



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 26, 2011 MINUTES

CALL TO ORDER

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

The following were present:

Board Members: Skip Novakovich, President
David Hanson, 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 Analyst & Project Specialist
Bridgette Scott, Secretary/Special Projects
Lucinda J. Luke, Port Attorney

PLEDGE OF ALLEGIANCE

Lucinda Luke led the Pledge of Allegiance.

Mr. Novakovich shared his appreciation for The Arc of Tri-Cities allowing the use of the facility.

PUBLIC COMMENTS

Mr. Novakovich requested anyone wishing to address the Commission speak at the front of the room and state their name and address for the record.

No public comments were made.

CONSENT AGENDA

The consent agenda consisted of the following:

- A. ***Approval of Direct Deposit and Warrants Dated July 15, 2011***
Direct Deposit totaling \$21,304.78 and Expense Fund Voucher Numbers 31950 through 31952 totaling \$3,560.85; for a grand total of \$24,865.63.
- B. ***Approval of Warrant Registers Dated July 27, 2011***
Expense Fund Voucher Numbers 32110 through 32155 totaling \$90,869.20. Construction Fund Voucher Number 3192 through 3193 totaling \$2,775.63.
- C. ***Approval of Commission Meeting Minutes Dated June 28, 2011***
- D. ***Approval of Commission Meeting Minutes Dated July 12, 2011***

MOTION: *Commissioner Wagner moved approval of the consent agenda; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.*



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 26, 2011 MINUTES

PRESENTATIONS

A. *City of Richland Update*

Mr. Bill King, Deputy City Manager, stated the Spaulding Business Park area has changed as a result of the Port's investment. It has been a goal for the City to develop the Richland Wye area. The area always had a great location, good transportation, and is in close proximity to the river; it had potential but was very underdeveloped. We are seeing the private sector follow through with additional investments. The City will also install additional infrastructure the Spaulding Business Park area over the next five years. Mr. King recalled the City and Port received an award a couple years ago for Best Economic Development Partnership for the Spaulding Business Park project.

Mr. King stated the City of Richland and City of Kennewick have worked together to develop a Master Plan for the West end of Columbia Park. The plan will be implemented as funding allows. The first project will be the Reach Project. The Reach Interpretive Center had a site at Columbia Point, and due to cultural issues, they were unable to utilize federal grants. The Reach has received the permits from the Corps of Engineers, the Federal Highway Administration and has signed a sub-lease with the city. The Reach will begin with the infrastructure and move forward with the project as funding allows. It is expected to see progress by this fall.

Steve Stairs, City of Richland Transportation Engineer, stated he enjoys the working relationship between the City and the Port of Kennewick. Mr. Stairs is working with Mr. Peterson regarding lighting issues at Spaulding Business Park and transferring the maintenance responsibility to the City.

Mr. Stairs proposed updating the city-wide transportation plan next year with emphasis on the Island View area to the City Council. He proposes adding lanes and bicycle and pedestrian facilities to Columbia Park Trail. A grant for a traffic light at Columbia Center Boulevard and Fowler has been submitted to the State.

Mr. King briefly described the adopted Master Plan for Columbia Park West. The major elements call for realigning Columbia Park Trail and pulling it towards SR240 for easier access to the river. The duck pond will be retained and a lawn area will be available for festivals and other events. A second main feature will be determined at a later date. The Reach Interpretive Center will be on west end of park. Mr. King shared an artist's rendering for the Reach Interpretive Center.

Mr. King stated the Badger Mountain South project is making good headway with infrastructure plans and is expected to break ground September 2011. He believes the property will be ready to sell in the spring of 2012. The wine village concept has been scaled back to a joint planning effort between the City, Port and the developer. Mr. King anticipates the agreement will be ready in a couple months.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 26, 2011 MINUTES

B. *Spaulding Business Park*

Mr. Peterson reported the Port acquired the land in 1999-2000; designed and installed infrastructure in 2002-2003; developed and established covenants in 2003-2004 and continues to market the properties. Since this time, the following developments have occurred:

Year			Square Feet			Jobs		
			Under			Under		
<u>Completed</u>	<u>Name</u>	<u>Use</u>	<u>New</u>	<u>Construction</u>	<u>Future</u>	<u>New</u>	<u>Construction</u>	<u>Future</u>
2007	New Edge Technology	Office	10,000		10,000	40		60
2007	Reliance Medical	Medical						
2007	Walker Heye Building	Office	9,500		28,500	25		75
2007			17,000		18,000	40		40
2008	Vista Engineering	Office	34,000		34,000	55		55
2010	Arc of Tri-Cities	Office &	15,400		13,000	20		20
2010	CV Development Medical	Admin						
2011	Bldg	Medical		24,500	24,500		60	60
2011	Eden Medical Center	Office		35,000	70,000		75	150
2011	Tri-City Chaplaincy	Office &		12,000	12,000		25	25
		Admin						
Totals			85,900	71,500	210,000	180	160	485

Currently there is approximately nine acres remaining for development. Most of the businesses referenced above provide medium to high wage jobs.

The Port feels the development of the Spaulding Business Park stimulated the private sector to invest in the area; for example: the apartment complex and Roger's Surveying. The buildings in Spaulding Business Park contribute approximately \$12 million in property taxes; and 70,0000 square feet of buildings will be assessed and added to the tax rolls in August.

Mr. Peterson stated using assessed values, the public sector has, or will have, invested approximately \$18 million; whereas the Port has invested \$2 million. This is a 9 to 1 ratio at present, and the ratio will improve as the remaining acreage is developed.

Mr. Arntzen feels this is the development model that could be applied toward Columbia Drive, West Richland and other areas of the jurisdiction. He commented partnerships are crucial and the regulatory authority has to be willing to help with the project. Mr. Arntzen feels the City of Richland has been an excellent partner and that this project is a success story.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 26, 2011 MINUTES

NEW BUSINESS

A. *Vehicle Allowance, Amendment to Policy Manual; Resolution 2011-27*

Mr. Arntzen stated several years ago Port staff received a vehicle allowance. Mr. Arntzen feels this process is more efficient and will have a pre-determined monthly rate. Overall will save Port money due to the amount of clerical time to track mileage. Staff is currently reimbursed by the Port at a per mile rate. On occasion, it has been difficult to track all mileage and this has resulted in additional accounting time by Port staff. Other municipalities face this same issue and many resolve it by providing a monthly vehicle allowance. The proposed policy amendment has several advantages, one of which is ease of tracking and accounting. Each proposed allowance is based upon the historical miles travelled for each position. The proposed allowance rates are illustrated in Resolution 2011-27.

Ms. Fine feels the new policy will eventually be a cost savings to the Port. In addition, the policy will save auditing staff time as they will not need to audit the mileage claimed.

MOTION: *Commissioner Wagner moved approval of Resolution 2011-27; amending the Port's Vehicle Reimbursement Policy; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

REPORTS COMMENTS AND DISCUSSION ITEMS

A. *Vista Field*

1. HAEIFC Grant Update.

Ms. Bader Inglima stated the Port received a letter from the Benton-Franklin Council of Governments (BFCoG), Hanford Area Economic Investment Fund (HAEIFC) committee. HAEIFC awarded the Port a grant in the amount of \$75,000 for the Oak Street Development Building renovations and improvements. Ms. Bader Inglima is working with BFCoG on the Scope of Work to send to the Attorney General for approval.

2. Courtesy Vehicle.

A few meetings ago, a citizen asked if the courtesy vehicle could be considered gifting of public funds and if there is any liability issues associated with the courtesy vehicle. Ms. Fine contacted the State Auditor's Office (SAO) for clarification. The SAO determined it is gifting public funds and that they will include this issue in their auditing for all port districts. Ms. Luke researched liability issues and it is clear there is a significant concern for potential liability to the Port. The Port had its process in place for drivers to provide insurance and drivers license; however, this does not relieve the Port of liability. Unfortunately the depth of liability, even if the driver has insurance, could leave the Port primarily liable, especially if there is a vehicle malfunction. In addition, the Port is not aware of how or where the vehicle is used. Ms. Luke recommends discontinuing the courtesy vehicle due to gifting funds and liability issues.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 26, 2011 MINUTES

Mr. Arntzen will handle the discontinuation of the courtesy vehicle and will include revisions to Port's Policy Manual.

Mr. Arntzen commented when a Fixed Based Operator (FBO) is found, it is possible for the FBO to provide a courtesy vehicle (they own) as the liability would be assumed by the FBO. Ms. Luke agrees this would reduce the liability issue greatly; and will analyze the liability concerns further.

Mr. Hanson asked if an addendum should be made to the FBO RFP. Mr. Arntzen stated the RFP has been worded with enough flexibility that the Port would not hold them to every item. An addendum can be sent out as the process continues with this and any other question made by potential FBO's.

Mr. Arntzen stated the courtesy vehicle can now be used by Port staff that do not receive a vehicle allowance for errands to bank, etc.

Commission is in consensus to discontinue the airport courtesy vehicle.

B. *West Richland*

1. Tefft Landscaping.

Mr. Peterson stated in 2005-2006, the Port traded land it acquired in 1999 for 15 acres of Red Mountain Center project land. Twelve acres were leased to Pacific Rim Winery, with a 57,000 square foot building and the intersection of Keene Road and Highway 224. Their plan was to corner the Riesling market in the world from West Richland. Three acres remained, which were parceled off into three one-acre pieces, and a portion was sold to Joel Tefft, Black Heron Distillery. Mr. Tefft constructed a 4,000 square foot building and opened October 2010. Part of the land sale involved the Port installing a roadway to serve all three properties and a commitment to install landscaping in the unused portion of right-a-way. Mr. Peterson shared photographs of the landscaping.

C. *Letter Supporting Tri-Cities Visitor & Convention Bureau Proposal*

Ms. Bader Inglima was notified the Tri-Cities Visitor & Convention Bureau would be submitting a proposal to the Washington Public Ports Association to host the 2012 Commissioner's Seminar. The seminar would attract 50-60 people to the community. The letter of support will be provided with the proposal packet.

Commission is in consensus to sign the letter.

D. *2012 Preliminary Budget*

Ms. Fine presented the budget workshop planning dates as follows:

Preliminary Workshop	September 27, 2011
Preliminary Budget Workshop	October 25, 2011
Final Budget Hearing/Adoption	November 8, 2011

The Commission agrees with proposed dates.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 26, 2011 MINUTES

E. *Washington Tourism Alliance Update*

Ms. Bader Inglima stated the Port has joined the Washington Tourism Alliance and Mr. Arntzen has applied to serve on some of the committees. The WTA Board was recently formed with representatives from across the state. Committee assignments will be determined in August. The Port submitted forms indicating our interest to be actively involved and our desire to host a future meeting.

Mr. Arntzen discovered the committee will have six meetings on the west side. Mr. Arntzen feels it is important to try to attend each meeting and that it is important to keep the tourism industry viable and funded. Ports are trade related, and bring people to the state.

Mr. Novakovich feels the Port's involvement is critical. We have an excellent tourism bureau and we should partner with them to bolster the economy.

F. *WPPA Building Purchase*

Mr. Arntzen stated the Washington Public Ports Association (WPPA) represents 75 ports statewide. WPPA scouts important legislative issues and provides training for staff and elected officials. The WPPA currently leases a building in Olympia close to the Capitol; and now has the opportunity to purchase the building. WPPA informed the individual port districts should WPPA decide to purchase the building, each port will be assessed a nominal fee towards the purchase price. The Port of Kennewick would pay approximately \$3,300 for the down payment and approximately \$762 per year would be added to the annual dues of \$7,000. The funds would allow WPPA to purchase the building and maintain a prominent location. This issue has been discussed and debated a numerous port conferences and the membership is in support of this transaction.

The purchase of the building will be decided through the voting process and Mr. Arntzen is the Trustee for the Port of Kennewick. Individual ports may vote by mail, but according to the WPPA By-laws, a quorum is needed in Olympia. Mr. Arntzen will be out of town and would like Ms. Bader Inglima to represent the Port on his behalf.

The Commission is in consensus to purchase the building and authorizes Ms. Bader Inglima to cast a vote, as the Trustee designate for this limited issue, on behalf of the Port of Kennewick.

G. *Public Use of Port's Facilities*

Ms. Luke stated the Port has received numerous requests for use of port facilities. Ms. Luke is working with Port staff to create a policy and related documents that will promote use of the facilities while limiting liability issues. The policy should be ready in September for approval.

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

Mr. Hanson met with Carl Cadwell regarding the airport and attended Tri-City Court Club's grand opening of their new water park.

Mr. Wagner attended a tour and presentation at Permafix Environmental Services located in the



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 26, 2011 MINUTES

Port of Benton. Permafix Environmental Services takes contaminated objects and encapsulates them in sealed containers.

Mr. Novakovich attending regular meetings representing the Port; met with funding sources for the Columbia Basin Veterans Coalition, Wagenaar-Pfister House for transitional veterans, and were approved for a grant for capital improvements and another grant for operations; met with the Veterans Administration in Walla Walla for additional funding and their use of office space in Pasco.

I. *Non-Scheduled Items*

1. Mr. Hanson requested an excused absence from the September 13, 2011 Commission Meeting.
2. Ms. Bader Inglima is working through finalizing the reporting documentation required by Aquatic Lands Enhancement Account grant. The grant manager for the project visited the unannounced and sent an email stating "...the Port did an excellent job, very impressed by the attention to detail, there are so many really fabulous finishing touches to the site. The photos sent earlier were great, but seeing it in person was amazing - well done! I took lots of pictures and am hopeful that if you don't get return funding for another project, that you will come back in 2012 for another try. I'm honored if you let me work with you on the next grant application."
3. Mr. Arntzen commented that one of the reasons Ms. Bader Inglima was hired was to help with grant writing. He feels she has been very helpful in obtaining grants. The Port is now looking at federal funding as local funding is drying up and it is necessary to research all possibilities.
4. The Port received notification from the Washington State Department of Transportation Aviation Department, of a \$158,000 grant for Vista Field pavement enhancements.
5. Mr. Arntzen stated the Airport Rules were approved by Resolution; however, the signature page of the rules also needs to be signed by the Commission.
6. Mr. Peterson will produce three options for redistricting boundaries: rural, urban and suburban. The Commission gave approval for Mr. Arntzen to work with Mr. Peterson and Ms. Luke on boundary alternatives.
7. The Kennewick Police Department reported two vehicle break-ins on Clover Island recently. Mr. Arntzen stated different theories may suggest where the crime is generating from, but as hard as we try on Clover Island, we still have some distance to go. Neighborhoods have some contribution to the successes and failures to Clover Island. He believes this makes the efforts on Columbia Drive all the more important.
8. Lighthouse Enhancement project, a small works project, is out to bid for installing a brighter light in the lighthouse and making minor improvements to the plaza area. The Port purchased the light directly from the manufacturer to avoid markup costs and ensure the correct light is used. The bids are due Monday, August 1, 2011 at 2 pm. The project should be completed by Labor Day.
9. Cedars Parking Lot project with two alternatives, is out to bid. The bids are due Thursday, August 4, 2011 at 2 pm. The project will reconstruct the Cedars parking lot east of Cedars. Alternative A is to rebuild the parking lot on the west side. Alternative B is to install lighting in east end of the hotel parking. Mr. Peterson will bring the results to the August 9, 2011 Commission Meeting for approval.
10. Mr. Peterson reported there were two wedding parties on the island last weekend. They



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 26, 2011 MINUTES

posed for pictures with the Call of the River statue. Mr. Peterson received compliments about the artwork on the island from an artist. He was impressed with the Call of the River statue and the Catch the Wind statue. He noticed many features on the island, such as the wood planks and stamped concrete.

11. Deputy Buntin from the Franklin County Sheriff's Office expressed his gratitude to Mr. Peterson for the Port's contribution towards the underwater robotic equipment. The equipment can be used to survey the marina and assist in rescuing people from the water.

Mr. Novakovich thanked Barb Carter for her help with the artwork on the island.

PUBLIC COMMENTS

Clifford Brown, 1331 Adair Drive, Richland. Mr. Brown is a member of the Horse Heaven Hills Kiwanis Club. The Kiwanis Club is interested in holding a Halloween Fundraising Party on Clover Island on Saturday, October 29, 2011. The fundraiser is to help the emergency overnight teen shelter. The Kiwanis Club would like to decorate the gateway and lighthouse plaza with a Halloween theme. Mr. Brown also inquired about the use of the stage on the east end of the island by the hotel.

Mr. Novakovich stated that the Port's counsel is currently working on the policies for public use of the Port's facilities. Mr. Novakovich stated he is very excited about the club wanting to use the island and that port staff will contact Mr. Brown when the policy is finalized. Mr. Arntzen commented the stage is managed by Clover Island Inn. Ms. Luke commented there may be Department of Transportation issues regarding the gateway and Coast Guard issues with the lighthouse.

Ms. Bader Inglima feels this request demonstrates the ownership the community has in the island, in the improvements, and the potential for the venues in the spaces the Port owns to allow additional activities we never dreamed of when the improvements were being made. She stated the Port is working on creating policies that are fair and consistent, and which protect the public's investment.

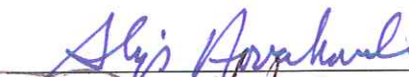
No further public comments were made.


ADJOURNMENT


With no further business to bring before the Board; the meeting was adjourned at 4:26 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS


Skip Novakovich, President


David Hanson, Vice President


Gene Wagner, Secretary

PORT OF KENNEWICK

Resolution No. 2011-27

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AMENDING THE THE PORT'S POLICY MANUAL

WHEREAS, each year staff reviews Port policies to determine whether changes should be made to reflect current conditions or potential improvements in operations; and

WHEREAS, staff has reviewed the Vehicle Reimbursement Policy and has identified a proposed change which would be in the best interest of the public; and

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of Port of Kennewick hereby approves amending the Port of Kennewick Policy Manual as follows:

The Port of Kennewick Vehicle Reimbursement Policy shall be amended to read as follows:

- A. The following monthly allowances shall be provided (all sums net):

<i>Executive Director:</i>	<i>\$400</i>
<i>Director of Governmental Affairs:</i>	<i>\$350</i>
<i>Other Directors and Real Estate Manager:</i>	<i>\$300</i>
<i>Other Staff:</i>	<i>Not to Exceed \$150 per month</i>

As established by the Executive Director. Most other staff would not receive compensation under current practices.

- B. Employees must submit valid proof of insurance on an annual basis to the Port Auditor; and
- C. No reimbursement, allowance or any other form of payment shall be made by the Port to an employee for 1) parking tickets, 2) towing or impound fees, 3) traffic violations, 4) automotive repairs, and 5) other vehicle expense; and
- D. For an employee receiving the allowance, IRS reimbursement will only be paid for extraordinary out of town travel (outside of Benton, Franklin and Walla Walla Counties, Washington); and
- E. The Port of Kennewick permits combining personal travel with business travel, provided that employees clearly disclose any personal travel and/or annual leave time to be taken in conjunction with business travel and pro-rate such travel as appropriate under the circumstances; and

- F. The allowance shall be paid monthly and treated as normal income with appropriate deductions withheld; and
- G. The allowance shall be adjusted annually at a rate of 3.6 percent which is in accordance with the Bureau of Labor Statistics last twelve months Consumer Price Index for all index items released on Friday, July 15, 2011; and
- H. With approval of the Executive Director, an individual entitled to an allowance may seek the IRS reimbursement rate in lieu of the allowance, as long as the Executive determines this would provide a cost savings to the Port; and
- I. This policy may be rescinded or amended at any time by the Board of Commissioners.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 26th day of July 2011.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By: 
SKIP NOVAKOVICH, President

By: 
DAVID HANSON, Vice President

By: 
GENE WAGNER, Secretary