

AGENDA

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

Tuesday, May 14, 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 May 1, 2019
 - B. Approval of Warrant Register Dated May 14, 2019
 - C. Approval of Regular Commission Business Meeting Minutes April 23, 2019
- VI. REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Columbia Drive (TIM/AMBER/LARRY)
 - 1. Construction Update (LARRY)
 - 2. Food Truck Update (AMBER)
 - 3. Vibrancy Policy (TIM/AMBER)
 - 4. Opportunity Fund (TIM/ LARRY)
 - B. Clover Island 1135 Update (TANA)
 - C. Vista Field Update (LARRY/TIM)
 - D. Partnering Opportunity with Benton REA (TIM)
 - E. Port of Vancouver Fossil Fuel Policy (TIM)
 - F. Commissioner Meetings (formal and informal meetings with groups or individuals)
 - G. Non-Scheduled Items
- VII. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- VIII. ADJOURNMENT**

PLEASE SILENCE CELL PHONES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

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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
Kandy Yates, Office Assistant/Marina Manager
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 to the Agenda, to evaluate the citizen complaint, per RCW 42.30.110 1(f), and for the Executive Session to take place today amongst the Commission; Commissioner Moak seconded.*

Discussion:

Commissioner Moak stated Ms. Luke has indicated there is a process for the citizen complaint and inquired if Commissioner Barnes could explain his request for Executive Session.

Commissioner Barnes exchanged emails with Ms. Luke and it is his understanding that this particular complaint has an aspect to it that was not anticipated or contemplated by our Commission Policies and Procedures. Commissioner Barnes believes it would be prudent to have this Executive Session for the Commission to evaluate the complaint.

Ms. Luke stated as far as the process, Commissioner Barnes is correct, the Commission has a set of policies and procedures with regards to the complaint process, in which we are currently in the process of investigating. An evaluation process is provided for in the procedures, after the investigation is completed. Ms. Luke stated because of the unanticipated aspects of the complaint there is a need to revisit the procedures. Ms. Luke anticipates discussing a possible

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revision to the Policies and Procedures to account for that issue at a future meeting for Commission consideration.

Commissioner Moak inquired if Commissioner Barnes' request to have an Executive Session would be out of order.

Ms. Luke stated it would be premature, in that the investigation is underway and an evaluation of the complaint would not be appropriate at this time.

Commissioner Barnes stated it is his understanding that the law clearly allows for an Executive Session for this purpose.

Commissioner Novakovich stated the RCW states to receive and evaluate a complaint and he has not received a complaint, so how can the complaint be evaluated.

Commissioner Barnes stated the RCW stated to receive and evaluate complaints or charges, so as a Commissioner, the Executive Session would address that.

Commissioner Moak stated Ms. Luke has indicated at this time, an Executive Session is premature.

Ms. Luke stated Commissioner Barnes is correct, the RCW does have a provision allowing for an Executive Session; however, it does not necessarily mean that the Port of Kennewick's specific Policies and Procedures fall under that RCW as far as the timing of it. The Port's evaluation process is after the investigation is completed.

With no further discussion, motion failed. All in favor 1 (Commissioner Barnes): 2 (Commissioners Moak and Novakovich).

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

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

A. Approval of Direct Deposit and E-Payments Dated April 17, 2019

Direct Deposit and E-Payments totaling \$63,341.14

B. Approval of Warrant Register Dated April 23, 2019

Expense Fund Voucher Numbers 101000 through 101053 for a grand total of \$108,618.67

C. Approval of Regular Commission Business Meeting Minutes April 9, 2019

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

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PRESENTATION

A. *Scott Musser, Musser Auctions*

Mr. Arntzen stated recently the Commission and staff have discussed utilizing an auction service for Port property for projects deemed appropriate by the Commission. Mr. Arntzen introduced Scott Musser of Musser Auctions, who has previously spoken to the Commission; however, Commissioner Barnes was not available for that presentation.

Mr. Musser thanked the Commission for the opportunity to speak today on the auction process and what it can do for the Port, versus a standard real estate sale. Mr. Musser stated an auction creates competition amongst buyers; whereas, in a traditional transaction, it is buyer against seller. An auction exposes the property to a large pool of pre-qualified prospects with a focused marketing plan, where the seller dictates the exact auction terms, and timeline, which accelerates the sale. In a traditional real estate transaction, it is the buyer that dictates the transaction; whereas in an auction the seller stipulates rules, terms, and barriers. Mr. Musser stated the auction method is a perfect price discovery tool to determine what the property is worth. Mr. Musser stated the marketing fees are funded up front by the seller and the buyer pays a buyer's premium, which is 6% of the end price. Musser Brothers utilizes Power Parcels® a trademarked process where they can offer and sell multiple parcels as an individual or combination, until they discover the highest and best offer.

Mr. Musser outlined several successful local auctions:

- Kennewick Irrigation District (Red Mountain): 650 acres sold for \$8,756,500;
- Department of Natural Resources (Pasco): 230+ acres sold for \$10,316,250;
- Franklin County (TRAC): 3 parcels sold for \$1,105,875; and
- Estate of Ms. Shaw (Richland): 17.62+ acres sold for \$1,979,500.

Commissioner Novakovich asked if Macon Brothers are a real estate auctioneer as well.

Mr. Musser stated Macon Brothers is a small firm out of Walla Walla who does market real estate and personal property auctions.

Commissioner Novakovich inquired what kind financial exposure would the Port have if we decided to utilize the auction process.

Mr. Musser stated Musser Brothers (Bros.) performs a market study to determine what needs to be expended in order to garner the market place to the auction for a given project. Musser Bros. comes up with an advertising and marketing budget, which is funded by the seller. That is the only and sole risk and exposure to the seller. When Musser Bros. sells property by auction, they do not sell it as an unreserved auction or absolute auction, it is always sold subject to the approval of the seller. At the conclusion of the auction, when the buyer is under contract, with earnest money in hand, the seller has the right to accept, reject or counter the offer.

Commissioner Novakovich inquired if the Port would set a reserve since there is the option to accept, reject or counter the offer.

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Mr. Musser encouraged the Commission to not set a “hard” reserve, but to let the process work. Musser Bros keeps the seller updated throughout the process. Musser Bros. sells about 90% to 95% of the projects they take to auction; however, there are times where they have fallen short of the sellers expectations.

Commissioner Novakovich confirmed that the process is approximately 30 to 60 days.

Mr. Musser stated after the contract is awarded it is about 45-60 days until the auction, then there is the closing period, which is determined by the seller.

Commissioner Moak stated the Southridge has been on the market for some time along with several other properties in the area that have not sold. Commissioner Moak inquired why the auction process would drive a better deal than a standard real estate purchase.

Mr. Musser stated commercial property is a difficult proposition to market by auction, because there are no market makers in the middle. There are market makers in the middle that are willing to purchase raw land, turn around and develop, and then sell platted lots to home buyers/builders. With Commercial land, the ultimate buyer we want to reach is ready, willing and able and needs that land to build a facility for a good investment. Absent of identifying those types of buyers, then it’s a drastic drop down to the next level of buyers, which are speculators. A speculator will sit on the property until they can make a profit at a later date. There is a big disparity between those two markets and Musser Bros.

Commissioner Moak inquired if there have been times when there isn’t interest in the property and Musser Bros. cannot meet the seller’s expectations.

Mr. Musser stated Musser Bros. stays in constant contact with the seller during the process, to let them know what kind of interest has been generated. Mr. Musser stated most of the available properties at Southridge are overpriced, and the question for the Port is, are you better served holding the property for future development in the area or selling the property and investing the funds elsewhere.

Mr. Arntzen will work on a proposal with Ms. Hanchette and outline the specifications for a Request for Qualifications for auctioneer companies. Additionally, the Port will ask the City to sit in on an interview panel for an auctioneer.

Commissioner Barnes stated if the market at Southridge is over-priced, would it be in the best interest of the Port to reduce the asking price before moving forward with an auction.

Mr. Arntzen likes the idea of the price discovery through the auction process, because if the Port reduces the price, there would be a waiting period. A major advantage of the auction is the true price discovery, where you learn what the property is worth now.

Commissioner Novakovich inquired if there have been any offers on the property or any conversations.

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Ms. Hanchette stated there have not been any offers on the property.

B. *Port of Kennewick Website Update*

Ms. Bader Inglima introduced Rochelle Olsen of Prominence Public Relations, and Ryann Engel and Derek Munson from Artmil, the selected contractor for the website redesign. Ms. Olsen is the Port liaison who assisted Port staff in creating a design and site map for the website. Ms. Bader Inglima presented the new and improved Port website.

Mr. Munson and Ms. Engel are thrilled to be here and thanked Ms. Olsen for her assistance on the website. Artmil had a great time with this project and Mr. Munson appreciates working with a local municipality to increase communication with the community.

Commissioner Novakovich inquired if the Port logo could be more prominent on the home page.

Ms. Bader Inglima appreciates the feedback and will look into that.

Ms. Olsen stated the new website now has a search feature and allows a citizen to sign up for the Port Newsletter.

Mr. Kooiker stated the new website offers more functionality and staff continues to work towards digitizing forms and possibly offering credit card payments, while staying in compliance with the State Auditor's Office.

Commissioners Barnes inquired if the audio recordings from the Commission Meetings could be placed on the website.

Ms. Bader Inglima will look at the Port's agreement with Artmil and report back at a future meeting.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *Columbia Drive Update*

Mr. Peterson presented photos from Columbia Gardens Phase 2A, which includes Columbia Gardens Way and the food truck plaza. Additionally, Mr. Peterson reported that Columbia Gardens Phase 2B and Phase 2C are underway.

Ms. Hanchette reported that Swampy's BBQ is now located at Columbia Gardens. Ron Swanby, owner of Swampy's BBQ is very pleased with the public response and sold out several times last week. Ms. Hanchette continues to work with Megan Savely of Frost Me Sweet Mobile Desserts on a move in date. Ms. Hanchette has also met with Jackie Prather of Rollin Ice Cream, who will be occupying space at Columbia Gardens and Clover Island.

B. *Vista Field Update*

Mr. Peterson stated the Vista Field Ground Breaking was successful and approximately 190 people attended. Mr. Peterson updated the Commission on the beginning construction activity at Vista Field.

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Mr. Arntzen thanked staff for their work on the Ground Breaking and heard it was very successful. As the Port moves forward, the Port may need to redefine ourselves more precisely, because Vista Field is going to be a hands-on process, which may lead to additional opportunities for the Port to engage the public with Vista Field and Columbia Gardens.

Regarding Columbia Gardens, Mr. Arntzen continues to monitor the tenants' activities and how they are making an impression on the Wine Village and believes the Port should continue to foster the small businesses. Mr. Arntzen stated the Port has big projects in front of us that require our full attention and at some point, the Commission may want to consider engaging the public to discuss the mission of the Port and where the smaller projects may fit in.

Commissioner Moak thanked staff for the efforts put forth on the Vista Field Ground Breaking and he expressed his appreciation for the community support. Commissioner Moak asked Mr. Peterson to elaborate on the reuse of the Vista Field asphalt.

Mr. Peterson stated Carey Roe, City Public Works Director, has agreed to let the Port reuse the ground up asphalt in the development, as long as it meets the compaction test. This will save the contractor time and the Port money.

C. *Finley Twin Tracks (Pronghorn/JMAC) Property Update; Resolution 2019-08*

Ms. Hanchette stated in September of 2017, Pronghorn LLC (JMAC Resources) purchased 34.66 acres out in the Twin Tracks Industrial Park for the purpose of constructing a concrete batch plant. As part of the Port's standard Purchase and Sale Agreement there is a buy-back clause which states the Port has the option to buy-back the property if the buyer does not construct within 18 months. Ms. Hanchette stated Pronghorn has not started construction and the Port now has the option to repurchase the property. Ms. Hanchette spoke with a representative from Pronghorn, who has been working with Benton County Planning Department to move forward with construction. Pronghorn is still interested in developing the property for industrial use; however, there are certain things they can and cannot do with the property related to zoning. Ms. Hanchette stated there are three options for the Commission to consider at this time: reacquire the property, relinquish the repurchase right or extend the contract buy-back clause.

Commissioner Novakovich inquired if Ms. Hanchette had a recommendation for the Commission.

Ms. Hanchette stated at the minimum, her recommendation is to extend the contract buy-back clause because Pronghorn is showing effort with Benton County, to construct.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Novakovich moved for approval of Resolution 2019-08, and hereby authorize the Port's Chief Executive Officer to execute all documents and agreements on behalf of the Port, to complete the extension as specified by 24 months; Commissioner Moak seconded.*

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Discussion:

Commissioner Moak confirmed that the motion extends the buy-back clause 24 months.

Ms. Hanchette stated correct and it would lessen the Port's window to repurchase the property to 18 months.

Commissioner Barnes supports the motion; however, if Pronghorn is not able to begin construction within 24 months, then perhaps the Port reacquire the property and utilize the auction process.

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

D. Letter of Support to Host 2021 WPPA Spring Meeting

Ms. Scott stated the Port was contacted by Visit Tri-Cities, who is submitting a bid to host the Washington Public Ports Association (WPPA) 2021 Spring Conference in the Tri-Cities. Visit Tri-Cities is presenting proposals from the Three Rivers Convention Center with guestrooms from the nearby hotels as a potential host conference site. The last time this event was hosted in our community was 2009 and the conference date is May 11-14, 2021. Ms. Scott stated Visit Tri-Cities is asking for a letter of support from each of the port districts.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Novakovich moved to support Visit Tri-Cities by sending a letter of support to have the WPPA 2021 Spring Meeting in the Tri-Cities. Commissioner Bares seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

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

Commissioners reported on their respective committee meetings.

E. Non-Scheduled Items

1. Commissioner Novakovich applauded Mike Boehnke, Port Facilities Manager, on completing the Boston Marathon.

Commissioner Novakovich recently attended a presentation, where representatives from the Benton County Treasurer's Office spoke about what they do with the monies received and how it is invested and suggested the Port schedule a presentation.

Commissioner Novakovich would like to schedule a joint meeting with the Port of Pasco to discuss projects and how we can complement each other's developments and an across the river partnership.

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2. Commissioner Moak stated in relation to Commissioner Novakovich's suggestion of a joint meeting with the Port of Pasco, he inquired if the Port is still contemplating updating the Master Plan for Clover Island and Columbia Drive.

Mr. Arntzen is working on a presentation to discuss where the Port is currently at with our projects and discuss the possibility of working on a Master Plan, but at a future date.

Commissioner Moak stated it is important to look at future Port projects and how we can balance everything.

3. Mr. Arntzen and Mr. Kooiker met with Adam Fyall, Benton County Sustainable Development Manager, regarding Rural Capital County Funding (RCCF) and two possible projects with the City of Kennewick. The joint projects include: traffic calming on Columbia Drive and the hangar remodel in Vista Field. Although the traffic calming project is one that the Port and City will consider, it does not appear that the RCCF application would move very far with the County. Mr. Arntzen stated Mr. Fyall's response to the Vista Field project was favorable and learned that the County would look at the construction of buildings, or in the right case, the acquisition of property.

Mr. Arntzen stated at the monthly staff meeting with the City of Kennewick, City staff expressed their concern with a large custom crush facility at Columbia Gardens. Carey Roe, City Public Works Director, felt that a custom crush facility would be utilized for wine production and then the product is sent elsewhere for sale. City staff would rather see several smaller winery buildings or smaller production wineries, much like the current Port buildings.

Mr. Arntzen has been working several items, which he intends to bring to the Commission for further discussion, including:

- Industrial Development District (IDD);
- Owner's Association at Vista Field;
- Buy-back clauses; and
- Proposed Budget Amendments.

Mr. Kooiker will be presenting a quarterly budget update and a mid-biennial budget review in the fall.

Commissioner Moak stated the City performs quarterly updates and inquired if it is because they are a larger entity.

Mr. Kooiker stated City expenses, operations, and revenue sources are very different than the Port of Kennewick.

Mr. Barnes would welcome a basic budget update.

Mr. Arntzen and Mr. Kooiker will work on a budget presentation for the Commission.

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4. Ms. Luke offered her congratulations to the Port on the Vista Field ground breaking and the new and improved website.
5. Mr. Peterson gave a brief history of the last five years at Vista Field and Columbia Gardens.
6. Mr. Kooiker and staff met with the Benton County Treasurer and the Chief Deputy to discuss several items, including credit cards and ACH payments. Mr. Kooiker has looked into the Port being their own banker; however, that would require hiring a full-time staff member to manage investments and cash management/treasury operations.

PUBLIC COMMENTS

Chris Barnes, 2616 South Kellogg Street, Kennewick. Ms. Barnes congratulated the Commission and staff on the Vista Field Ground Breaking. Ms. Barnes participated in the 2014 Charrette with a group of community members who were very enthusiastic and we expressed our hopes and dreams for Vista Field. Ms. Barnes heard from audience members who attended the Ground Breaking that same vision and the same enthusiasm that was seen at the Charrette. Additionally, people commented on the development being pedestrian and bike centered. The Port has a very cohesive team and has done a tremendous amount of work and developed a fan base in the community. Ms. Barnes stated Commissioner Moak did an excellent job thanking everyone who has been involved in Vista Field and she is excited to see Vista Field take hold.

No further comments.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:22 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Thomas Moak, President

Don Barnes, Vice President

Skip Novakovich, Secretary