to a port conference or are in a purely social setting, **if the commissioners exchange communications regarding port business.**

It appears that the community and the media are placing increased levels of scrutiny on informal contact between two commissioners outside of a commission meeting setting. Therefore, in order to avoid inadvertent violation of law, and in order to avoid the public perception that the commissioners are discussing port business (and therefore, a "meeting" is taking place), the commission may wish to avoid the following activities, **when the activities include a quorum of commissioners:**

1. Travelling to port business or meetings in the same vehicle;
2. Attending conferences, seminars, port meetings, community meetings, social events or similar events **and** sitting with another commissioner(s) or engaging in conversations with other commissioner(s) at said events; and
3. Any other situation where the public perceives that the commissioners are discussing port business outside of a port commission meeting.

# **PORT OF KENNEWICK**

## **Resolution No. 2012-18**

### ***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A LEASE AGREEMENT WITH DEREK ALEXANDER FARMS, INC.***

**WHEREAS**, The Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

**WHEREAS**, a three (3) year farm lease with Derek Alexander Farms, Inc. effective January 1, 2012, for farming operations and water right perfection for Port-owned premises formerly known as Raceway Property, has been negotiated by Port staff; and

**WHEREAS**, the Port Commission has called a regularly scheduled public meeting with notice of such meeting given as provided by law and such public meeting was held at such time and on said date; and

**WHEREAS**, Port staff and the Port attorney have reviewed the proposed Lease Agreement and find it is in proper form and is in the Port's best interest.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Board of Commissioners of the Port of Kennewick hereby approves a new three (3) year lease with Derek Alexander Farms, Inc. as presented and authorizes the Port's Executive Director to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 24th day of April, 2012.

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

  
SKIP NOVAKOVICH, President

Position Currently Vacant  
Vice President

  
GENE WAGNER, Secretary



# PORT OF KENNEWICK

## Resolution No. 2012-19

### ***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A LEASE AGREEMENT WITH ONE WORLD TELECOMMUNICATIONS.***

**WHEREAS**, The Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

**WHEREAS**, a new three (3) year lease with One World Telecommunications, Inc. effective January 1, 2012, has been negotiated by Port staff; and

**WHEREAS**, the Port Commission has called a regularly scheduled public meeting with notice of such meeting given as provided by law and such public meeting was held at such time and on said date; and

**WHEREAS**, Port staff and the Port attorney have reviewed the proposed Lease Agreement and find it is in proper form and is in the Port's best interest; and

**WHEREAS**, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Board of Commissioners of the Port of Kennewick hereby approves a new three (3) year lease with One World Telecommunications, Inc. as presented and authorizes the Port's Executive Director to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 24th day of April, 2012.

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**

  
SKIP NOVAKOVICH, President

Position Currently Vacant  
Vice President

  
GENE WAGNER, Secretary

***PORT OF KENNEWICK***

***Resolution No. 2012-20***

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE PORT OF KENNEWICK RELATED TO STAFFING AGREEMENTS**

**WHEREAS**, since 2006 the Port of Kennewick has had a staffing agreement with its Executive Director; and

**WHEREAS**, the Commission desires to update the agreement and to add a basic agreement for the Auditor; and

**WHEREAS**, adoption of the updated agreement(s) do not establish a new or different salary for either employee; and

**WHEREAS**, the updates contain the following provisions:

- Staffing duties are clarified;
- The Executive Director is subject to unpaid leave of up to 30 days provided the absence does not cause disruption with the Employer and with notice provided to the Employer;
- Added a new requirement for arbitration as a mechanism for dispute resolution;
- Establishes two-year phased retirement requirement for the Executive Director, whereby the Executive Director assists with effective succession process.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Port of Kennewick Board of Commissioners hereby approve the staff agreements.

**ADOPTED** by the Board of Commissioners of Port of Kennewick on the 24th day of April, 2012.

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



SKIP NOVAKOVICH, President

Position Currently Vacant  
Vice President



GENE WAGNER, Secretary



# **PORT OF KENNEWICK**

## **RESOLUTION 2012-21**

### ***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PORT OF KENNEWICK ACCEPTING AND AWARDED A CONSTRUCTION CONTRACT AT THE OAK STREET INDUSTRIAL PARK FOR THE ENERGY EFFICIENCY LIGHTING PROJECT***

**WHEREAS**, following nearly 30 years of continued occupancy and modification to serve the needs of prior tenants the Port is in the process of rehabilitating Oak Street Development Buildings #1 and #2 to accommodate the needs of future incubator tenants, and

**WHEREAS**, the Port utilized the small works roster to solicited bids for performing electrical maintenance to Port buildings and properties through calendar year 2012 with Absolute Power, Inc. submitting the lowest bid to perform maintenance tasks on an as-needed basis, and

**WHEREAS**, the existing lighting system inside and outside of the Oak Street Development Buildings #1 and #2 is inefficient and in a state of dysfunction yet one of the key elements necessary to attract and retain tenants in the buildings is a properly function and energy efficient lighting system, and

**WHEREAS**, the Benton County Public Utility District (PUD) operates a Lighting Energy Efficiency Program (LEEP) to offset some of the costs for improving energy efficiency in older buildings such as Development Buildings #1 and #2, and

**WHEREAS**, Absolute Power, Inc. in coordination with Benton PUD submitted a proposal to upgrade all of the lighting fixtures inside and outside at the Development Buildings #1 and #2 for a cost of \$63,229.25 and a ate in the amount of \$17,385.00 yielding a net cost including sales tax of \$51,122.28, and

**WHEREAS**, Port staff have reviewed the wage rates included in the lighting enhancement bids submitted by Absolute Power Inc. during the process to determine the lowest bidder for electrical maintenance tasks and determined the proposed rates are consistent with those submitted during the bidding process,

**NOW THEREFORE, BE IT RESOLVED** that the Port of Kennewick Commission does hereby accept the bid of Absolute Power, Inc. to replace all lighting fixtures at the Oak Street Development #1 and #2 in the amount of \$63,229.25, plus applicable tax and hereby awards the construction contract to Absolute Power, Inc.

**BE IT HEREBY FURTHER RESOLVED** that the Executive Director is authorized to enter into a contract between the Port of Kennewick and Absolute Power, Inc to replace all lighting fixtures at the Oak Street Development #1 and #2, and that the Executive Director is further authorized to proceed with all necessary procedures required to complete construction of the project.

**ADOPTED** by the Board of Commissioners of Port of Kennewick on the 24th day of April 2012.

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


By:

  
SKIP NOVAKOVICH, *President*

By:

\_\_\_\_\_  
(Currently Vacant) *Vice President*

By:

  
GENE WAGNER, *Secretary*