

The Governor's Proclamation 20-28 regarding the Open Public Meetings Act and Public Records Act temporarily prohibits in-person public attendance at meetings subject to the OPMA.

A GoToMeeting has been arranged to enable the public to listen and make public comments remotely. To participate remotely, please use the following call-in information: 1-866-899-4679 **Access Code:** 902-930-445

AGENDA

Port of Kennewick
Regular Commission Business Meeting
Port of Kennewick Commission Chambers (via GoToMeeting)
350 Clover Island Drive, Suite 200, Kennewick, Washington

Tuesday, August 25, 2020
2:00 p.m.

- I. CALL TO ORDER**
- II. ANNOUNCEMENTS AND ROLL CALL**
- III. PLEDGE OF ALLEGIANCE**
- IV. APPROVAL OF AGENDA**
- V. PUBLIC COMMENT** (*Please state your name and address for the public record*)
- VI. CONSENT AGENDA**
 - A. Approval of Direct Deposit and ePayments Dated August 18, 2020
 - B. Approval of Warrant Register Dated August 25, 2020
 - C. Approval of Regular Commission Meeting Minutes August 11, 2020
- VII. PRESENTATIONS**
 - A. Duffy's Pond Report; Resolution 2020-16 (**AMBER**)
 - B. Quarterly Financial Report (**NICK**)
- VIII. EMERGENCY DELEGATION UPDATE** (**TIM**)
- IX. RECESS**

***Port of Kennewick
Regular Commission Business Meeting***

AGENDA

Tuesday, August 25, 2020

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X. REPORTS, COMMENTS AND DISCUSSION ITEMS

- A. Vista Field
 - 1. Construction and Task Status Update (**LARRY**)
 - 2. Hangar Memo (**TIM**)
- B. Clover Island/Columbia Drive
 - 1. Kennewick Waterfront Master Plan Update (**LARRY**)
- C. Communications with Public (**TANA**)
- D. Director Reports (**TANA/NICK/LARRY/AMBER/LUCINDA/TIM**)
- E. Commissioner Meetings (formal and informal meetings with groups or individuals)
- F. Non-Scheduled Items

XI. PUBLIC COMMENT *(Please state your name and address for the public record)*

XII. ADJOURNMENT

PLEASE SILENCE CELL PHONES





PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

AUGUST 11, 2020 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Commissioner Don Barnes called the Regular Commission Meeting to order at 2:00 p.m. via GoToMeeting Teleconference.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Commissioner Don Barnes, President (via telephone)
Skip Novakovich, Vice-President (via telephone)
Thomas Moak, Secretary (via telephone)

Staff Members: Tim Arntzen, Chief Executive Officer (via telephone)
Tana Bader Inglima, Deputy Chief Executive Officer (via telephone)
Amber Hanchette, Director of Real Estate and Operations (via telephone)
Nick Kooiker, Chief Finance Officer (via telephone)
Larry Peterson, Director of Planning and Development (via telephone)
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant (via telephone)
Lucinda Luke, Port Counsel (via telephone)

PLEDGE OF ALLEGIANCE

Commissioner Barnes led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick stated All Aboard Washington (AAWA) is an effort to restore rail service from Spokane to Pasco, Yakima and the Seattle area. The proposed rail service will run four times a day, two from Seattle and two from Spokane, with an estimated travel time of eight hours. AAWA will be holding a series of Zoom meetings: August 27 (Spokane), September 19 (Ellensburg), October 17 (Tri-Cities), November 21 (Cle Elum) and December 5 (Auburn). Mr. Burdick stated studies show rail service between Seattle to Spokane was technically and financially viable and it is imperative that the preliminary study should be followed up with a full analysis of the economic benefits that will improve the areas served with an east-west passenger service. AAWA is requesting support from local governmental bodies and business groups.

No further comments were made.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

AUGUST 11, 2020 MINUTES

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CONSENT AGENDA

A. Approval of Direct Deposit and E-Payments Dated August 4, 2020

Direct Deposit and E-Payments totaling \$84,219.52

B. Approval of Warrant Register Dated August 11, 2020

Expense Fund Voucher Number 102284 through 102309 for a grand total of \$78,433.29

C. Approval of Regular Commission Meeting Minutes July 28, 2020

MOTION: *Commissioner Barnes moved to remove the Warrant Register, dated August 11, 2020, from the Consent Agenda and immediately follow the Consent Agenda for discussion; Commissioner Moak seconded. With no further discussion, motion carried. All in favor 2 Ayes (Commissioners Barnes and Moak); 1 Nay (Commissioner Novakovich).*

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

Commissioner Barnes asked for additional information about the Foster Garvey warrant for the Declaration for Vista Field.

Mr. Peterson stated Foster Garvey is assisting Ben Floyd of White Bluffs Consulting and Doris Goldstein on the legal aspects of the Vista Field Property Owners Association.

MOTION: *Commissioner Barnes moved to approve the Warrant Register dated August 11, 2020; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

EMERGENCY DELEGATION UPDATE

Mr. Arntzen and Ms. Hanchette stated there is nothing to report for Emergency Delegation.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Vista Field

1. Construction and Task Status Update

Mr. Peterson reported on August 5, 2020, Total Site Services (TSS) requested notice that Vista Field Phase #1A be substantially complete. That triggers a process where staff works with the engineers and City to reach a conclusion as to whether or not it can be deemed substantially complete. Additionally, the contract also allows for the provision of accepting portions of the projects.

Mr. Peterson reported that DPZ Partners Portland and Miami office continue to work through the 73 questions for clarification. Mr. Peterson believes he will be ready to present the first batch of responses at the August 25, 2020 Meeting. The questions and answers will be broken down into three categories: land use, architectural and design, and market approach and suggestions.

Commissioner Barnes inquired if the water feature issue has been resolved.

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Mr. Peterson stated a small issue was found once the water features were filled. The water features were drained and TSS and the subcontractor from California will complete the modification while the water features are dry.

B. Clover Island/Columbia Drive

1. Kennewick Waterfront Master Plan Update

Mr. Peterson stated Makers architecture and urban design are now working on the online information gathering for the Kennewick Waterfront Master Plan with a survey, mapping tool and comment wall, which is available on the Port website. Ms. Bader Inglima has done an excellent job advertising the survey and mapping tool. Furthermore, Makers has nearly completed the telephone interviews and Mr. Peterson stated they plan to report on the initial outreach later this year.

C. Buy Back Clauses

Ms. Hanchette stated Port staff researched the history of buy-back clauses that were used in Purchase and Sale Agreements (PSA) from 2003-2019. Of the 70 resolutions that were researched:

- Thirty-four transactions were perfected;
- Thirteen PSA's did not contain a buyback clause;
- Five transactions either ended in no sale, expired or was part of a land swap; and
- Three PSA's have open buyback clauses (six resolutions).

The intent of the buyback clause is to further economic development based on the significance of development, the contribution of the development and what economic benefits are being derived from the sale of the property. Most of land sale PSA's state a purpose for the property, a specific time for development, and an option to repurchase the property. Ms. Hanchette stated the Port has been using a standard PSA for several years which includes buyback language.

Ms. Hanchette stated the three transactions with an open buyback clause include Three Rivers Acquisition (2019), JMAC/Pronghorn (2017), and Southridge Village (2006). Three Rivers Acquisition and JMAC/Pronghorn have each had the option to repurchase extended; however, Southridge Village has a fifteen-year buyback clause and the deadline to construct in June 30, 2021. Ms. Hanchette stated the Southridge properties have either been subdivided or repurchased by new companies and includes the recent 8.5 acres that the Port sold last fall by auction. Furthermore, when the deed was recorded in 2006, there were no deed restrictions listed on the property.

Commissioner Moak thanked Ms. Hanchette for her thorough report and inquired if there was anything the Port could do to enforce the buyback clause on the Southridge Village properties, if the Port chose to repurchase the land.

Ms. Luke stated yes, pursuant to the contract, it should be enforced; however, she would anticipate that the new owners would challenge and exercise the argument of waiver or the Port not having exercised the buyback sooner.

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AUGUST 11, 2020 MINUTES

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Commissioner Moak believes Southridge Village would be problematic; however, he does not feel that the Port should remove the buyback clauses for Three Rivers Acquisition and JMAC/Pronghorn, as it is an incentive to construct.

Commissioner Novakovich inquired if the Port has funds to repurchase the properties.

Mr. Kooiker stated if the Commission wanted to repurchase the parcels, then staff would include that option in the draft 2021-2022 budget; however, there would be a trade-off project.

Commissioner Barnes stated it is really important for the Port of Kennewick to develop a policy that is uniformly consistent, fair, and equitably applied going forward. In addition, Commissioner Barnes believes there needs to be a tracking system, since there will be several buyback clauses included in Vista Field and Columbia Gardens PSA's. Commissioner Barnes agrees with Commissioner Moak's comments regarding Three Rivers Acquisition and JMAC/Pronghorn and would like to discuss the buyback clause closer to their expiration date.

Commissioner Novakovich inquired what the amount would be to repurchase the parcels.

Ms. Hanchette stated Three Rivers would cost approximately \$375,000 and JMAC/Pronghorn would cost approximately \$154,000. Southridge Village is subject to fair market value at approximately \$8.00-\$12.00 per square foot.

Further Commission and staff discussion ensued regarding buyback clauses.

Mr. Arntzen stated because staff is working on the draft 2021-2022 budget, he inquired if the Commission is interested in repurchasing the properties.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Novakovich moved to approve Resolution 2020-15, authorizing the Port's Chief Executive Officer to execute all necessary documentation associated with buyback clauses releases for Southridge Village, JMAC/Pronghorn and Three Rivers Acquisition and to take all other action necessary to finalize these transactions; and further ratifies and approves all action by port officers and employees in furtherance hereof; Commissioner Moak seconded.

Discussion:

Commissioner Moak agrees that Southridge Village is problematic and should be released; however, he does not believe the other two need to be released.

Commissioner Barnes confirmed that Commissioner Moak release Southridge Village but not Three Rivers Acquisition and JMAC/Pronghorn.

Commissioner Moak stated that is correct.

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Commissioner Barnes agrees with Commissioner Moak's comments and is willing to relinquish the Southridge Village buyback clause and leave Three Rivers Acquisition and JMAC/Pronghorn buyback clauses alone.

MOTION: *Commissioner Barnes moved to amend the proposed motion by striking the JMAC/Pronghorn and Three Rivers Acquisition from the Resolution 2020-15; Commissioner Moak seconded. With no further discussion, amended motion carried unanimously. All in favor 3:0.*

Commissioner Barnes reiterated the main motion on the floor, approving the amended Resolution 2020-15.

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

Ms. Hanchette stated regarding Mr. Arntzen's memo on buyback clauses (Exhibit A) related to Vista Field (philosophy and potential buyback clause provisions), staff suggests the use of buyback clauses with tighter deadlines to encourage faster construction and utilization of the New Urbanism because time is of the essence for Vista Field. Ms. Hanchette asked for Commission comments regarding buyback clauses, to see if staff is moving in the right direction.

Mr. Novakovich read Mr. Arntzen's memo and prosed language for the buyback clause and likes what he read and believes it takes care of our concerns about what we want done at Vista Field.

Commissioner Moak stated the Port needs to take into account the time a developer will spend on the collaborative design agreement for the buyback clause. Additionally, a buyback clause is a good incentive and good leverage on the part of the Port for Vista Field. Commissioner Moak suggested setting aside funds to buyback properties in Vista Field, in case we decide to exercise that option.

Commissioner Barnes stated buyback clauses will be a very crucial tool for the Port to help shape, control, and encourage the type of development we are seeking at Vista Field and Columbia Drive. Commissioner Barnes likes the specified time limit and buyback price, as opposed to market value, and for staff to implement a tracking system.

Ms. Hanchette stated staff has been working on developing new modules within Laserfiche that will track such items as contracts, PSA's and buyback clauses.

D. 2021-2022 Budget & Work Plan Ideas

Mr. Arntzen stated staff continues to work on the draft 2021-2022 Budget and Work Plan and indicated that the Center Parkway project with the City of Richland and the Washington Street improvements with the City of Kennewick will be included in the draft. Mr. Arntzen stated some current items that need to be monitored is the 1135 Habitat Restoration Project and Ms. Bader Inglima has been working with the US Army Corps of Engineers (USACE) on some budget numbers.

Commissioner Moak inquired about City of Richland's request for the Center Parkway project.

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Mr. Arntzen stated a total of \$400,000, \$200,000 per year; however, nothing is official until an Interlocal Agreement is presented to the Commission. At that point, the Commission has every option to not fund the project or approve.

E. Communications with Public

Ms. Bader Inglima has been working on the Kennewick Waterfront Master Planning process with Makers and coordinated a targeted campaign to promote community engagement.

F. Director Reports

Ms. Bader Inglima scheduled a visit on August 17, 2020 with the new USACE Walla Walla District Commander Richard Childers and staff and City of Kennewick staff. Ms. Bader Inglima will be discussing the 1135 Clover Island Shoreline project and Duffy's Pond.

Mr. Kooiker has received a lot of inquiries from other ports asking about how we implemented Laserfiche. Mr. Kooiker stated implementing Laserfiche was a very good decision, because staff has been able to work continuously through COVID-19 and we are working on more processes.

Ms. Luke has a teleconference scheduled with Judge Kallas and counsel on Thursday to discuss the hearing schedule for the complaint appeal process. Judge Kallas confirmed the hearing date for September 29, 2020; however, it is unlikely we will be back to in-person meetings. The purpose of the teleconference is to discuss how we are going to proceed. There are three options for the upcoming hearing: Judge Kallas could offer a short continuance, the hearing could be held remotely, or conduct the process via briefing alone.

Mr. Arntzen inquired if the Commission would like him to present a draft memo regarding additional options for the Vista Field Hangars for further Commission discussion.

Commission consensus is for staff to present further discussion and exploration on the Vista Field Hangars.

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

Commissioners reported on their respective committee meetings.

H. Non-Scheduled Items

Commissioner Novakovich mulled if the Port missed an opportunity with Derrick Stricker and his potential development by having drive-in movies at Vista Field, to gain attention for Vista Field. The cities of Kennewick, Pasco and Richland and the Port of Olympia will be having drive-ins in the upcoming weeks.

Commissioner Barnes seconds Commission Novakovich's comments regarding the drive-in movie theaters; however, he has heard that Walmart would be offering drive-in movies as well. It may have been a missed opportunity or good fortune because of the competition.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

AUGUST 11, 2020 MINUTES

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PUBLIC COMMENTS

No comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:01 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Don Barnes, President

Skip Novakovich, Vice President

Thomas Moak, Secretary



AGENDA REPORT

TO: Port Commission

FROM: Amber Hanchette, Director of Real Estate & Operations

MEETING DATE: August 25, 2020

AGENDA ITEM: Duffy's Pond Remediation & Upland Improvements

- I. REFERENCE(S):** Duffy's Pond Plan – Remediation & Upland Improvements
Resolution 2020-16
- II. FISCAL IMPACT:** \$150,000 budget year 2021/2022
- III. DISCUSSION:**

DUFFY'S POND REMEDIATION

Duffy's Pond is situated between the Columbia River and Columbia Gardens Wine and Artisan Village; owned by the United States Army Corps of Engineers and leased to the City of Kennewick. The Port of Kennewick is a prominent land-owner adjacent to Duffy's Pond. While the pond serves a functional use as a holding area for ground water runoff that is periodically pumped into the Columbia River, it has also become a popular area for the public to enjoy bird watching, biking and walking.

Several years ago remediation of the pond began with cleaning garbage and automotive parts out of the pond then moved to cooperative efforts by the Corps of Engineers to relocate a laydown yard and further proceeded to ongoing shoreline vegetation management efforts in order to open the view shed and enhance public safety. For vegetation cleanup, the port secured approvals by the Corps of Engineers and numerous interested state and local agencies to perform these services in the public interest.

The next phase of Duffy's Pond remediation includes addressing pungent aromas from algae blooms and decaying plant matter that hamper the shoreline experience. In partnership with the City of Kennewick and Corps of Engineers, efforts are under way to put a plan in place for aquatic herbicidal treatment of the pond in early 2021. The City of Kennewick is working on submitting applications to the Department of Ecology and Corps of Engineers to secure necessary permits and approvals while the Port of Kennewick is working on a detailed treatment plan with a licensed aquatic herbicidal applicator.

COLUMBIA GARDENS UPLAND IMPROVEMENTS

The port has made significant investments in revitalization of the downtown Kennewick waterfront with construction of the Columbia Gardens Wine and Artisan Village. Several phases of development have resulted in four premier winery buildings, a popular food truck plaza, a functional and artistic bus shelter, standalone artwork, Latino Heritage mural, parking lots, roadway and utilities.

Upland projects funded with 2019/2020 budget dollars include:

- 1) **Public Restroom** – The installation of individual use public restrooms constructed from a cargo container for durability and ease of maintenance. The cargo container aesthetic is also reminiscent of the eclectic industrial roots of downtown Kennewick. Planned to set in place early 2021.
- 2) **Food Truck Plaza Fence** - The Columbia Gardens food truck plaza has become a popular destination for the public to enjoy great food and views of Duffy's Pond wildlife. To encourage the use of a connective stairway between the plaza and nearby trail instead of the landscape, a row of fence panels will be installed by the end of 2020.

Upland projects 2021/2022:

- 1) **Screening** - Additional screening and definition of the northwest edge of Columbia Gardens can be achieved with a soft-scape approach using fast growing plantings such as bamboo or Columnar Hornbeam.
- 2) **Shade Coverings** - Outdoor patio spaces at all four of the Columbia Gardens tasting rooms have become essential to the survival of business operations during the coronavirus pandemic when indoor service has been prohibited by state regulators. Compounded with the high summer temperatures that the Tri-Cities can experience, shaded areas are more popular than ever. Adding shade coverings to the existing patios will add visual interest and help keep the sunrays off of visitors.
- 3) **Vineyard/Victory Garden** - A reserved patch of ground on the west side of building A110 (Monarcha Winery) in Columbia Gardens planted with grape vines or seasonal produce can reinforce the Columbia Gardens Wine and Artisan story that celebrates a local heritage steeped in agriculture. Staff to work with tenant wineries or local gardening group to install a demonstration vineyard or victory garden.

IV. STAFF RECOMMENDATION:

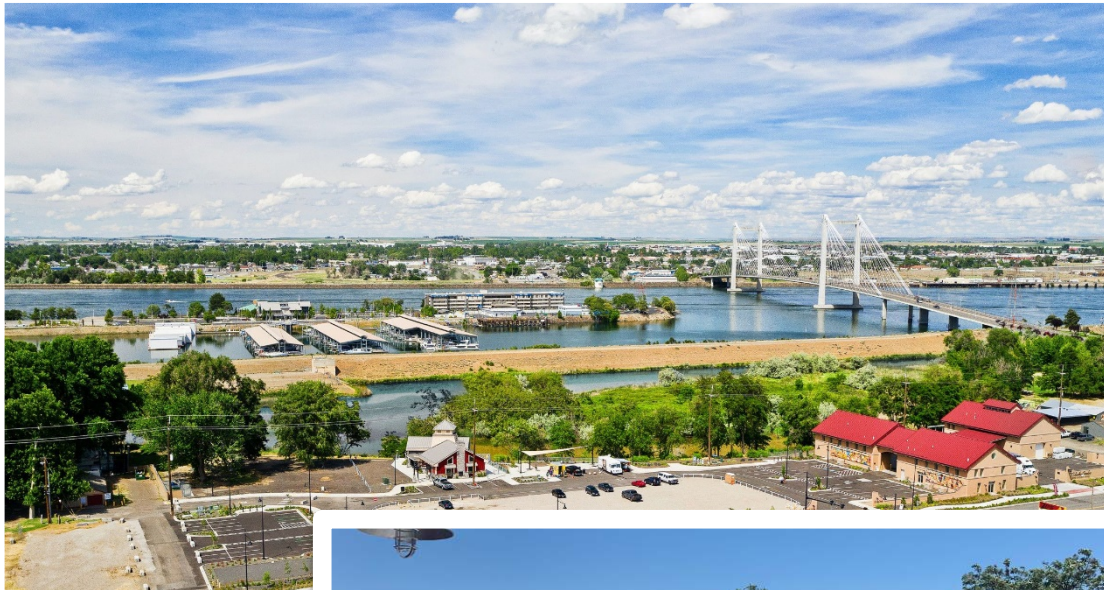
Consider Resolution 2020-16, accepting the Duffy's Pond Remediation and Upland Improvements Report produced by port staff.

V. ACTION REQUESTED OF COMMISSION:

Motion: I move approval of Resolution 2020-16, accepting the Duffy's Pond Remediation and Upland Improvements Report produced by port staff, and approving goal #4 of the CEO's goals and objectives. I further move 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 and to pay all expenses necessary in furtherance hereof.

DUFFY'S POND PLAN

REMEDIATION & UPLAND IMPROVEMENTS



DUFFY'S POND PLAN REMEDiation & UPLAND IMPROVEMENTS

Subject Area Description

Duffy's Pond is located adjacent to the Columbia River separated only by the U.S. Army Corps of Engineers (USACE) flood control levy. The pond, levy and pump station are owned by the USACE with certain elements of the shoreline trails, pocket park, water quality, and maintenance under lease between the USACE to City of Kennewick. The Port of Kennewick owns property adjacent the pond.



Multi-Jurisdictional Partnerships

Throughout the last several years, port and City of Kennewick staff met with a variety of representatives from the USACE to discuss maintenance possibilities, pond aesthetics, riparian improvements and algae concerns related to the pond.

Tours and discussions with USACE Walla Walla District Commanders and their staff led to the port removing overgrowth, noxious plants and invasive trees along the shoreline—improving both the view shed and shoreline habitat.



However, port efforts to address the pungent aroma from algae blooms and decaying plant matter were stalled as the USACE awaited Federal guidance related to National Marine Fisheries approved methods for chemical treatment on any/all USACE aquatic lands.



ALGAE BLOOM AT DUFFY'S POND.



USACE COMMANDER INSPECTS DUFFY'S POND

In early 2020, port staff received word from USACE representatives that after more than five years of consultation with the National Marine Fisheries and US Fish and Wildlife Services, the USACE had finally received guidance on Aquatic Pest Management and a list of approved active ingredients for aquatic herbicides. Port staff then approached the City of Kennewick, as leaseholder for the pond, to discuss steps forward in treating the pond for algae.

Remediation Action Plan

January 7, 2020

Glad we got to talk and look forward to a field site visit at Duffy's Pond. Below is a list of active ingredients in aquatic registered herbicides that USACE is allowed to use under the Walla Walla District Aquatic Pest Management Endangered Species Act consultation. There are also various mechanical tools and timeframe restrictions, etc. I can explain all that when we meet.

Damian Walter, Walla Walla District

Port and City of Kennewick staff are working in partnership and consultation with USACE staff to develop an approved algae treatment plan for Duffy's Pond. The City of Kennewick has agreed that it will obtain the necessary NPDES permits and real estate authorization from USACE (at cost of between \$3k and \$5k). Port staff has contacted Lakeland Restoration—a licensed and experienced aquatic herbicidal treatment contractor to assess and develop a treatment strategy for action once city permits are obtained.

Funding was identified within current 2019/2020 budget for initial assessment and to develop the treatment plan.

Agency permits can typically take between three and six months for approval under normal circumstances. The COVID-19 pandemic has caused some agencies to furlough employees and others are working limited hours or remotely. As a result, we anticipate the pandemic may very likely impact our permit approval timelines due to staffing constraints and government imposed restrictions. There are also restrictions related to water flow and USACE pump operations which affect the timing of herbicidal applications and dissipation rates at the pond.

Because of the permitting and timing restrictions, the optimum time for treatment of algae through an aquatic herbicidal application has been determined to be early springtime when USACE pumping activity between Duffy's Pond and the Columbia River is at its lowest due to flow activity into the pond.

Port staff is working with the City to develop the treatment plan and seek permits now, in preparation for a spring 2021 algae treatment at Duffy's Pond.

It is anticipated that the herbicidal application by a professional licensed contractor will cost \$15,000.

February 13, 2020

We have the capability of manually pumping down the pond to a lower level which depending on runoff and flows into the pond may give us several days of not pumping before the pond water level would reach a point that would require us to pump it down. However June thru August is height flow due to the runoff of inland irrigation that finds its way to our ditches; so probably can only pump down and get a day or two without having to pump. This was interesting to me. So March thru May or until the irrigation supply and run-off kick in will be more conducive for treatment and probably allow more time/days without having to pump.

Damian Walter, Walla Walla District

Duffy's Pond Adjacent – Columbia Gardens Upland Improvements Plan

As a complement to the Duffy's Pond aquatic treatment, a number of Columbia Gardens improvements were identified as enhancements that would improve the public experience along the historic Kennewick waterfront:

Food Truck Plaza Restroom – Port staff is working with an experienced supplier to create and provide a low-maintenance restroom, constructed from a cargo container, which would be located adjacent to the Columbia Gardens Food Truck Plaza and public trail. Given the pandemic having closed a number of manufacturing facilities and thus restricting availability of materials, production timelines have been impacted. The custom container production is now expected to take between three and four months to ship. As a result, installation of the restroom is expected to be delayed to winter 2020/spring 2021.

Funding for restroom and on-site installation was identified within the 2019/2020 budget.

Food Truck Plaza Fence— A section of fence similar in height to that surrounding the tasting room patios would be installed along the northern edge of the Food Truck Plaza to protect the landscape plants, rock mulch and slope integrity, and to encourage appropriate use of adjacent stairs and pathway by visitors, children and enthusiastic pets eager to access the water's edge.

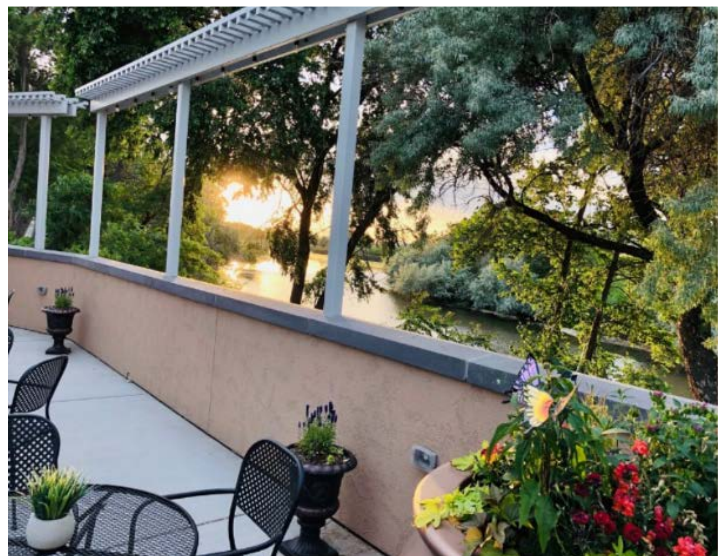


Project will be completed within 2020 maintenance budget.

Patio Shade Structures – Bartholomew, Monarcha, Gordon Estate, and Cave B wineries all lease space from the port and have patio spaces adjacent Duffy's Pond. While these patios all provide space to enjoy world class wines, during the peak tourism summer months those patios receive much direct sunlight and it can become unbearably warm. In addition, COVID-19 restrictions are limiting wineries to patio-service only. Given those impacts, port staff is exploring shade options including coverings similar to the shade sail over the Food Truck Plaza.



Cost is estimated at \$40,000 for sails to shade winery tasting room patios.



Screening Planters – Port staff have discussed landscape screening options with Arthur Job of Jobs Nursery for the west end of the port’s Columbia Gardens property. Container Bamboo or other fast growing, tall plantings would offer natural, sustainable and viable screening for that site.

Cost is estimated at \$75,000 for either concrete containment planters or in-ground barrier material along the western block wall, irrigation system, design, permits, plants, and project management.

Demonstration Vineyard / Victory Garden – A small patch of ground on the north end of the Date Street (heritage mural) parking lot was purposefully left undeveloped during construction. As a way of continuing to celebrate the many agricultural achievements of our community, port staff is exploring the interest in/possibility of a demonstration vineyard or victory garden with local experts and adjacent tenants.

Cost estimated at \$20,000 for irrigation, plantings, and maintenance oversight.



PORT OF KENNEWICK

Resolution No. 2020-16

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK ACCEPTING THE DUFFY'S POND REMEDIATION & UPLAND IMPROVEMENTS REPORT

WHEREAS, The Commission has directed that staff present relevant information related to the remediation and upland improvements for Duffy's Pond; and

WHEREAS, The Port CEO, working with the Director of Real Estate and Operations, Deputy CEO and others, including staff from the City of Kennewick and Corps of Engineers, have researched these matters and provided a detailed report; and

WHEREAS, The Commission-directed task has been concluded and the results are hereby presented to the Commission for consideration; and

WHEREAS, Staff recommends that the Commission accept the Duffy's Pond Remediation & Upland Improvements report outlined in Exhibit A.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby accepts the Duffy's Pond Remediation & Upland Improvements report.

BE IT FURTHER RESOLVED the Commission acknowledges Goal 4 of the CEO's 2019-20 Goals and Objectives to "Design and complete plan for Eagle (Duffy) Pond restoration" is complete.

BE IT FURTHER RESOLVED that all action by port officers and employees in furtherance hereof is ratified and approved; and further, 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 August, 2020.

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

By: _____
DON BARNES, *President*

By: _____
SKIP NOVAKOVICH, *Vice President*

By: _____
THOMAS MOAK, *Secretary*

PORT OF KENNEWICK

Financial Highlights

UNAUDITED & IN DRAFT FORM - ACCRUAL BASIS OF ACCOUNTING

Jan 1, 2020 through June 30, 2020

Financial Highlight Summary						
* Benchmarks	75%	Revenues	75%	Expenses		
* Ending Cash/Investments	\$	13,030,564				
* Cash Restricted by Commission	\$	2,500,000				
* Accounts, Notes, & Taxes Receivable	\$	3,276,352				
* Total Assets	\$	70,438,870				
* Total Liabilities (not including OPEB or Pension)	\$	911,097				

DESCRIPTION	2019 & 2020 BUDGET	2020 ACTUAL	2019 ACTUAL	2019/2020 Actual Total	UNDER BUDGET (OVER)	% Reached To Date
OPERATING REVENUES						
Marine Division	\$ 596,242	\$ 150,951	\$ 306,073	\$ 457,024	\$ 139,218	77%
Property Management Division	\$ 1,708,450	\$ 555,243	\$ 965,758	\$ 1,521,001	\$ 187,449	89%
Total Operating Revenues	\$ 2,304,692	\$ 706,194	\$ 1,271,831	\$ 1,978,025	\$ 326,667	86%
OPERATING EXPENSES						
Marine Division	\$ 570,291	\$ 151,366	\$ 246,080	\$ 397,445	\$ 172,846	70%
Property Management Division	\$ 2,440,166	\$ 527,454	\$ 1,019,529	\$ 1,546,984	\$ 893,182	63%
Corporate Division	\$ 2,286,426	\$ 613,219	\$ 1,198,290	\$ 1,811,509	\$ 474,917	79%
Total Operating Expenses	\$ 5,296,883	\$ 1,292,039	\$ 2,463,899	\$ 3,755,938	\$ 1,540,945	71%
OPERATING PROFIT (LOSS)	\$ (2,992,191)	\$ (585,845)	\$ (1,192,069)	\$ (1,777,913)	\$ (1,214,278)	
NON-OPERATING REVENUES						
Real Estate Division - Gain (Loss) on Sale of Assets	\$ 400,000	\$ 1,000	\$ 1,150,393	\$ 1,151,393	\$ (751,393)	288%
Economic Development & Planning Division Grants, Loan & Insurance Proceeds	\$ 8,011,000	\$ 352,191	\$ 2,068,787	\$ 2,420,978	\$ 5,590,022	30%
Ad Valorem Tax	\$ 8,529,907	\$ 4,342,767	\$ 4,214,230	\$ 8,556,998	\$ (27,091)	100%
Other Non-Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest Income	\$ -	\$ 68,867	\$ 208,840	\$ 277,706	\$ (277,706)	
Total Non-Operating Revenues	\$ 16,940,907	\$ 4,764,825	\$ 7,642,251	\$ 12,407,076	\$ 4,533,831	73%
NON-OPERATING EXPENSES						
Real Estate Division	\$ 144,579	\$ 21,065	\$ 49,723	\$ 70,788	\$ 73,791	49%
Economic Development & Planning Division	\$ 352,708	\$ 124,853	\$ 211,023	\$ 335,877	\$ 16,831	95%
Public, Governmental Relations, and Other Non-Operating Cost	\$ 2,611,977	\$ 433,510	\$ 914,395	\$ 1,347,905	\$ 1,264,072	52%
Vista Field Ongoing Closure & Decommissioning Cost	\$ 42,097	\$ -	\$ -	\$ -	\$ 42,097	0%
Total Non-Operating Expenses	\$ 3,151,361	\$ 579,428	\$ 1,175,142	\$ 1,754,570	\$ 1,396,791	56%
Operating & Non-Operating Revenues Over Expenses (Under Expenses)	\$ 10,797,355	\$ 3,599,552	\$ 5,275,040	\$ 8,874,593		
CAPITAL EXPENDITURES	\$ 14,971,853	\$ 2,010,695	\$ 7,731,544	\$ 9,742,238	\$ 5,229,615	65%

The background image shows a park at night. Several tall, illuminated totem poles are visible, each with a unique design of vertical and horizontal elements. The poles are lit from within, casting a warm glow. The sky is a deep blue, and the ground is dark. In the distance, there are some buildings and more lights, suggesting an urban or suburban setting. The overall atmosphere is serene and artistic.

Port of Kennewick

Quarterly Budget Update – 2nd QTR 2020

Managing Resources & Accountability

by Nick Kooiker, CFO/Auditor



Operating Division

Revenue & Expenses



Revenues:
\$1,978,025

- Benchmark of 75%
- 86% collected through June
- Oak Street Development Buildings revenues higher than expected



Expenses:
\$3,755,938

- Benchmark of 75%
- 71% expensed through June



Non-Operating Division

Revenue & Expenses



Revenues:
\$12,407,076

- 75% Benchmark
- 73% collected through June
- Property tax revenues booked for entire year
- Southridge & West Richland Raceway sales not anticipated
- Insurance Proceeds Received



Expenses:
\$1,754,570

- 75% Benchmark
- 56% Expended through June
- Port has expended less on marketing expense

Capital Projects

2019/2020 Capital Projects

PROJECT	BUDGET	19/20 ACTUAL	REMAINING
Shoreline Restoration	\$ 1,500,000	\$ 258,174	\$ 1,241,826
Clover Island Master Plan	\$ 250,000	\$ 48,404	\$ 201,596
Vista Field Redevelopment	\$ 7,809,314	\$ 6,378,158	\$ 1,431,156
Vista Field Traffic Impacts, Owners Assn, Town Planner	\$ 335,000	\$ 84,862	\$ 250,138
Vista Field Loan Payments	\$ 450,000	\$ 224,540	\$ 225,460
Columbia Drive	\$ 2,406,165	\$ 2,196,016	\$ 210,149
Columbia Park Trail Improvements	\$ 800,000	\$ 0	\$ 800,000
ROI Project	\$ 0	\$ 0	\$ 0



2021/2022 Budget Calendar

September 8, 2020
Work Plan/Budget Elements Discussion

September 22, 2020
Work Plan Workshop

October 13, 2020
Work Plan Adoption

October 27, 2020
Budget Presentation Workshop

November 10, 2020
Budget Adoption



Thank You

Nick Kooiker, CFO/Auditor

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MEMORANDUM

To: Port Commission

From: Tim Arntzen, CEO

Date: August 25, 2020

Re: Vista Hangars, Further Discussion

The commission directed that staff present a development strategy with respect to a buildout of the Vista Hangars. On July 28, 2020 staff and consultants presented to the commission a report detailing a fully renovated buildout with additional information which considered the optional cost of new construction. Substantial commission discussion ensued; with the commission expressing little or no desire to remodel the hangars as identified in the report (i.e. a full renovation buildout with expenses ranging from \$4,000,000 to \$11,000,000). In the meeting of August 11, 2020, the commission accepted the CEO's offer to discuss the issue further at the next commission meeting (August 25, 2020).

It appears that the commission would like have further discussion to determine what, if any,

(Peterson believes the primary question to be: Is it important at Vista Field that the Port maintain control over a portion of the site (like Clover Island, Columbia Gardens) to curate the tenant/use mix OR should the Port sell (like Spaulding) and let the tenant mix be driven 100% by the private sector? I believe this needs to be answered first...and the recent discussions with the DPZ team yielded the recommendation that the master developer (Port) retain control of those properties and not conditionally sell and hope for the best. Per Lizz the developers they work with retain the crucial pieces (such as the hangars and the gateway location and the first vertical improvements set the tone so it's imperative that tone is set properly. Once the Sell and Condition use or Retain a Control use question is answered it seems the discussion could move to the next step, but the Commission needs to Start at the Start. Would the Commission rather have \$500,000 or absolute control of their current focal property? What better "thing" could the Commission do with \$500,000? Heck float idea that the sale price should be at least the purchase price (recent Racetrack example) and see the response.

action should be taken regarding the hangars. Such discussion could include proceeding with lean hangar remodeling and associated budgeting; selling the hangars; demolishing and rebuilding anew; value engineering the project; or putting the hangars on pause while considering the mostly unknown and potentially significant impact that the Coronavirus Pandemic might have on all future land sales and construction at Vista Field overall. Such a pause would also allow

the Commission to assess the changing market conditions and be sensitive to avoid competition with a potential glut of vacant office, commercial and restaurant space within the community.

Due to the magnitude of policy and budget implications, discussion regarding the hangars' future seems to warrant ample consideration. It is a weighty matter and commission may want to take an extensive look at a variety of options. Such a thoughtful review would take some time. And I would ask does commission wish to remain consistent with the extensive public input process established for Vista Field planning, and if so, should any analysis include public participation? In addition, the 2021/2022 work plan and budget have legal deadlines and staff and commission must move forward in finalizing those documents. Thus, taking a calculated approach with respect to the hangars might seem problematic at first glance. However, that may not be the case.

The budget and work plan can actually move forward while the commission takes the time necessary to carefully and strategically consider what to do with the hangars as major assets at Vista Field. In short, as will be discussed below, the commission could establish funding for "capital projects at Vista Field" which could include projects yet to be determined (which may or may not include the hangars). In other words, budget some funding to address items of importance to the commission at Vista Field. Then, after fully discussing and determining the fate of those hangars, the commission can determine if/what/how it wants to spend that funding—either on the hangars—or not OR where to allocate the revenue captured from a sale of the hangars. The point is, budgeting now and preserving the hangar conclusion for the near future will allow Commission to fulfill their work plan and budget obligations in the short term. And it will provide flexibility for Commissioners to analyze options and make a thoughtful, strategic determination regarding capital improvements at Vista Field.

With that in mind, I would suggest the commission consider establishing a goal for the upcoming two-year budget and work plan whereby a report is prepared which explores further options. Additional ideas/options/opportunities are likely out there. Then, if a viable and cost-effective plan for the hangars is uncovered the commission could move forward. Should the commission authorize a further look, it might be helpful to consider the following items:

Historical Perspective. When considering the future of the hangars, it may be useful to take an historical look at how and why the port purchased them in the first place. The commission that authorized the purchase of the hangars recognized that the owners of the hangars were instrumental in fighting to keep the airport open. Likely a full and fair discussion related to airport closure and site reuse would not have taken place with those influential community members exhibiting substantial influence over port policy making. One might suggest that the value of the hangars should be examined (to a certain extent) in this historical context.

Full Buildout. It appears clear to staff that the commission unanimously agreed that the full buildout option is just too expensive. So, unless directed otherwise, staff will spend no further time on this alternative. As we discussed at the previous meeting, trying to guess at the cost of remodeling was futile. And I don't believe anyone would have guessed the cost of a full buildout would be so very expensive. The report was helpful in that it provided us with a new perspective;

we now have quality information in front of us. We now can say “too expensive” and know that as a fact.

Lean Renovation Options. The scope of the earlier report was limited. However, as was discussed at the earlier meeting, there may be other options available rather than just a full buildout. What might a “lean” redevelopment look like? Are there examples out there? Commissioner Moak shared the Box Park development in Savannah GA, which used cargo containers as lean, vibrancy-building techniques. Port staff and commissioners are familiar with Wynwood Yard, an area in Miami, Florida where cargo containers and sun shades have been utilized to create a large, vibrant area of pop-up retail. And a similar, well-known development is Downtown Container Park located on Fremont Street in Las Vegas, Nevada. Perhaps container development may offer a lean option for Vista Field. Would building codes in Washington allow for container development, are there different standards and considerations as yet unknown, what input would DPZ have regarding this as a “first start”?

Public Private Partnership. This was mentioned as a possibility for the hangars. As part of the analysis staff could research the options and opportunities this possibility might provide and present those findings to commission.

Financial Partnerships. Would any of our partners seek to contribute to a “lean” hangar remodel, for example? Partners have expressed some preliminary interest in supporting hangar redevelopment. Understanding partner interests and potential for contributions might help clarify and inform commissioners in making a final determination as to what a hangar (or other project) could look like.

Extrinsic Value of Hangar Buildings & Locations. Do the hangars have value beyond their book value (i.e. as a remnant of historical use, as the southern gateway to the project, or as Gary Black’s pattern language “manner of arrival”)? Should this question be explored in greater detail?

Selling the Hangars. It was also mentioned that the hangars could be sold. This option should be explored and addressed. If it is, a number of other questions should be asked such as: would a private sector purchaser invest \$400-\$800 per square foot in the hangars (regardless of not having to pay prevailing wage)? Just as full hangar remodel seems to be too expensive for the port, it could prove too expensive for the private sector as well. Is the port the only entity that can appropriately deal with the hangars? Is the private sector the right party to own these assets? What protections and guarantees does the commission have that a private user will put them to a use which complements new-urbanism and Vista Field as a regional town center?

Coronavirus Impacts. What financial impacts might we experience? Will demand for building and development slow? Based on pre-Covid contract and scoping, the Vista Hangar report identified potential uses which are currently struggling. Should the port plan for and improve the hangars for industries which are foundering under pandemic restrictions? What guidance could or should the port obtain with respect to potential economic and business impacts from the Covid-19 Pandemic before making any decision which may significantly impact the southern entrance to Vista Field?

Rural County Capital Funding (RCCF) Eligible Projects. The hangars initially appeared to be a strong candidate for RCCF funding. County staff and at least one county commissioner have expressed interest in some form of hangar remodel. A remodel could likely meet statutory and county requirements for funding, should the commission decide to pursue a hangar-related project. Aside from the hangars, currently the port has no strong contenders for RCCF funding. Given the restrictions inherent in and scrutiny of RCCF projects, it might behoove the commission to marshal RCCF funds toward a project or projects that would be viewed favorably and score highly with the county by meeting their economic development objectives.

Industrial Development District Funding. At a recent meeting the Industrial Development District (IDD) funding mechanism was touched upon briefly. I add this item simply to determine whether more discussion is desired by the commission. In a nutshell, the IDD is a voter authorized levy increase to be used for port property improvement.

Current Workload. The port commission and staff will have considerable workload related to Vista Field and can remain busy and fulfilled for the next two years regardless of a final determination on the hangars. Keep, sell, demolish, renovate—whatever the outcome, we as a team can focus on the monumental task of implementing the community vision at Vista Field. There is much to do in preparing, marketing and selling lots, and working to ensure that new-urbanism design is understood and seamlessly implemented by the private sector. We only get one “first start” and those first projects will set powerful expectations moving forward. In order to ensure a successful phase one implementation, I would suggest that having flexibility and the support of the port commission will be critical so as to not be spread too thin in pursuing other projects and losing focus on Vista Field.

Conclusion. With respect to the budget and work plan, “the show must go on”. We have legislative deadlines that must be met regarding those documents, so we must complete those processes in the near future. However, one could argue that the process of determining the ultimate future of the hangars is not necessarily as time sensitive. Time and again, when discussing Vista Field the commission has said, let’s do it right, not just “right away”. The commission might apply that same perspective to the hangars; taking time to receive and review expanded analysis, and to take thoughtful and deliberate action in determining the highest and best use of those hangars.

Does the commission include a substantial line item in the 2021/2022 budget for a major capital project at Vista Field, and wait a few months to better understand the impacts and effects from Covid? Maybe the future will look a little clearer and waiting could help determine the best course forward with respect to the hangars and potential uses. And if not used for hangars, that budget item could be used for other Vista Field capital projects, including but not limited to additional infrastructure. Nothing says the commission has to allocate all of its funding with specificity. It could put funding in the budget now for uses to be identified in the near future. In other words, the commission could put aside Vista Field funding now and wait a little while to see what extended impact (if any) Coronavirus is having on the economy; during which time a detailed analysis and review of hangar option could help inform the commission’s final decisions.