



PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Commission President Thomas Moak called the Regular Commission Meeting to order at 2:00 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

The following were present:

Board Members: Thomas Moak, President
Don Barnes, Vice-President
Skip Novakovich, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Tana Bader Inglima, Deputy Chief Executive Officer
Nick Kooiker, Chief Financial Officer
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Commissioner Barnes led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

Ed Frost, 609 West Albany Avenue, Kennewick. Mr. Frost stated with regard to the Waterfront Master Plan, the Port's Vista Field turned out wonderful, as far as the planning process, but it was a combination of a wonderful plan and the best public input process that has ever been seen in this community. Mr. Frost hopes the Port replicates that level of community involvement in the development of the Shoreline Master Plan. Mr. Frost sat on the committee that put together the last Clover Island Master Plan, and on the Vista Vision Task Force, but those kind of committee level things are nowhere near as good as the kind of open public involvement we saw at Vista Field, which gave the project credibility, not only with just the community, but with other organizations and municipalities. Mr. Frost hopes that the Port lives up to that standard and has a thorough public input process, because this is another important project.

No further comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated June 18, 2019**
Direct Deposit and E-Payments totaling \$58,047.98

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

B. Approval of Warrant Register Dated June 18, 2019

Expense Fund Voucher Number 101189 for a grand total of \$221,967.71

C. Approval of Warrant Register Dated June 25, 2019

Expense Fund Voucher Numbers 101190 through 101215 and 101217 through 101227 for a grand total of \$112,288.24

D. Approval of Regular Commission Business Meeting Minutes June 11, 2019

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

CONSENT AGENDA – PART B

A. Approval of Warrant Register Dated June 25, 2019 (PS Media)

Expense Fund Voucher Number 101216 for a grand total of \$13,001.71

Commissioner Novakovich would like to recuse himself from any action on Consent Agenda-B 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 and other printed materials. Esprit does not get paid directly from the Port; they get paid from PS Media.

Consent Agenda-B are payments 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 Barnes moved for approval of the Consent Agenda – Part B, as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 2:1 Abstain (Commissioner Novakovich).

PRESENTATION

A. Kennewick Waterfront Master Plan

Commissioner Moak stated, at one time Clover Island was as controversial as closing the Vista Field airport and, like Vista Field, design professionals helped create what the Port has on Clover Island. The Port worked with Julie Bassuk of Makers Architecture and several members of the community to create the Clover Island Master Plan over 15 years ago. As a result of the 2005 Master Plan, millions of dollars have been invested on Clover Island. This is an exciting time for the Port and a lot has happened on and off the Island over the past 15 years, and it is time to create a new vision or continuation of vision for Clover Island. Commissioner Moak introduced Julie Bassuk and Easton Branum with Makers Architecture, who are here today to discuss the Clover Island Master Plan update.

Ms. Bassuk thanked the Commission and is pleased to be here today to discuss an update to the Clover Island Master Plan. Ms. Bassuk is impressed by the accomplishments the Port has made on the island and stated a lot has changed since 2002. When Ms. Bassuk started the Clover Island Master Plan, the atmosphere was extremely contentious and polarizing; however, the community worked through that and came together to create a positive outcome. We have come up with some questions about what the Commission would like to achieve in a Master Plan update and

PORT OF KENNEWICK

REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

what you are envisioning, with the process. Ms. Bassuk and Ms. Branum will hold a number of interviews, and tour the island and surrounding properties and pull together a scope of work of what we believe would make sense for the Master Planning effort.

Ms. Bassuk inquired what is driving the Commission to do an update of the Clover Island Master Plan.

Commissioner Moak would like to see a connection to the activities at Columbia Gardens Wine Village to Clover Island and how the community can easily access both developments, possibly by a walking bridge. Commissioner Moak would also like to see what kind of commercial development would fit on the island and complement Columbia Gardens. Commissioner Moak noticed in reading the previous Master Plan that the Commissioners were involved and believes it is important that the Commission has buy in.

Commissioner Barnes appreciates Commissioner Moak's comments regarding the connectivity between Clover Island and Columbia Gardens, but believes it is important to make the island's hub of activity as receptive as possible to adjoining areas. A goal and objective of the Port is to make a genuine impact on the community, not just on Clover Island and Columbia Gardens, so that impact spreads to other areas. Commissioner Barnes is open to participation with adjoining private sector owners or investors so that there is a true impact on the area as a whole, including downtown Kennewick. Commissioner Barnes would like Makers to consider the impacts of the rail, and to see the changes that have been made or will be made, such as the 1135 Shoreline Improvement Plan, added to the Master Plan. Commissioner Barnes appreciates Mr. Frost's comments, and stated collaboration between the professional planners, the community, and the Port is an important element.

Commissioner Novakovich stated there has been discussion regarding the connection of the waterfront to downtown since 1992 and the need is still there. The waterfront is front door to Kennewick and it is important to take advantage of the asset. However, the Port has other large projects and it is important to find a balance between the resources that we have, both staff and financially. Commissioner Novakovich would like to see what the activities at Columbia Gardens tie into Clover Island and a walkway over Duffy's Pond would be tremendous, but it is important to balance the projects and prioritize.

Commissioner Moak stated at one time the Port considered adding residential to the island and mulled if that could still be an option, or perhaps a boutique hotel, similar to those found on Columbia Point in Richland. Commissioner Moak believes the completion of the 1135 USACE project will that spur additional activities on the island or development. Commissioner Moak is interested in coordinating with the Port of Pasco and their Riverfront Master Plan, to provide additional opportunities for the community. Commissioner Moak believes it would be great to develop the east side of Kennewick and as Pasco develops to connect the developments.

Commissioner Barnes stated the Master Plan needs to include the Columbia Basin College Culinary School.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Commissioner Moak inquired if the Port should create a Culinary Arts District, stand-alone or tie into the rest of Columbia Gardens.

Ms. Bassuk summarized the Commission comments:

- How can the Port improve the connection from Clover Island to Columbia Gardens, downtown Kennewick and Pasco;
- What is the right mix of businesses on the Clover Island for the next phase; and
- What are the community's priorities for Clover Island?

Ms. Bassuk stated once a decision has been made about what kind of businesses the Port would like to see on the island, should there be the question about how to attract businesses and an economic development plan to bring those businesses to the island.

Commissioner Novakovich believes that question should be addressed and in addition to the mix of businesses, asked if residential housing should be addressed.

Ms. Bassuk believes housing should be addressed.

Commissioner Novakovich believes it is important to have businesses that can take advantage of the waterfront, that lend themselves to entertainment and waterfront activities.

Commissioner Barnes inquired if the zoning would allow for those activities.

Mr. Arntzen recalls Mr. Peterson working on the zoning for Clover Island to allow more than activities related directly to the waterfront and marina. The Port implemented a Shoreline Master Plan which outlines specific development rules for the island.

Commissioner Moak stated it is important to bring businesses to the island, but people still want open space and access to the water, so there should be a balance. Commissioner Moak is concerned about parking and would prefer not to see a lot of surface parking and mulled what is the role of vehicles on Clover Island.

Commissioner Novakovich would like to consider a variety of businesses that enhance the island, but do not compete with the established ones.

Ms. Branum stated the 2005 Master Plan created a community asset and now people feel invited to come to the island. Ms. Branum inquired what could the Port do to add value to the area and how far out should we be looking.

Commissioner Novakovich believes it is important to look at the City of Kennewick, the Port of Pasco, and stated the railroad is a real barrier to the connectivity.

Commissioner Moak would like to see the areas covered all the way down to the Reach Museum and other riverfront amenities.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Ms. Bassuk inquired who are other key stakeholders that should be involved in creating the update.

Commissioner Novakovich stated the Confederated Tribes of the Umatilla Indian Reservation (CTUIR), Ben Franklin Transit, the downtown development groups for Pasco and Kennewick, and the wine industry.

Commissioner Moak stated Visit Tri-Cities because they deal with tourism and inquired if City of Richland should be involved as well because of their development success at Columbia Point.

Mandy Wallner, marketing specialist for the City of Richland, believes the City could provide helpful information regarding the build out of the shoreline at Columbia Point.

Commissioner Barnes stated the Tri-Cities has a tremendous bike path network that runs from Clover Island to Washington State University and the Battelle campus and Franklin County. Involving the bicyclists could also reduce the parking.

Commissioner Novakovich inquired if the school district should be involved as well.

Ms. Bassuk stated it is important to talk to the youth of the community because they will be the ones patronizing the developments.

Commissioner Moak suggested the Alliance for Livable and Sustainable Communities, a group who has worked on a variety of sustainable efforts for housing and transportation throughout the Tri-Cities.

Ms. Bassuk inquired if the Commission would like to replicate the Vista Field Charrette, but on a smaller scale.

Commissioner Novakovich believes the Charrette was well received because it was driven by the community, not the Commission.

Commissioner Moak thinks it would be beneficial, but would not need to be an entire week. Commissioner Moak believes the public involvement helped the City become more interested in Vista Field because of community support.

Commissioner Barnes inquired if the Port has a Pattern Language for Columbia Gardens.

Mr. Arntzen stated the Port has a Pattern Language related to The Willows, written by Professor Gary Black. Mr. Arntzen stated the Pattern Language is very in-depth, but he does not believe it involved Clover Island.

Ms. Bassuk inquired what part of that process would the Commission like us to consider or recommend for scoping the next phase.

PORT OF KENNEWICK

REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Commissioner Barnes does not believe we need a full blown revisit to the Pattern Language Process; however that information should be incorporated into the scoping process.

Ms. Branum stated Makers is looking to encapsulate everything that has been discussed, but we also need to run economics metrics, land value, reality of development, and continue with the outreach. Additionally, we need champions for users, people who love this place and continue to reach out to the community to determine what hole Clover Island can fill.

Commissioner Novakovich likes the concept of filling the hole, not creating a brand new plan.

Commissioner Barnes stated it is important to note, much of Port's property is considered an Opportunity Zone, when running the economic analysis.

Ms. Bassuk inquired if the Commission had any other questions or comments.

Commissioner Novakovich confirmed that Makers would update the Master Plan, not recreate a new one.

Ms. Bassuk stated a lot has been accomplished on Clover Island and she does not see a reason to reinvent it, but rather build on the energy. Ms. Bassuk inquired of the Commission if they would like to add to the existing document or create an updated vision that builds on previous projects.

Commissioner Novakovich stated what Makers developed was really good and if Makers presented the plan to the community and asked the community for their input, the Commission could build from that.

Commissioner Moak stated the Port has a few long term leases on the island which eliminates certain areas; however, there are some things that did not get built and we should consider what should happen with the rest of the properties. Commissioner Moak concurs with Commissioner Novakovich's comments regarding the community and what they think should happen on Clover Island. Commissioner Moak does not know what the next phase is, but there should be public input. Additionally, the Commission will need to consider the economics of it, and how much are people willing to invest, whether in taxes or private development.

Ms. Branum stated the original Master Plan is very detailed and she suggested the update is to view Clover Island in the context of other developments and how the update would build upon other efforts.

Commissioner Barnes inquired if that would include Columbia Gardens.

Ms. Bassuk would like to consider the relationships and connections to the island, but not specifically address each development.

Commissioner Barnes believes it is important to integrate the connections to Columbia Gardens, The Willows, and Cable Greens.

PORT OF KENNEWICK

REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Ms. Bassuk would address anything off the island at a higher scale, in regards to identifying improvements, because of the work that is currently being done by the Port and other entities and private developers. Ms. Bassuk inquired how much detail is the Commission desiring off the island.

Commissioner Barnes encouraged a more comprehensive, combined look at connectivity and integration of other Port properties outside of Clover Island, including Columbia Gardens; however the budget would need to be considered.

Mr. Arntzen will work with Ms. Bassuk and Ms. Branum to determine a draft scope of work of what would be proposed for the updated Master Plan. With respect to the Columbia Drive properties, there has been some planning work done through the Pattern Language. The Port has slowing been building things consistent with the Pattern Language, which reduces the amount of Port property. Mr. Arntzen suggested focusing the resources to the island with the knowledge of what is happening in the outlining areas. Additionally, the Port can ask Makers to fold in other planning documents, such as the traffic calming analysis by Parametrix, to encompass the whole neighborhood. Mr. Arntzen stated the budget will also need to be discussed.

Ms. Bassuk is optimistic that we can work strongly with other efforts and begins to converse with the community and others about how Clover Island should contribute in its context to the neighborhood. Ms. Bassuk stated once the specifics of the scope and budget are determined then we can look into detailed planning.

Mr. Arntzen stated it is within the CEO's delegation of authority to move forward with a larger contract beyond this scope of work and inquired if the Commission would to like review or leave it at the administrative level.

It is the Consensus of the Commission for the CEO to move forward with a contract with Makers Architecture.

Ms. Bassuk thanked the Commission for their time and is very excited about working with the Port.

Mr. Arntzen appreciates the discussion and will work with legal counsel and the finance department to move this forward.

Commissioner Moak thanked Ms. Bassuk and Ms. Branum and appreciates their work and vision.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Vista Field Update

1. Tri-Cities Area Journal of Business – High End Apartments

Mr. Arntzen stated the June 2019 edition of the *Tri-Cities Journal of Business* featured a front page article about "High-end living near Vista Field on the way." The article was

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

accompanied by a picture of Jose Chavallo and son, Jordan. Mr. Arntzen read a quote from Mr. Chavallo:

"We wanted to lead with this idea of creating a place where residents could work, live, and play, ride bicycles to work and be near shopping. I've been joking with the idea that you want to live in the best, but pay like the rest, be proud of where you live and enjoy Vista Field's vision. We would just like to add something to their vision. The port is already doing a great job."

Mr. Arntzen stated it is a great opportunity to get coverage in *Tri-Cities Journal of Business* and sees this as a view of collaboration between the Port and the private sector. It is nice to see Mr. Chavallo's positive encouragement for the efforts of the Port. Additionally, Commissioner Moak was quoted:

"Commissioner Moak said he sent letters to the city in support of developing Chavallo's property even before his role on the port commission and he's excited to see more from the developer."

Commissioner Moak spoke with Mr. Arntzen when he received the call from the *Tri-Cities Journal of Business* and was unaware the City had rezoned the property. Mr. Arntzen was able to provide Commissioner Moak with context before he spoke with the *Tri-Cities Journal of Business*.

Commissioner Barnes always believed that private sector developers would be one of the most important partners for the Port at Vista Field. Commissioner Barnes is encouraged by the private sector investment taking place across the street from Vista Field and is encouraged by the Port's impact on other areas.

2. Electrical Vehicle Charging Station

Mr. Arntzen stated recently Commissioner Moak inquired about electrical vehicle charging stations after hearing that the Historic Downtown Kennewick Partnership (HDKP) is writing a grant to install an electrical vehicle charging station downtown. Mr. Arntzen reported that Mr. Peterson has been working with Miles Thomas, Economic Development Manager at the City of Kennewick, the Benton PUD, and others to scope out a location to place the charging stations. Currently, two spaces are designated in Columbia Gardens and the Port is ready for pedestals. Additionally, there will be charging stations located in Vista Field, per the recent biddable documents.

Commissioner Moak was pleased when he found out that the HDKP was looking at a grant to include an electrical vehicle charging station and that Mr. Peterson was part of the discussion with the City. Commissioner Moak learned of the grant thirdhand, and was encouraged that the HDKP was looking to the future and planning for it.

PORT OF KENNEWICK

REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Mr. Arntzen stated Mr. Peterson will continue to work with City staff and as part of the Master Plan, maybe even potentially incorporate an electrical vehicle charging station on Clover Island.

3. *Pending City of Kennewick Re-Zoning Comments*

Mr. Arntzen stated the City recently changed a portion of their property, east of the Convention Center and Coliseum to Urban Mixed Use Zoning (UMU), which is the same zoning used for Vista Field. Mr. Arntzen reminded Commissioners that the Port was required to spend a great deal of time and money on studies and consultant reports to determine potential impacts from our planned 103-acre Vista Field redevelopment, including water, sewer, emergency response, and particularly traffic. And we were required to agree to pre-determined cost-share fixes to impacted intersections as Vista Field development occurred—all before the City would approve the zoning and master plan for Vista Field. Mr. Arntzen stated because of the expanded UMU zoning action, Port staff are asking what impact future development of that city-owned land might have those same intersections, and if the same level of scrutiny and study that was required for Vista Field might not also be appropriate for the city? Our concern is to ensure that all development pays its fair share and that if the Port has agreed to pay for our impacts, that when traffic numbers get up there, other development which has also contributed to increased traffic is also held accountable. Mr. Arntzen reported that he raised this question with City staff as he didn't want to blind side them, and while Ms. Mosley was absent, the public works director, city planner, and Terry Walsh were in that meeting; so senior staff is aware. However, Mr. Arntzen cautioned that this really is a delicate matter since we are dependent upon the city for permitting and approvals and they are our funding partner on projects. Mr. Arntzen shared that Mr. Peterson is working with the city planner and will provide formal comments in August or September and that Ms. Bader Inglima will work with him on that statement.

Commissioner Novakovich stated that he had mentioned this to the council and mayor and they were surprised that it might impact the port.

Commissioner Moak stated that this is an issue and it will be important how the statement is worded and how we interact staff to staff.

B. *Three Rivers Acquisition Group Request to Extend Land Sale Closing (Oak Street); Resolution 2019-12*

Ms. Luke stated in May 2018 the Port authorized a Purchase and Sale Agreement (PSA) for twelve (12) acres of vacant land in Oak Street Industrial. The PSA provided Three Rivers Acquisition a 12 month feasibility period and the purchaser had a medical condition arise that has caused delays in conducting the closing and is requesting a thirty (30) day extension. Ms. Luke inquired if the Commission has any questions regarding Resolution 2019-12.

Commissioner Barnes confirmed that the 12 acres is located at the end of Oak Street and has concrete rubble on the site.

PORT OF KENNEWICK

REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Ms. Luke stated that is correct and Three Rivers Acquisition plans on constructing an industrial business park for warehousing and logistics.

Commissioner Barnes inquired if a 30 day extension is enough time. Commissioner Barnes stated he would not be opposed to more time if that would help.

Commissioners Moak and Novakovich concurred with extending the deadline to up to 90 days.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Novakovich/Barnes moved to approve Resolution 2019-12, authorizing up to ninety (90) day closing extension with Three Rivers Acquisition; Commissioner Novakovich/Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

C. Southridge Real Estate Auction Update

Ms. Luke stated the Commission authorized staff to move forward with developing a Request for Proposal (RFP) process for auction firms. Ms. Luke and Ms. Hanchette have been finalizing the RFP and upon Ms. Hanchette's return, we will move forward with the process.

Commissioner Novakovich inquired what the time frame is for the RFP.

Ms. Luke anticipates Ms. Hanchette will follow up with the RFP at the August 13, 2019 Commission Meeting.

D. Industrial Development Districts (IDD) – Issuance of Revenue Bonds Update; Resolution 2019-13

Ms. Luke stated Scott McJannet from K & L Gates presented information on IDD's at the June 11, 2019 Commission Meeting. Per the Commission's input, Ms. Luke has continued to communicate with Mr. McJannet to develop next steps. Mr. McJannet will provide an engagement letter, which lays out the terms for engaging K & L Gates, for the purpose of the IDD process in incremental steps. The first step would be the development of area, encompassed by the IDD and registering the necessary documents with the State. Ms. Luke stated Mr. McJannet will be sending a proposal out later this week for review and consideration. Ms. Luke stated K & L Gates offers a reduced hourly rate of 9.5% of regular fee rate for Port in addition to the costs of registering the IDD (approximately up to \$2,000). Ms. Luke stated Resolution 2019-13 authorizes Mr. Arntzen to enter into an agreement for legal services with K & L Gates, but ensured the Commission that the Port would not be committed to any long term arrangement with K & L Gates.

Mr. Arntzen stated staff and K & L Gates would focus on the planning element of the IDD.

Commissioner Moak stated the Commission would need a baseline of information to either move forward or discard the idea.

PORT OF KENNEWICK

REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Commissioner Barnes voiced his concern about the IDD and stated the Port previously used an IDD and it was not well received by the public. Commissioner Barnes stated the Commission consensus was to move forward without a formal commitment and believes this is a form of commitment. Commissioner Barnes understood Mr. McJannet to say that Vista Field and the Former Racetrack qualified as marginal lands. Commissioner Barnes is concerned about taking a step forward on something that generated a very clear message from voters a number of years ago.

Ms. Luke stated that is why we are taking this process slowly and in steps and will bring back additional information to the Commission. The Commission will have several opportunities to stop moving forward with the process at any time.

Commissioner Barnes stated the dollar amount was straight forward, \$.45/per \$1,000 based on assessment, netting approximately \$37,000,000. Additionally, the Commission did not discuss how funds from an IDD would be deployed or used within the Port.

Commissioner Moak stated that would be a Commission decision.

Mr. Arntzen believes the Port needs the expertise of K & L Gates to be able to answer the questions. Mr. McJannet gave a presentation for free and now it would be appropriate to contract with K & L Gates to guide the Port through the process. Resolution 2019-13 authorizes the planning element of the IDD versus the funding element and would assist in identifying the IDD areas.

Commissioner Moak believes this process is vastly different from the one used 20 years ago.

Mr. Arntzen stated 20 years ago, the Port made some decisions that seemed very contentious, but now, maybe the public has a higher level of trust in the Port. Mr. Arntzen stated the Commission has raised several valuable questions and this is a Commission policy question. Mr. Arntzen stated the Commission will have an opportunity to stop moving forward on the IDD if they so desire.

Commissioner Barnes cannot support Resolution 2019-13 at this time.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Moak moved to approve Resolution 2019-13, authorizing the Chief Executive Officer to execute a contract with K & L Gates to identify IDD areas, and further action related to an IDD. The Commission further authorizes the CEO to take all action to implement the intent of this Resolution; Commissioner Novakovich seconded.

Discussion:

Commissioner Moak stated if we do not have a baseline, we are unable to answer some of Commissioner Barnes' questions. Commissioner Moak does not think this takes the Port down

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

the road of implementation and believes we have an obligation as a Port to consider how to fund projects we are looking at and an IDD could or could not be a mechanism, but without further explanations, we do not know for certain.

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

E. Washington Public Ports Association (WPPA) Commissioner Seminar

Ms. Scott stated this year, the WPPA Commissioner's Seminar falls on Monday, July 22 through Wednesday, July 24, 2019, and the Regular Commission Business Meeting is scheduled for July 23, 2019. At this time the WPPA has not posted the Agenda for the seminar. Ms. Scott inquired if the Commission would like to cancel the meeting for July 23, 2019.

Ms. Luke stated if the Commission does not cancel the July 23, 2019, the Port would still need to hold a Special Commission Meeting on July 30 or August 6, 2019.

Commissioner Novakovich confirmed that the Commission should cancel the July 23, 2019 Meeting and reschedule for July 30 or August 6, 2019.

Ms. Luke stated that is correct, unless the Commission would like to hold a Special Meeting to discuss a single topic, in addition to the Regular Commission Meeting.

Mr. Arntzen asked Mr. Kooiker if the Commission cancelled the July 23, 2019 Meeting, would it hold up any warrant processes.

Mr. Kooiker stated the Port will still be able to run warrants and the Commission could approve retroactively.

Commissioner Moak inquired if Ms. Luke had a preference regarding the date.

Ms. Luke but prefers July 30, 2019, but either date will work. Ms. Luke asked the Commission to send their preference to Ms. Scott.

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

Commissioners reported on their respective committee meetings.

Commissioner Barnes disclosed that earlier this month, he initiated an individual communication with the State Auditors Office for the purposes of inquiring about municipal accounting practices for real estate transactions with buy-back clauses.

Scott Hylton returned Commissioner Barnes' call last Friday, June 21, 2019, to say there are no accounting practices for tracking buy-back clauses. Commissioner Barnes stated this is simply an individual inquiry that he felt he could make under provision 12.3 of our Rules of Policy and Procedure. Commissioner Barnes's intention was to make the inquiry looking forward to the future, and the many real estate transactions anticipated at the Port, especially at Vista Field.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Commissioner Barnes made the inquiry to try avoid the problems of the past and not make any new problems going forward.

Mr. Hylton made one suggestion and it has to do with use of the Comprehensive Scheme of Harbor Improvements. Commissioner Barnes and Mr. Hylton did not discuss the details, but he suggested the Comprehensive Scheme might be an appropriate place to track buy-back clauses. Thank you.

G. Non-Scheduled Items

1. Ms. Scott announced in honor of Commissioner Moak's birthday tomorrow, cookies are available in the back.
2. Mr. Arntzen will be presenting a mid-year director's report at a future meeting.
3. Mr. Kooiker reported the budget presentation was postponed to July 9, 2019 to accommodate Makers Architecture. Additionally, Clifton Larson Allen will be completing the 2018 financial statement audit. Mr. Kooiker stated he received a call from the Department of Revenue, who indicated that the Port will be audited for Leasehold Tax on July 9-10, 2019.

PUBLIC COMMENTS

Thomas Kastner, 8180 West 4th Ave. Kennewick. Mr. Kastner expressed his excitement about Makers Architecture presenting today. He recalled his first visit to Kennewick in 2017, when he drove across the bridge, he decided the marina was the place to live, much to his dismay, he found out he was unable to live at the marina. Mr. Kastner believes Clover Island is everything that Kennewick should represent, connection to land and the river. Mr. Kastner hopes in the Master Planning process, the Port continues to embrace the UMU zoning and New Urbanism, and add not only business and entertainment on permanent basis, but add residential as well.

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick reminded the Commission that there is a right way and a wrong way to involve the public. For example, the Vista Field Charrette was very good at involving the public and the shoreline reconveyance was not.

No further were made comments.

COMMISSION COMMENTS

No comments were made.

Commissioner Moak anticipates the Executive Session will last approximately 20 minutes, Real Estate, Minimum Price, per RCW 42.30.110(1)(c) with possible action anticipated. Commissioner Moak asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

Commissioner Moak recessed the Regular Commission Meeting at 3:55 p.m. until 4:00 p.m.

Commissioner Moak convened the meeting into Executive Session at 4:00. p.m. for approximately 20 minutes.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

EXECUTIVE SESSION

A. Real Estate, Minimum Price per RCW 42.30.110(1)(c)

Commissioner Moak adjourned the Executive Session at 4:13 p.m.

Commissioner Moak reconvened Regular Commission Meeting at 4:13 p.m.

No action taken by the Commission.

Mr. Arntzen stated there has been a recent inquiry into the Port's West Richland property to purchase almost all of the former race track. Mr. Arntzen stated it would likely be for a price that is slightly less than market value of the property; however, the Port could probably justify that with other economic development attributes that could be brought into a potential PSA. Mr. Arntzen inquired if the Commission would like staff to pursue a potential sale of nearly all of the racetrack property. Mr. Arntzen stated the Comp Scheme has the Port holding the property until the I82 interchange is installed and to sell the property would be inconsistent with the Port's planning documents.

Commissioner Moak stated if the Port were to sell the property, he would prefer to sell the entire property. Commissioner Moak stated there have been several issues dealing with that property over the years and if the Port is going to invest in part of that district, he would rather pick and choose the investment. Commissioner Moak asked what the potential buyer wants to do with that property, which could factor in to whether it was sold at a discounted price.

Mr. Arntzen stated that is a valid question and staff would work with Ms. Luke regarding specific factors that would justify selling at less than market value. Generally, the Port does not sell property for just any use and assesses what type of economic development might come from that sale and then that is used in evaluating the price. Mr. Arntzen stated the Commission can reduce the price of a property based upon great economic activities being placed on that property by the prospective purchaser. Mr. Arntzen does not believe residential can be placed on that property as part of the negotiations with Futurewise. Furthermore, the Port could potentially be undercutting the private sector, who may have been holding their property for future development.

Commissioner Barnes confirmed that the former racetrack is approximately 93 acres, 43,560 square feet per acre, roughly 4,000,000 square feet of land.

Mr. Arntzen believes that is correct, and the price of property is lower because there is no infrastructure. If the Port developed the property and invested \$1,000,000 in infrastructure, the sale price would be higher. When the Port purchased that property we were not planning on redeveloping Vista Field, now the Commission needs to consider if the Port is big enough to develop Vista Field, Columbia Drive and Clover Island, and possibly the former racetrack concurrently. The cost involved in developing the former racetrack property may be too big for the Port. Mr. Arntzen understands that more information is needed; however, he received a request that it be brought forward for Commission discussion.

Commissioner Barnes stated the goal and objective of the Port is to be a catalyst for economic development; however, that is a very low price.

PORT OF KENNEWICK

REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Commissioner Novakovich stated the Red Mountain interchange is funded by State, and the Federal Highway Commission will not give the right to the State to bridge I82 for the interchange. The funding may expire, then what is the value of the property if the funding goes away and there is no interchange.

Commissioner Moak asked Mr. Arntzen if there have been any offers on the property.

Mr. Arntzen stated there have been a few mid-size wineries have inquired about 5-10 acre parcels; however, in those cases the Port would need to install \$1,000,000 plus in infrastructure, for what might be a \$40,000 land sale. It is a challenging piece of property and without utilities, there is not much you can do. Mr. Arntzen believes the previous Commission had a vision of a long term hold, as well as this Commission; however, there are external political factors that would like to see it developed now. Mr. Arntzen stated he receives several inquiries a year from the same party regarding development of the property.

Commissioner Moak stated along with the request for the Port to make the initial investment and bring utilities to the property.

Mr. Arntzen stated the Mater Plan outlines a multi-million dollar investment in infrastructure before the Port could even sell the property. Mr. Arntzen believes this property will always be challenging and the Port would need to invest at least \$1,000,000 to bring utilities to the property, which generally the Port waits for the jurisdiction to bring to the boundary of the property. Mr. Arntzen believes the Commission is correct in waiting 4-7 years if the Port is going to develop the property, because of the limited resources. Mr. Arntzen asked the Commission for further direction regarding the former racetrack property.

Commissioner Barnes stated this property is unique and relative to Red Mountain and could be considered a trophy property, where Musser Auctions has had tremendous success and the Port would no longer be competing against the private sector with an open sale. However, the other factor to consider is the jurisdictional partner.

Mr. Arntzen stated the Commission could ask the purchaser to make a formal offer and proposal.

Commissioner Moak is willing to look at a formal offer and stated this property could be a signature support for Red Mountain.

Commissioner Novakovich asked the Commission if staff should pursue and bring back more information.

Commissioner Moak would find that acceptable.

Commissioner Barnes agrees with Commissioner Moak, but only if they are genuine.

Mr. Arntzen asked Ms. Luke if there is a way to see if they are serious and can fulfill an offer.

Ms. Luke stated the purchaser would need to make a proposal which would be accompanied by earnest money. Additionally, the Commission would need to amend the Comprehensive Plan if a sale is considered.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 25, 2019 MINUTES

Mr. Arntzen believes there is lukewarm enthusiasm to move forward and this action would be inconsistent with the Comp Scheme and work plan, and a deviation from current policy. Mr. Arntzen will work with Ms. Luke to see if the purchaser has formal, written support from their board and proven financial viability. Commissioner Moak does not believe the former racetrack is part of the Port's future and would like to see something different.

Commissioner Barnes believes the property is part of the Port's future and it would help a jurisdictional partner, but right now there are other projects ahead of that. If the Port had the resources, it would be wonderful to make a difference in that area; however, he would like to see a proper offer with terms so that the Commission could respond.

Mr. Arntzen could relay to the potential purchaser that staff brought forth the request and now, per Port policy, we would like to see a formal offer and all that it entails. Mr. Arntzen stated this is a Commission policy matter and under appropriate terms the Commission can accept or reject sale of that property. Mr. Arntzen will work with staff and Ms. Luke on a response.

Commissioner Novakovich requested that intended use be included in the response.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:37 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS



Thomas Moak, President

Don Barnes, Vice President

Skip Novakovich, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2019-12

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING A 30-DAY CLOSING EXTENSION WITH THREE RIVERS ACQUISITIONS LLC

WHEREAS, the Port commission accepted an offer to purchase approximately 12.33 acres of the area graphically depicted on “*Exhibit A*” at the Port of Kennewick’s Oak Street Industrial Park, in Kennewick, Washington from Three Rivers Acquisitions LLC (Purchaser) for \$375,000 on April 24, 2018; and

WHEREAS, Purchaser requests a 30 day extension to close on the property purchase and;

WHEREAS, the Port commission approves Purchaser’s request for up to 90 day extension to close said transaction;

WHEREAS, Port staff and the Port attorney have reviewed the extension request and find it is in proper form; 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.

BE IT FURTHER RESOLVED that all action by port officers and employees in furtherance hereof is ratified and approved; and further that the port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 25th day of June 2019.

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

By: 

THOMAS MOAK, President

By: 

DON BARNES, Vice President

By: 

SKIP NOVAKOVICH, Secretary