



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

MAY 22, 2012 MINUTES

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## 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  
Don Barnes, Vice-President  
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  
Teresa Hancock, Real Estate & Special Projects Coordinator  
Bridgette Scott, Executive Assistant  
Lucinda Luke, Port Counsel

## OATH OF OFFICE

Mr. Barnes pledged his Oath of Office.

## PLEDGE OF ALLEGIANCE

Mr. Barnes led the Pledge of Allegiance.

## PUBLIC COMMENTS

Bob Hennig, 224904 Donaldson Road, Kennewick, congratulated the Port on the best restroom in the area. He suggested we share the design with all local park directors and feels they should emulate the Port's design. The vegetation on the west side of the causeway is a true showcase for historic local vegetation. It should be copied for all street and highway endeavors. Although, all of the wood walkways are slippery in the frost in spring and fall. Mr. Hennig requested a solution be found. Mr. Hennig feels what is missing on the island is access for fishermen, which could include: stairs, seating, pole holders, trash cans, and fire pits. Mr. Hennig stated he wrote a letter to the Port about this in April 2002, but nothing has been done in 10 years. He does not suggest a major project, but rather the simple improvements. Mr. Hennig suggested making the fishermen feel welcome with trash cans, flat rocks and steps. He suggested the DOC crew could possibly place the rocks and steps. Mr. Hennig's major comment is to get more participation from the public on the island. He suggested Port staff and the public solicit the use of the island to photography clubs, etc. Mr. Arntzen shared that Mr. Hennig regularly walks on Clover Island in the early morning and has been very helpful in identifying issues of concern to the Port. Mr. Arntzen commented that Mr. Hennig received the first "Friend of the Port" award.

Ginny Harding, 228710 East Lechelt Road, Kennewick. Ms. Harding has lived in Kennewick over 30 years, is an artist, illustrator and the sole proprietor of Horse Heaven Gallery. Ms. Harding



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works mainly with colored pencils and illustrates racing horses and Native American history. Ms. Harding is hopeful that as the island is developed, the Port will have room for artwork from local artists. Ms. Harding is a commissioned artist and has worked for some of the greatest race horse trainers in history; her work has been featured on the cover of Racing Quarter Horse Magazine. Ms. Harding shared two pieces of her Native American artwork.

City of Kennewick Councilman John Hubbard, 2609 S. Kent Street, Kennewick. Mr. Hubbard welcomed Don Barnes to the Commission and stated he and the City are looking forward to working with him.

No further comments were made.

## CONSENT AGENDA

Mr. Novakovich commented Consent Agenda items are a number of items taken collectively in one motion to be approved or disapproved. He further stated the Commission has the option to remove items from the Consent Agenda. He would like to remove Item C and have the item approved separately because on April 12, 2011, he disclosed that Esprit, the company he and his wife own, has a contract with PS Media to produce the Port's newsletter. Esprit does not get paid directly from the Port; they get paid from PS Media. Item C is the payment to PS Media and in the interest of any kind of perception that there could be a conflict, he would like to recuse himself from any action on this item.

**MOTION:** *Commissioner Novakovich moved to remove Item C from the Consent Agenda for separate consideration; Commissioner Barnes seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

The consent agenda consisted of the following:

- A. Approval of Direct Deposit and Warrants Dated May 15, 2012**  
Direct Deposit totaling \$23,432.92 and Expense Fund Voucher Numbers 33129 through 33132 totaling \$4,245.00; for a grand total of \$27,677.92.
- B. Approval of Warrant Registers Dated May 23, 2012**  
Expense Fund Voucher Numbers 33089 through 33128 totaling \$54,438.78.  
Construction Fund Voucher Numbers 3280 through 3285 totaling \$15,314.89.
- C. Approval of Warrant Register Dated May 23, 2012**  
Expense Fund Voucher Number 33128 in the amount of \$.
- D. Approval of Pump Replacement Emergency Repair; Resolution 2012-29**

**MOTION:** *Commissioner Barnes moved approval of consent agenda items A, B and D, with Item C to be approved separately; Commissioner Wagner seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

**MOTION:** *Commissioner Wagner: moved approval of Item C on the consent agenda for payment to PS Media; Commissioner Barnes seconded. Commissioner Novakovich recused himself from the vote. All in favor 2:0. With no further discussion motion carried unanimously.*





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## REPORTS COMMENTS AND DISCUSSION ITEMS

### A. Vista Field

#### 1. State Auditor's Office Opinion

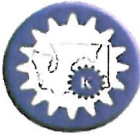
Ms. Fine reported on occasion, she is responsible for presenting unpleasant information to the Commission. Ms. Fine contacted the State Auditors on April 30, 2012 requesting an opinion on the Port of Kennewick funding the Air Race Classic Event at the \$25,000 level. Ms. Fine met with the State Auditor on May 9, 2012 and was advised that they may or may not write this event up as a gift of public funds. However, they did point out a few items:

- 1) There may be trailing benefits as claimed by the Air Race Classic committee in tourism; however, the Port receives very little direct benefits from hosting this event. The State Auditor stated that there appears to be more benefit to the City than to the Port. Gifting of public funds was defined by the Attorney General as being grossly inadequate. A finding of gifting of public funds would depend on the actual benefit to the community and if the Port would indeed receive something not grossly inadequate to the amount contributed.
- 2) The Port Commission needs to determine if this event is in the best interest of the taxpayers and public as a whole. The Auditor mentioned it appeared to be limited to a few select users or one user group unlike other Port supported events. They further mentioned the Auditor's office will be reviewing this event to ensure it includes the general public and Port taxpayers.
- 3) There could be future audit issues with controlling costs, such as the audit finding noted at the Yakima Air Terminal. If the Port receives no revenues from this event, how will the Port justify that it is controlling costs at Vista Field; which is operating at a loss.

Ms. Fine reported the Yakima Air Terminal received a finding in their 2010 audit, for not controlling costs, causing its financial position to decline. Ms. Fine believes the Port of Kennewick may face an audit finding for not controlling Vista Field costs as well. The State Auditor's Office mentioned this may be one of their audit focuses for the Port of Kennewick's next audit. The Port of Kennewick's airport has operated at a loss every year since the Port acquired the property, except in 2006. The average loss is \$32k since 1995; which does not factor in direct staff time, indirect cost allocations, or depreciation or capital expenditure.

Year	Operating Revenues	Operating Expense	Loss
2012 actual	\$11,990 (April 30, 2012)	\$26,778 (April 30, 2012)	\$14,788 (April 30, 2012)
2012 budget	\$38,039	\$73,112	\$35,073
2011	\$43,302	\$66,343	\$23,041
2010	\$42,194	\$72,185	\$29,991
2009	\$34,911	\$50,255	\$15,344

Mr. Arntzen stated when he heard the Port of Seattle was in trouble for donating \$3,000



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to The Boys & Girls Club, he was shocked. In addition, he feels it is ridiculous that they were unable to spend \$10,000 on a christening event to show their appreciation to State Legislators and organizations for contributing millions of dollars to re-open "Concourse A". Mr. Arntzen is frustrated with some of the things we as ports cannot do as it causes Washington to lose economic development opportunities to Idaho and Oregon. Although the State Auditors rules may be difficult or hard to understand, it is in the Port's best to adhere to the suggestions. Mr. Arntzen is disappointed that there is such a narrow channel on this matter available to the Port.

Mr. Arntzen added that he recently met with City of Kennewick Manager Marie Mosley and shared his appreciation that the City would hold a barbeque at the Air Race Classic. Ms. Mosley strongly corrected him and stated the City would not be holding a barbeque, as it would be a gift of public funds. Mr. Arntzen stated that prior to Ms. Mosley being the City Manager, she was the City's Finance Director. Ms. Mosley stated if the Air Race Classic were to formally request funding from the City; that her recommendation would be for them to be directed to the hotel/motel lodging tax funds or to the Tri-Cities Visitor and Convention Bureau.

Mr. Barnes inquired if the State Auditor defines "grossly inadequate." Ms. Fine replied they do not; they define that when performing the audit. Being a former auditor, she does not feel she has substantial information to make to justify if the Port's contribution would be adequate. Ms. Bader Inglima recently gave Ms. Fine an article relating to the Air Race Classic in Reno, which indicates \$100,000,000 of liability insurance was needed for the fly-in.

Mr. Arntzen reviewed several levels of support that could be provided. Based on the information received from the State Auditor's office, Mr. Arntzen and Ms. Fine do not feel comfortable recommending support at a \$5,000 level. Mr. Arntzen and Ms. Fine will determine a figure that would put the Port in a stable position with the State Auditor's office. Ms. Fine shared that unfortunately staff does not know the State Auditor's definition of "grossly inadequate;" and will not know until after the audit, which is approximately two years after the event. As a former State Auditor, Ms. Fine does not feel there is adequate information. For instance, the Port needs to know the amount of advertising/marketing the Port will receive; what is the fair market value of the airport property and associated fee schedule for the use of the airport; and what type of liability insurance will the Air Race Classic provide. Ms. Fine believes the Port can support the Air Race Classic, but would need to research at what level it could be supported and what the Air Race Classic will bring forward as a direct benefit to the Port.

The Commission is in consensus for staff to review the event and determine a figure that can be justified.

Mr. Arntzen requested that any additional information that Ms. Leggett could provide would be very helpful. After meeting with the Air Race Classic committee, Mr. Arntzen





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was convinced there were some very beneficial things in the proposal, but unfortunately through the process it became more apparent that the State Auditor's office has a firm and narrow view. Mr. Arntzen disagrees with the philosophy of the State Auditor; however, we have to follow it. Mr. Arntzen offered his apologies to the airport user group. Mr. Arntzen reiterated staff will recommend a figure that will provide safety and security to the Commission; however, it may disappoint some of the airport user group.

Mr. Novakovich stated that the Commissioners have the ultimate fiduciary responsibility to the constituents and taxpayers and it is imperative to make the best decisions possible.

Mr. Arntzen stated the "controlling costs" issue is not just against the airport. The Port has a short line railroad that costs more to operate than the revenue received. Staff will review the railroad and any other element that produces a benefit but needs a subsidy.

## ***2. Award of Contract to Blackline Inc. for the Vista Field Airport 2012 Pavement Rehabilitation Project; Resolution 2012-30***

Mr. Peterson stated the Port applied for and received a grant from WSDOT Aviation in fall 2011 to assist in pavement improvements to the taxiways at the Vista Field Airport. The services of the Riedesel Engineering were retained to design pavement improvements to the Vista Field Airport taxiways & runway. Improvements included sealing of pavement cracks, application of a pavement slurry coat and new pavement markings over all treated areas. The Small Works roster was utilized to identify 5 firms conducting slurry seal and pavement work and bids were solicited from these firms. Bids were requested for the main project and three Additive Alternatives (AA) hopefully allowing the Commission to select segments of the project while remaining within budget. Three bids were received with Blackline Inc. being the low bidder for the Base Bid and two of the three of the Additive Alternatives.

The Port had received a grant of \$140,500 from WSDOT Aviation for this project with \$19,872 allocated for Engineering leaving \$120,628 for construction funds. The Port had committed \$2,208 for Engineering and \$15,292.00 for construction. Between the Port and WSDOT \$135,920.00 was available for construction.

The bids from Blackline Inc. were as follows: Base Bid \$164,360.00; AA#1 \$14,450.00; AA#2 \$18,720.00; AA#3 \$16,000.00 for a total of \$213,530. After bid opening it was recommended by the Engineer to pursue both the Base Bid and Additive Alternative #3 (runway crack seal) at a total cost of \$180,360.00. WSDOT Aviation was contacted with a request to fund the overage of \$44,440.00 and on May 18, 2012 WSDOT provided documentation confirming additional funding in the amount of \$39,755.42. The Port would be responsible for an additional \$4,684.58 to fund the project.

Two items to note are the bids exceed the Engineers estimate by 26-30% and when the bids were opened on this oil dependent project on April 19, 2012 the price of a barrel of oil was at a near 1 year high (oil price has dropped by 13% in just the last month). The Port has the option of rejecting all bids and rebidding the project at a time when oil prices are lower, hopefully resulting in lower bids. There is no guarantee that the bids would be lower when rebid or that additional WSDOT funds would be available to cover overages above the grant



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allocation. The bids are good for a 45-day period meaning the May 22, 2012 Commission meeting is the last regularly scheduled meeting before the bids expired on June 4th.

Three options exist, which include:

- Awarding the contract for the base bid in the amount of \$164,360.00 and allocating an additional \$2,912.43 of Port funds;
- Awarding the contract for the base bid and Additive Alternative #3 in the amount of \$180,360.00 and allocating an additional \$4,684.48 of Port funds;
- Rejecting all bids.

Mr. Novakovich inquired how close engineering estimates normally are to the bids. Mr. Peterson commented in 2005 the bid was 3% over the engineering estimate for the yacht club and 3.5% over for the Port's building. The bids for the marina were 22-24% above engineer's estimate. At that time, the Commission rejected the bids on the marina and re-bid the project.

Mr. Peterson feels re-bidding the project is a gamble. If the price of oil does not go down, and we re-bid later, the prices may go up. The options are to move forward or reject all bids.

Mr. Novakovich does not feel the Washington State Department of Transportation (WSDOT) would look favorably on the Port if we were to accept the bids and spend 26% over an engineer's estimate when we have another grant in for \$178,000 in 2012-2013.

***MOTION:*** Commissioner Barnes moved to reject all bids received on April 19, 2012 for the Vista Field Airport 2012 Pavement Rehabilitation Project; Commissioner Wagner seconded. All in favor 3:0. With no further discussion motion carried unanimously.

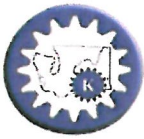
## **B. Delegation of Authority**

Mr. Novakovich stated the Delegation of Authority document was created in 2007 and was updated in 2009 and 2011. This document gives certain rights to the Executive Director; for example, authorization of expenditures and contracts to a set dollar limit. The Commission makes policies and trusts staff to carry out day-to-day operations. The only person the Commissioners hire is the Executive Director. The Executive Director is responsible for the hiring/firing of staff.

Mr. Arntzen stated a roundtable discussion was held regarding the Delegation of Authority at the WPPA Spring Meeting. Ms. Fine stated the Delegation of Authority was reviewed February 2011, along with other port policies, and feels it could be beneficial to review the policies and Delegation of Authority with Port Council. Mr. Arntzen feels the document is working well and stated the recent change increased his authority to approve contracts from \$40,000 to \$50,000. Mr. Arntzen stated although he has the authority to approve certain items, he still typically shares them with Commission.

Mr. Barnes' impression is that the document is working very well. He has read and reviewed it and is very comfortable with the document, and commented it could be revised





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in the future if necessary. Ms. Luke will review the information from the WPPA meeting and compare it with the Delegation of Authority.

**C. *June 12, 2012 Joint Meeting with City of Kennewick***

Mr. Arntzen indicated the joint meeting will be held at 6:30 pm at the City of Kennewick. Agenda topics may include: Columbia Drive, Clover Island, and Duffy's Pond. Mr. Arntzen recently shared the shoreline plans with Ms. Mosley and Chief of Police, Ken Hohenberg. Ms. Mosley requested Mr. Peterson give a presentation on the shoreline plans at a council meeting.

Mr. Novakovich feels it is beneficial to meet with jurisdictional partners.

Staff will inquire with Benton City, Benton County and City of Richland to see if they would like to have a joint meeting.

**D. *Ziobro April 9, 2012 Public Records Request Update***

Ms. Fine stated the last update on the request was given in November 2011. Ms. Fine gave a brief overview of the request and the services provided by Ms. Luke and Mr. Ramerman. The total cost to-date including staff time, attorney's fees, and Ramsey Ramerman's fees is \$47,614.82. The total Port operating expenses is 1.4%; Mr. Ramerman feels 1.0% is legally defensible in court. Currently, staffing hours spend on the request is 3.6% of total staff hours and does not include Mr. Ramerman or Ms. Luke's time.

Other than receiving checks, Mr. Ziobro has communicated with the Port five times:

1. August 3, 2011, Mr. Ziobro submitted a broad public records request to the Port.
2. August 24, 2011, a brief email clarifying the date ranges and to include employees and Commissioners.
3. December 16, 2011, a brief phone conversation took place between Mr. Ziobro and Ms. Luke while working on unrelated cases, at which time Mr. Ziobro indicated he would narrow his request.
4. January 17, 2012, letter narrowing the request. However, additional clarification was needed and the Port requested a personal meeting on February 21, 2012.
5. On April 9, 2012 Mr. Ziobro emailed Ms. Luke revising his request and acknowledging his delay in responding to the February 21, 2012 meeting.

Mr. Ramerman, Ms. Luke and Port staff believe that Mr. Ziobro's failure to communicate with the Port caused the majority of his dissatisfaction with the Port's response to his request.

The Port's attempts to clarify and act in good faith include working diligently to respond to Mr. Ziobro's records request and making repeated attempts to clarify which specific records are desired.

August 22, 2011 a letter was sent to Mr. Ziobro asking that he clarify his request and further



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stated we would open our books for his inspection; also stated if he were willing to narrow his request the Port could complete the request in a shorter time frame.

September 12, 2011, the Port reiterated the broadness of the request and described our interpretation of it. The Port also asked Mr. Ziobro to confirm if he agrees with the interpretation. Port further stated we would allow full access to expense records.

September 20, 2011, the Port warned Mr. Ziobro that given the broad nature of the request, it would take significant amount of time to complete and mentioned allowing Mr. Ziobro to inspect documents.

October 3, 2011, the Port mentioned the records are available for inspection.

November 14, 2011, the Port mentioned the records are available for inspection and sought clarification of Mr. Ziobro's request and asked him to confirm or revise our interpretation in writing.

November 23, 2011, Port stated records are available for inspection and notified Mr. Ziobro that 38,000 records were located and extensive redactions are necessary. The Port revised the response timeline and mentioned if Mr. Ziobro wished to reduce the volume of records and seek specific documents, we could assist in identifying the records.

December 1, 2011, the Port mentioned that if Mr. Ziobro wishes to reduce the volume of the records, and specify the documents or subjects, the Port could adjust the timeline.

December 21, 2011, the Port advised Mr. Ziobro that staff is available to assist him in narrowing his request, and that documents are available for his inspection, and notified him that due to non-payment on past installments that staff has stopped working on the request until full payment is received.

January 26, 2012, the Port sent a letter to Mr. Ziobro notifying him that we received full payment and restarted the copy process. The Port further discussed his January 17, 2012 letter, narrowing the request, explained the Port's claims for expenses form and requested additional clarification.

February 21, 2012, at the Port's request, Port staff met in person with Mr. Ziobro. The meeting covered if Mr. Ziobro still wanted information on consultants, and if the request was narrowed down to his original request for the five items; to only receive the Port employees/commissioners reimbursements for Port related travel; if he is seeking documents only related to out of town travel; and clarifying travel expenses. Mr. Ziobro stated the Port had not sent him anything he wanted. Mr. Ziobro had received 4,134 copies which included former Commissioner David Hanson expense reimbursements since 2005, former staff member Dan Cryer's expense reimbursements since 2005 and contractor/consultant payments since January 2005 – December 2005.





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At this meeting, Port staff showed Mr. Ziobro examples of Port vouchers and claims for expense forms, how travel is documented and supporting documentation for payments, and the general ledger. Mr. Ziobro wanted to meet with his client to seek clarification and ask his client regarding a dollar threshold for out of town travel and ask if his client still wants consultant/contractors expenses and travel; and if so, at what extent. At that meeting Mr. Ziobro stated he would get back to the Port after consulting with his client.

On April 3, 2012, following a 42-day period without any response, Port staff determined Mr. Ziobro was not responsive and closed his August 3, 2011 request, pursuant to RCW 42.56.520 and the Port's Public Records Policy.

On April 13, 2012, the Port sent a letter to Mr. Ziobro acknowledging receipt of his April 9, 2012 email clarification and considered it a new public records request. Mr. Ziobro's email expressed some dissatisfaction with the Port's response to his request.

On May 10, 2012, the Port sent Mr. Ziobro a general ledger detail from January 1, 2005 through April 9, 2012, and some Port policies. We also noted that more policies would follow. Also advised Mr. Ziobro that we are awaiting his response on which expenses he would like copied after reviewing the general ledger details.

After the Port informed Mr. Ziobro that his August 3, 2011 request is closed, the Port received an email from Mr. Ziobro on April 9, 2012 narrowing his request. In his email, Mr. Ziobro also criticized the Port for treating his request as abandoned, about the Port's interpretation of his August 3, 2011 request and questioned the good faith of the Port based on his claim that Port staff failed to seek clarification; and also complained that he spent almost \$700 on irrelevant information. He also questioned if the Port has acted in good faith interpreting the request in a manner that would lead to a several month delay and unnecessary expense. Port staff does not agree with Mr. Ziobro's assertions. As indicated, Port staff contacted Mr. Ziobro on nine separate occasions seeking clarification, and informed him the records were available to inspect, which would have allowed him to see first-hand how the Port was interpreting his request. Instead, Mr. Ziobro sent checks for copies, apparently without even reviewing the copies provided. While it was unfortunate Mr. Ziobro spent \$700 on records he did not want, it is unclear what else the Port could have done in this situation. As our efforts show, Port staff has made a sincere effort to comply with Mr. Ziobro's request and are not the result of bad faith from Port staff.

Mr. Ziobro's April 9, 2012 email did however seek a greatly narrowed scope of records and the Port is grateful for this clarification. The Port will continue to work with Mr. Ziobro to provide the information he is seeking in a timely manner. The Port is seeking additional clarification; partly because Mr. Ziobro has asked the Port to provide information that we do not have documentation for. Ms. Fine is working with Ms. Luke to provide an email to Mr. Ziobro to acknowledge the public request and to seek clarification about the Port's vouchers.



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Ms. Luke reiterated that this is just a review of the process for the Commissioner's information. As stewards of public resources, Ms. Luke feels staff is diligent in trying to respond to Mr. Ziobro's request. Ms. Luke and Port staff will continue to work with Mr. Ziobro to ensure he receives the information he is seeking. Ms. Fine commented that staff inquired what the purpose of the request is as it may help determine the information he is seeking; however, Mr. Ziobro was unable to provide that information.

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

Mr. Barnes attended the WPPA Spring Conference in Spokane, and an informal meeting with Paul Wolf of the Washington State Department of Transportation; they did not discuss anything Port-related.

Mr. Wagner attended regular meetings and the WPPA Spring Conference in Spokane.

Mr. Novakovich attended normally assigned meetings, the WSU Veterans graduate dinner at Tagaris, several meetings with the Columbia Basin Veterans Coalition; the WPPA Spring Conference in Spokane; the Trade and Economic Development Committee for WPPA; a book signing about a gentleman who broke the Japanese code during World War II; a meeting with the Council of Governments and Federal Transportation and the Washington Department of Transportation; and a breakfast with Kim Wyman who is running for Secretary of State. Mr. Novakovich also toured Red Mountain with legislative delegates.

**F. *Non-Scheduled Items***

1. Mr. Arntzen reported he is trying to schedule a meeting with Dr. Shannon for more clarification of the numbers on the FBO proposal.
2. Ms. Luke introduced Tawny Carrier, who will attend the June 12, 2012 meeting.
3. Mr. Peterson shared a video from the YMCA Fun Run held May 19, 2012 on Clover Island; over 650 people participated. It was a great opportunity to showcase the island.
4. Ms. Fine shared that Dan Boyd from Baker and Giles will review the FBO proposal numbers.
5. Mr. Arntzen stated Ms. Hancock received anonymous voicemail messages regarding Vista Field. He is upset about the following: aircraft continually fly over the house; the noise negatively impacting him selling his house, he feels the Port is breaking the law related to his peaceful enjoyment of property; is concerned airplane will fly into his house and concerned of possible accident. There was no name or number listed on the caller identification on the phone.
6. Mr. Arntzen inquired if the Commission would like to revise the Committee list due to Mr. Barnes' appointment. The Commission is in consensus to make no revisions until 2013.
7. Mr. Arntzen commented he has seen several Letters to the Editor in the Tri-City Herald regarding Vista Field. While the Port appreciates all comments related to Vista Field, some of them demonstrate a little misunderstanding about the process with Mr. Shannon; one of the letters commented that Dr. Shannon was not given any notice of anything. Mr. Arntzen disputes this comment and as an example shared that while in Chehalis for a critical family emergency, he contacted Mr. Shannon to discuss the proposal. Mr. Novakovich and Mr. Arntzen feel it may be appropriate to have an Op Ed





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piece written by a Port Commissioner to explain the Port's position. The Commission is in consensus for Mr. Novakovich to submit the Op Ed letter.

## PUBLIC COMMENTS

Ed Frost, 609 W. Albany Avenue, Kennewick. Mr. Frost agrees writing an explanation to Tri-City Herald would be a good opportunity to further educate the community on the Vista Field issue; Mr. Frost inquired if Bridge to Bridge would be a topic at the joint meeting with City of Kennewick. Mr. Frost commented the City spent a lot of money on a plan about a year and a half ago, but that he has not heard anything about it since. Mr. Frost is concerned there will be many disregarded plans for the Bridge to Bridge area. Mr. Frost made the following suggestions to the Port: add Bridge to Bridge to the agenda; inquire what the City is doing with the plan; and suggest the City move ahead with the plan. The joint meeting is scheduled at the City of Kennewick at 6:30 p.m.

Ruth Swain, City of West Richland, 300 Columbia Point Drive, Richland. Ms. Swain thanked the Port for their support of economic vitality for the taxpayers in West Richland and the greater region. Mayor Noski and Councilman Gerry send their congratulations to Commissioner Barnes. Ms. Swain shared the City of West Richland is very excited about the ad hoc meeting tomorrow. Your support for Van Giesen redevelopment has helped a very small city. Ms. Swain reported that she met with Jerrod Shelby recently. The engineering design is complete for the 40,000 square foot building and the construction is expected to begin in June.

Marjy Leggett, Vista Field Airport Support Network Volunteer, 4019 Horizon Drive, Pasco. Ms. Leggett shared she may have been able to provide some answers with regard to the Air Race Classic (ARC) had she been contacted prior to the meeting. Ms. Leggett shared that one television station has contacted her so far and she expects additional media coverage. The public will be invited to the event; it is not just a few flyers coming in. This is a huge event and the whole Tri-City region is invited. As far as safety goes, the ARC committee was hoping the Port could set up a viewing area for the public. Ms. Leggett shared that tie-downs are listed on Master Plan for year three. The ARC carries its own insurance and each pilot also carries their own insurance. The Port does not need to have additional insurance for this event. Ms. Leggett stated the airport will continue to run as an airport during the event. The ARC would work with incoming/outgoing flights and will not affect commercial traffic. The ARC works with small to very large airports. Ms. Leggett does not feel this event should be difficult to host, as it is done every year, and brings national and international attention to the area. Ms. Leggett stated that most airplanes hold between 48 - 72 gallons of fuel, and they are required by ARC to top off before they leave. Ms. Fine requested Ms. Leggett provide this information in written format. Mr. Arntzen suggested Ms. Fine and Mr. Leggett meet to discuss the information.

Mr. Arntzen called ARC about a month ago and has not received a return call. He is a little concerned and worried that he has not received a response. Mr. Arntzen's intention was to talk with the organizers and learn more information about the event. Mr. Arntzen reiterated the Commission passed a resolution supporting the event and he feels one of the biggest things the Port can do is to allow the use of the facilities.





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Jose Chavallo, 102 North Lincoln Street, Kennewick. Mr. Chavallo is a developer of property around Vista Field. He is not against the airport; he just feels it is in the wrong location. He spoke to his neighbors that own businesses near Vista Field and asked them if they participate with the airport, or if the airport enhances their business in any way. All seven neighbors said the airport does not affect them one way or another. He feels the only way to support the airport is through raising taxes and he does not believe the public wants to hear about raising taxes. Mr. Chavallo feels the Port is sitting on a diamond in the rough; it is prime property that people are waiting for. In 2010, he attended the special meeting at the PUD and stated that he believed this discussion would happen again in two years. The Port has the opportunity to help Kennewick grow, attract new businesses and invest the Port's money into projects that really matter. Mr. Chavallo stated if there are 20 people that are really using the airport, sell it to them and let them start their own LLC. He does not feel tax payers should have to fund the airport. We are always in the paper for the fastest growing community. Mr. Chavallo's family has been in the area for 70 years. Vista Field has become the center of the city. I would like to see the airport closed, not to hurt anyone, but to further the City of Kennewick, the Port of Kennewick, and the citizens who are paying taxes.

Dr. Mike Shannon, 800 North Center Parkway, Kennewick. Dr. Shannon is concerned about the Port's motivation of developing Vista Field and his role as the FBO operator. He feels, unfortunately, there is a lot of misinformation that people in the public are more than happy to comment on. It does not help and more time is spent saying "that's not true" instead of getting down to the facts of what we are trying to do. Dr. Shannon stated he was in negotiation with Port's Executive Director, Tim Arntzen. Dr. Shannon spoke with Mr. Arntzen several times, and he thought they had a good idea of what they wanted to do. When he received the lease agreement from Mr. Arntzen it was much different than what was discussed. Dr. Shannon held onto it for quite some time as he was unsure what to do. Ms. Luke contacted Dr. Shannon to formalize the agreement. The lease agreement received from Mr. Arntzen had "confidential" on it. He thought it would be worked out and then presented to the Commission. Dr. Shannon stated as we were in some sort of negotiation, he wrote back and his comments started with "FBO lease considerations." Dr. Shannon does not understand how "lease considerations" have been regarded as a lease proposal. He stated, "I have not made a proposal." Dr. Shannon stated he was suggesting a way to "take a look at the ridiculous lease that was presented to me." Dr. Shannon stated he is willing to meet and discuss what can and cannot be done at the airport. Dr. Shannon feels he has been badgered in the newspaper; he assumed the considerations were confidential and that some fictitious numbers were printed in the newspaper. Dr. Shannon stated, "I don't want to suggest anyone was smoking anything, but there's something funny going on." Dr. Shannon confirmed the initial discussions between he and Mr. Arntzen included \$40,000 - \$50,000 for operating expenses. Dr. Shannon stated it would be hard to get a single operator in the facility during regular business hours for \$40,000 per year. Dr. Shannon feels \$20,000 would be needed to hire part-time staff to cover holidays and/or vacations. This was just a discussion point in his comments. Dr. Shannon feels this was a disservice to all of us; that nothing was gained from the comments that were made. Dr. Shannon shared his desire to meet with Port staff. He believes in Vista Field and stated that his time would be donated to help the community. This is an important project for the community and a huge opportunity for the community. Dr. Shannon stated the \$150,000 spent on art at the island would have paid for the budget he is proposing for two years. Dr. Shannon does not know how the





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Port estimated \$33 million for the lease considerations.

Mr. Arntzen stated Dr. Shannon's comments of "what are they smoking" and his concern about the Port's motivation and bad faith negotiation are not constructive. Mr. Arntzen assured Dr. Shannon and the Commission that Port staff is not smoking anything and that our motivation is to try to bring forward a proposal. Mr. Arntzen feels he does not need to sit by and let people accuse staff of "cooking numbers" or entering into bad faith negotiations. Mr. Arntzen takes pride in the big projects that the Port has accomplished and stated big projects are accomplished with good faith negotiations. Mr. Arntzen stated it has been very difficult to establish communication with Dr. Shannon. Mr. Arntzen recalled that in December 2011, he informed Dr. Shannon that he normally shares a first draft of a proposal with the Commission, and Dr. Shannon requested to move the project along, that he see it first. So Dr. Shannon is correct – the Commission has not seen the lease. The last Commission meeting was the first chance for the Commission to hear some of the concepts and numbers associated with it. What Mr. Arntzen tried to do is find out if the Port is or is not on course.

Mr. Novakovich recalled the FBO RFP included \$40,000/year and all operation proceeds would go to the person running the airport. Mr. Novakovich is not sure what the number would be, but does feel it would be considerably more than \$40,000. In addition, Mr. Novakovich is very concerned about Dr. Shannon's "lease consideration" that listed \$60,000 per year with an escalation clause over 30 years; this will be a significant amount of money. And, the \$200,000 for capital improvements each year, which would have to come from taxpayer's revenue; which would increase taxes.

Mr. Shannon stated a business or airport cannot be operated on \$40,000 per year. He confirmed he suggested additional funding for operating expenses. However, he did not suggest that the Port pay \$200,000 per year for capital improvements, he suggested the funds be earmarked. He does not feel the \$200,000 will be needed every year, but it would provide a number to continue to have a successful business at Vista Field. As he progresses and is able to attract new people to the airport, there will be additional revenue and the \$200,000 may not be needed at all. That is the goal, to be successful enough that the \$200,000 would not be needed. Dr. Shannon stated that negotiation would provide an opportunity to talk about that. It did not say we needed \$200,000, he suggested earmarking or budgeting the money for capital improvements.

Mr. Novakovich suggested staff research the numbers and for Dr. Shannon to meet with Port staff to review the numbers. Mr. Arntzen inquired if Mr. Novakovich would like to attend the meeting. Mr. Novakovich will attend.

Mr. Shannon inquired if the Commissioners have seen the lease contract or if they have seen the lease considerations he presented. He stated the documents have been made public are apparently no longer confidential.

No further public comments were made.

Mr. Novakovich anticipates the Executive Session to last approximately 70 minutes for a potential litigation matter, per RCW 42.30.110(1)(i); and a real estate matter, minimum price, per RCW



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42.30.110(1)(c) with no action anticipated on either item. Mr. Novakovich asked the public to notify Port staff if they will return after the executive session.

Mr. Novakovich recessed the meeting at 4:19 p.m. for approximately 10 minutes.

Mr. Novakovich reconvened the meeting into Executive Session at 4:30 p.m.

## **EXECUTIVE SESSION**

- A. Potential Litigation, per RCW 42.30.110(1)(i)
- B. Real Estate (minimum price), per RCW 42.30.110(1)(c)

Mr. Novakovich called for an Executive Session at 4:30 p.m. to last approximately 70 minutes, with no action expected.

Ms. Scott exited the Commission Chambers at 5:40 p.m. to extend the executive session 20 minutes.

Executive Session adjourned at 6:00 p.m. with no action taken: The regular meeting reconvened at 6:00 p.m.

## **ADJOURNMENT**


With no further business to bring before the Board; the meeting was adjourned at 6:00 p.m.

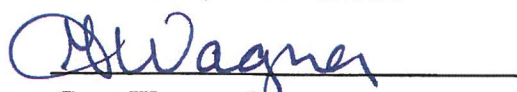
**APPROVED:**

**PORT of KENNEWICK**

**BOARD of COMMISSIONERS**

  
Skip Novakovich, President

  
Don Barnes, Vice President

  
Gene Wagner, Secretary



**PORT OF KENNEWICK**

**RESOLUTION No. 2012-29**

***A RESOLUTION OF THE PORT OF KENNEWICK BOARD OF  
COMMISSIONERS DESIGNATING FINLEY INDUSTRIAL PARK EMERGENCY  
PUMP REPLACEMENT AS EXEMPT FROM PUBLIC WORKS COMPETITIVE  
BIDDING REQUIREMENTS***

**WHEREAS**, in accordance with RCW 39.04.280, the Port of Kennewick (Port) is authorized to designate certain public works contracts as emergencies and, therefore, exempt from competitive bidding requirements; and

**WHEREAS**, the Port of Kennewick's pump which irrigates 37 acres in the Finley Industrial Park seized up, threatening newly planted agriculture crops and the Port of Kennewick's perfected water rights; and

**WHEREAS**, under his delegation of authority, the Executive Director authorized emergency repairs and so notified each commissioner individually;

**NOW, THEREFORE, BE IT RESOLVED** that the Port of Kennewick Board of Commissioners designates pump replacement an emergency public works project within the guidelines of RCW 39.04.280, and therefore exempt from competitive bidding requirements.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 22<sup>nd</sup> day of May, 2012.

**PORT OF KENNEWICK  
BOARD OF COMMISSIONERS**

  
SKIP NOVAKOVICH, *President*

  
DON BARNES, *Vice President*

  
GENE WAGNER, *Secretary*