



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

CALL TO ORDER

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

Staff Members: Tim Arntzen, Chief Executive Officer
Amber Hanchette, Director of Real Estate and Operations
Nick Kooiker, Chief Financial Officer/Auditor
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Tom Kammerzell, Commissioner from Port of Whitman County led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

Chuck Eaton, 2309 Davison Avenue, Richland. Mr. Eaton expressed his appreciation to the Port of Kennewick for meeting with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR). Mr. Eaton attended the Joint Meeting between the City of Richland Council and CTUIR and stated it was remarkable that the *Tri-City Herald* article did not reflect the meeting at all. Mr. Eaton stated it is important that the documents are shared and the content of those meetings are shared with the public and he appreciates the Port's transparency.

Scott Carpenter, 2923 South Yew Street, Kennewick. Mr. Carpenter inquired if the Washington State Department of Fish and Wildlife are requesting Port funds to breach the Bateman Island Causeway. Mr. Carpenter stated for the record, as a taxpayer he does not believe the Port should help fund the project to breach the Bateman Island Causeway and that the US Corps of Engineers should be the entity to fund the project.

Mr. Arntzen stated the presentation today by the Washington State Department of Fish and Wildlife is an informative presentation only and does not believe the Port has been asked to fund the project.

No further comments were made.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

CONSENT AGENDA

Consent agenda consisted of the following:

- A. Approval of Direct Deposit and E-Payments Dated September 1, 2016**
Direct Deposit and E-Payments totaling \$67,424.22
- B. Approval of Warrant Registers Dated September 13, 2016**
Expense Fund Voucher Numbers 38235 through 38297 for a grand total of \$173,940.56
- C. Approval of Commission Meeting Minutes Dated August 23, 2016**
- D. Approval of Special Joint Commission Meeting Minutes Dated September 1, 2016**

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

PRESENTATIONS

A. Fiber Network

Mr. Arntzen introduced Joe Poire, Executive Director of Port of Whitman County (POW) and Commissioner Tom Kammerzell. Mr. Arntzen stated at the Washington Public Ports Association (WPPA) Executive Directors Meeting, Mr. Poire gave a presentation on fiber optics and how the Port of Whitman County has utilized the technology over the past 20 years; Mr. Poire is here today to brief the Commission on the opportunity of adding fiber optics to Vista Field.

Mr. Poire thanked the Commission for having us here today and stated it is a pleasure to share the POW's story of the installation of a fiber network. Mr. Poire stated the presentation is focused on how adding a fiber network can drive economic development. The POW began looking at adding telecommunications in 1998 and added telecommunication services to the Comprehensive Plan and created policy goals:

- Collaboration for economic prosperity;
- Aggregate need for competitive pricing of telecommunication services/increase competition;
- Advance community infrastructure, accomplishing the Port's mission.

In 1998, the POW and the WPPA initiated a legislative agenda to build a telecommunications infrastructure, however it did not pass. They tried again in 2000 and ports and public utility districts were authorized to build telecommunications infrastructure. The POW chose to install fiber optic cable because it is less expensive than copper wire, carries data long distances, with no degradation, it has 1000 times more bandwidth than copper wire and has 200 times more bandwidth than coaxial cable. The advantage of fiber is that it is light, strong, tough and relatively easy to install. The POW looked at the addition of fiber as key infrastructure that companies could utilize to provide services to users.

Mr. Poire sighted the Pullman Business Park, which began as an industrial park, as an example for Vista Field. The business park is located one air mile from Washington State University Campus and almost every business in the park was started by an individual that took their patents and intellectual property (IP) out of the University and started their own business and grew. Today, there are over 3000 jobs and over \$600,000,000 in sales. The POW did not factor the University in, in 1986 and now the business park is focused on technology.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

Mr. Poire stated for POW, installation of fiber has been a ten year process and cost approximately \$16,000,000. If the Port of Kennewick installed fiber at Vista Field as part of the infrastructure, it would cost less money and there would not be a monopoly on service. Having fiber available to private industry, research institutions, public institutions and residents opens up a vast amount of opportunities for investment in Vista Field.

Mr. Poire shared the process for adding fiber:

- Start outside plant design: co-location and regional network design;
- Vista Field fiber to premise design: conduit, vaults and fiber count;
- Financial analysis: capital costs, return on investment (ROI) and pricing;
- Use design to start aggregating need and initiate dialogue with service providers;
- Market fiber plant.

Mr. Poire stated POW is working for a legislative ask for changes to RCW 53.08.370 and asked the Commission for their support at the WPPA committee meeting on September 20, 2016. Those state and federal changes include:

1. Prohibition of discriminatory rates;
2. Allow services to other public entities;
3. Refine definition of "rural port";
4. Possible imposition of eminent domain.

The POW is currently working with three other ports and Mr. Poire is happy to advise and assist the Port of Kennewick in their possible venture. The POW has \$25,000,000 invested in their network and Mr. Poire reported the longest return on investment was 4 ½ years, however the fiber nets POW \$1,300,000 a year and has approximately \$70,000,000 in gross sales.

Mr. Poire thanked the Commission for the opportunity to present today.

Mr. Barnes thanked Mr. Poire for a very insightful presentation and believes the IP concept is fantastic.

Mr. Moak believes the addition of fiber holds great promise for Vista Field, commercially and residentially. Mr. Moak appreciates POW's offer to provide resources, ideas and support and thanked Mr. Poire and Mr. Kammerzell for their presentation.

Mr. Kammerzell stated there is a need for fiber in small towns and POW has had several requests from mayors about gaining access to the network. When a small town has the ability to access fiber, a ripple effect can be created. Fiber is an economic driver and companies will go elsewhere if they do not have access.

B. Bateman Island Causeway Update

Mr. Arntzen introduced Mike Ritter of the Washington State Department of Fish and Wildlife and stated Mr. Ritter has assisted the Port several times and is here today to update the Commission on the Yakima Basin Integrated Plan and the Bateman Island Causeway project.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

Mr. Ritter thanked the Commission for the opportunity to present an update on the Yakima Basin Integrated Plan and the Bateman Island Causeway project. Mr. Ritter recognized partner, Kennewick Irrigation District (KID), the water experts, and introduced Seth Defoe, GIS Specialist and Chuck Freeman, District Manager.

Mr. Ritter is an area habitat biologist for the Department of Fish and Wildlife and reported the Integrated Plan is focused on two fundamental problems: unreliable future water supply and the degradation of salmon and steelhead in their habitat. Previously, there were over 1,000,000 fish that came back to the Yakima to spawn, but now, the numbers are in the tens of thousands. Currently, the water resource challenges we are facing are:

- Surface water is over-appropriated;
- Five reservoirs with 1,000,000 acre-feet capacity;
- Existing water rights;
- Snowpack is the 6th reservoir;
- Droughts in 1992-1994, 2001, 2005, and 2015.

For those of us involved in Yakima Integrated Plan, there must be an integrated effort to address the reliable water issues and the restoration of the native fisheries. Mr. Ritter reported a large group has already formed to address these issues and are sponsored by the State Department of Ecology and the U.S. Bureau of Reclamation. The long term plan is to provide reliable water for existing agriculture and restore native salmon and steelhead and drive a healthy economy.

Mr. Ritter stated two projects that fit under the Yakima Basin Integrated Plan is the Bateman Island Causeway and the KID division 4 line. The plan provides a framework to bring a lot of the interests together to maintain water supply and restore salmon and steelhead.

Bateman Island is the Tri-Cities gateway to the Yakima Basin and the cornerstone for restoring salmon and steelhead in the Yakima Basin. Bateman Island is used for birdwatching, bass fishing, wakeboarding, boating, and kayaking. Bateman Island is a very popular area all year, however, studies show high water temperatures to the west of the island and a possible solution to reduce the temperatures is to open the causeway. The Department of Fish and Wildlife performed a study from 2011 to 2015 and concluded altering the causeway will help the salmon.

The vision is to breach the causeway which will remove a significant passage barrier and improve river conditions for migratory salmonids while still providing public access and additional opportunities for the marina. The next step is to continue the outreach and begin an Environmental Impact Study in 2017.

Mr. Ritter quoted the Commission's letter to Mike Livingston, South Central Department of Fish and Wildlife Regional Director, dated July 16, 2016:

“We applaud your efforts to explore options for environmental enhancements which protect public use and sustain ecosystems for species of concern.”



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

Mr. Ritter emphasized the need to understand the viewpoints and concerns of others as we move forward in the process.

Mr. Moak stated the Port has been looking at a variety of projects in this area and hopes the Port can be part of the solution. Mr. Moak asked Mr. Ritter to keep the Port informed and stated as we move forward it is important to address the multiple concerns and needs, from an environmental standpoint and a community standpoint.

Mr. Barnes thanked Mr. Ritter for the informative presentation. He appreciates the background information and looks forward to further reports.

Mr. Novakovich appreciates the involvement from different agencies and the public to address the issue and thanked Mr. Ritter for his presentation.

C. Vista Field Redevelopment

Mr. Arntzen stated Michael Mehaffy and Laurence Qamar are here today to update the Commission Phase 1A of Vista Field. Mr. Arntzen, Mr. Mehaffy and Mr. Qamar looked at various water features around the community to determine what water feature may be suitable for Phase 1A.

Mr. Mehaffy stated, in addition to viewing community water features, he and Mr. Qamar met with the engineers and investigated the hangars.

Mr. Mehaffy provided an update on Vista Field activities:

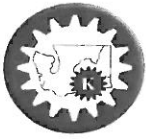
- Entitlement work with City – zoning and master plan;
- Design work, feasibility, costing for hangars;
- Additional design work for Phase 1A;
- Working with arts groups and their designers;
- Economic analysis (ECONorthwest);
- Survey work and sites, locations for utilities (Parametrix).

Mr. Mehaffy stated in regards to the fiber optics presentation earlier, he agrees that the addition of fiber could be a very important component for Vista Field and a regional benefit strategy for the Port.

Mr. Mehaffy and Mr. Qamar presented slides for Vista Field Phase 1A options for the water feature and options for the three corporate hangars.

Mr. Novakovich recently spoke with Ken Silliman who asked the museum director of the East Benton County Historical Society to research historic Vista Field maps to see if there were any water springs in the area.

Mr. Qamar stated the Commission has expressed their concern over water fowl and referenced West Moorland Park in Portland. For several years the park was overrun by waterfowl; Portland



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

has since restored the park and created a wetlands area for the ducks and now, the ducks stay in the wetlands and do not venture onto the grass or concrete.

Mr. Moak appreciates the update and is looking forward to viewing additional drawings of the hangars and water features.

Mr. Barnes appreciates the continuous preliminary work and is eager for the Master Plan to be approved by the Port and City and to begin work in earnest.

Mr. Arntzen stated the hangars are a critical piece to Phase 1A of the project and believes they will provide early action projects. Mr. Arntzen would like to create a document that blends the visual elements, a construction timeline, and the financing for each element for Phase 1A. Mr. Kooiker recently reported if the Port obtains a loan, there is a tax exemption for building public infrastructure, with a low interest rate, however the hangars are not included in this exemption. This will help the Commission and staff to see the bigger picture and inform the public as to when we will start the various phases. Mr. Arntzen stated the various pieces are starting to come together, and as Mr. Barnes mentioned, we cannot do anything until the Master Plan is approved by the Commission and the City. Furthermore, the Commission was presented with a new option today by Mr. Poire, the addition of fiber to Vista Field. The possible addition may slow the project but the addition will create an amazing final product.

Mr. Mehaffy echoes Mr. Arntzen's comments and relayed we are working on the finer details and utilizing the lean strategy, while keeping the characteristics of the development.

RECESS

Mr. Novakovich recessed the meeting at 3:26 p.m. for a break and will reconvene at approximately 3:35 p.m.

Mr. Novakovich reconvened the meeting at 3:40 p.m.

With approval of the Commission, Mr. Novakovich moved *Agenda Item 6E*, Guidelines for Vista Field Development to *Item 6A*.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Guidelines for Vista Field Development Proposals

Mr. Arntzen thanked the Commission for moving the Guidelines up while Mr. Mehaffy and Mr. Qamar are present. Recently the Commission passed Resolution 2016-20, Guidelines for Development Proposals, which is a living document and outlines the Port's design process for Vista Field. The Port is currently in negotiations with the Arts Center Task Force (ACTF), who is looking to construct a performing Arts Center at Vista Field and the Arts Foundation of the Mid-Columbia, who is looking to purchase the Field Base Operating (FBO) building. During negotiations with the ACTF, Mr. Arntzen recognized the need to revise the collaborative design process within the Guidelines and define the design team, to include the principal or developer, and a licensed architect for larger projects. Mr. Arntzen asked for Commission direction and inquired if the Commission would be amiable to the revisions.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

Mr. Mehaffy stated the Guidelines process helps create a cohesive development and will benefit potential developers in Vista Field. It is imperative to have a collaborative design process and it is in the best interest that key people are identified in the collaborative design process; he believes the addition is an important change.

Mr. Qamar feels a town architect helps develop a process so each time a house or building is being designed, it would go through a formal process. The design guidelines, patterns and precedents have been established, however, the Port has not created a design code, which is a manual for any applicant who wants to build something at Vista Field. Included in the manual is a form, which each applicant would fill out as part of the collaborative process. Included in the manual is a form which explains the process, fees and other pertinent information.

The consensus of the Commission is to revise Resolution 2016-20.

B. Special Commission Retreat

Mr. Arntzen reported the Commission held a retreat at the REACH Museum on Saturday, September 10, 2016 to address the Comprehensive Scheme. Ben Floyd of Anchor QEA facilitated the meeting and presented projects the Port may consider over the next 3-10 years. The Commission worked through the potential projects and towards the end of the retreat, Mr. Kooiker presented a rough budget based on the projects that were discussed. Mr. Arntzen stated it is valuable to update the Port's Comp Scheme on a regular basis, which helps identify the larger projects and helps staff formulate the 2 year budget and work plan as well as a 10 year budget.

Mr. Moak believes the retreat went well and there was good dialogue from the Commission, staff, and public. He appreciated the discussion and is pleased with the outcome.

Mr. Barnes believes it went well also and stated there was a lot of information presented and discussed. Mr. Barnes would like to see a more detailed report on the Anchor QEA survey that addressed the Port's strengths, weaknesses, opportunities and threats. Mr. Barnes appreciated the discussion from the Commission and thanked the public for attending the Saturday meeting. Mr. Barnes is very optimistic about the about projects going forward and the contingency plans the Port can put in place. Mr. Barnes noted the Port's progress in narrowing the operating gap to \$600,000.

Mr. Novakovich stated the retreat went well and thanked Mr. Burdick and Mr. Eaton for attending the meeting and their comments. Mr. Novakovich appreciated Mr. Floyd for facilitating the meeting and believes staff and Mr. Floyd have a very valuable working relationship.

Mr. Arntzen stated the four primary projects identified were; Vista Field, the Kennewick Waterfront, the West Richland Racetrack and a potential project in Richland. There were several development triggers that were discussed which may mean certain projects will be addressed anywhere from 4 to 7 years. Mr. Floyd has been working on the Comp Scheme draft and will present the draft to the Commission at a future meeting. This will provide the Commission with an opportunity to address the Comp Scheme prior to approval. Mr. Arntzen anticipates the West Richland Master Plan and the Vista Field Master Plan will be missing, however, the Comp Scheme



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

can reference what was discussed at the retreat, pursuant to the completed Master Plans. Mr. Arntzen stated the Commission may consider adopting the Comp Scheme and acknowledging in a formal public meeting and adding the West Richland and Vista Field Master Plans spring of 2017. Mr. Arntzen hopes the Commission would consider approving the Comp Scheme in October and once approved, the 2017-2018 Budget and Work Plan is essentially approved.

Mr. Novakovich stated it was a good retreat and the Commission is in agreement with the Comp Plan, with a few minor changes.

C. *Joint Meeting with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR)*

Mr. Arntzen reported the Commission held a joint meeting with the CTUIR on September 1, 2016 in Pendleton, Oregon. Mr. Arntzen felt the meeting went very well and asked the Commission if they had additional comments.

Mr. Barnes believes the meeting went well and it was an opportunity to communicate with the CTUIR and indicate the Port's willingness to work with the CTUIR on mutual interests. The Board's had the opportunity to discuss community issues, such as reconveyance of land to the Department of Energy, TRIDEC and the Port of Benton, the community shoreline reconveyance effort and the 1135 project.

Mr. Novakovich appreciated the opportunity to communicate with the CTUIR Board of Trustees and values the CTUIR's support and partnership.

D. *Project Prioritization*

Mr. Arntzen reported the project prioritization document will be included as part of the Comp Scheme. The document outlines the steps and prioritization of the projects and Mr. Arntzen has asked Mr. Floyd to fold the document into the Draft Comp Scheme. The document helps establish ground rules for identifying, evaluating, and selecting future Port projects. The document was originally developed by the finance department as a measurable process when working on the Budget, Work Plan and Comp Scheme.

E. *2015 Financial Statement Audit*

Mr. Kooiker reported the 2015 Financial Statement Audit was recently completed by Clifton, Larson, Allen and the report is available on the Port website. Mr. Kooiker stated some financial highlights of 2015 are as follows:

- Port revenues increased \$120,000;
- Port expenses increased \$75,000;
- Port reduced operating gap from \$750,000 to \$550,000;
- Port net position increased from \$1,200,000 to \$53,000,000;
- Port Capital Project expenditures in 2015 was \$2,500,000.

Clifton Allen Larson's final review was clean and without any recommendations. Mr. Kooiker reported the Port has had 21 years of clean audits and thanked the Commission and staff for their help during the audit.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

Mr. Novakovich explained he sat in on the exit conference for the Benton Franklin Council of Governments with the same Clifton Allen Larson auditors, and they complimented the Port's financial staff.

F. Columbia Drive Update

Mr. Arntzen reported that Big D's Construction is finishing up the utility work on Columbia Gardens and has done a tremendous job on this project and other Port projects. Mr. Arntzen is optimistic the Port will receive lower bids on the Winery Village because the site work and utilities are already in place. Mr. Arntzen stated the Winery Village Bids are due on September 22, 2016 and will be brought to the Commission on September 27, 2016 with a staff recommendation.

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

Commissioners reported on their respective committee meetings.

H. Non Scheduled Items

1. Mr. Moak was disappointed that the City of Kennewick has postponed adoption of the Vista Field Master Plan until as late as January 2017. Mr. Moak is concerned with the City's timeline and senses the frustration of the Vista Pioneers.

Mr. Moak stated he would like to view an updated Master Plan of the Kennewick Waterfront (Clover Island and Columbia Drive) and not the Port's Master Plan of Clover Island. Mr. Moak believes it is important to work with the City and discuss items that benefit each entity and the community.

2. Mr. Novakovich recently received a phone call from Benton City Mayor, Linda Lehman. Ms. Lehman is concerned that the Bureau of Land Management may be leasing land, south of Interstate 82, to an energy company that wants to install windmills. She is concerned about the location of the windmills and the affect it may have on wineries and Red Mountain. Mr. Novakovich has not received additional information from Ms. Lehman at this time.
3. Mr. Arntzen stated last Friday, September 9, 2016, he was invited to speak at the American Counsel of Engineering Companies in Walla Walla. Mr. Arntzen stated Todd Coleman, former Executive Director of the Port of Vancouver put the luncheon together and is here today. Mr. Coleman is a professional engineer and would like to address the Commission regarding fiber and the potential of pulling together a coalition of ports who are interested in fiber.

Todd Coleman, 6115 Burden Boulevard, Pasco. Mr. Coleman thanked the Commission for allowing him the opportunity to speak today. As a former executive director, Mr. Coleman is focusing on taking the port network and bringing them together. Mr. Coleman has worked with Mr. Poire and the Port of Whitman County Commission on strategic planning and how they are moving the fiber to Port of Clarkston and Port of Lewiston. One of the concepts Mr. Coleman is working towards is educating the ports on dark fiber, and providing an amenity to the communities the ports are working towards. If the Washington State ports could come together, we would have the best access to data movement of any other state. Mr. Coleman, Mr. Poire, and Mr. Kammerzell are looking at ways to educate ports and show them the steps and necessary studies needed to



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 13, 2016 MINUTES

implement fiber into their communities. Mr. Coleman is excited the Port of Kennewick is looking at installing fiber at Vista Field and the WPPA should be excited about the possibility of ports entering into the high tech world.

4. Mr. Kooiker reported the 2015 Financial Statement is available on the Port website.

PUBLIC COMMENTS

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick stated he and the Arts Center Task Force would like to have a manual similar to the one that Mr. Qamar displayed regarding Vista Field for future reference. Secondly, Mr. Burdick stated fiber is a nice amenity, however, getting to choose from 17 vendors versus two would be amazing. Mr. Burdick asked the Port to remember the local companies when considering the installation of fiber.

Mr. Arntzen stated One World Telecommunications has been a Port tenant for many years and believes they will be very interested in the installation of fiber and helpful to us.

Chuck Eaton, 2309 Davison Avenue, Richland. Mr. Eaton stated it was interesting attending the City of Richland's joint meeting with the CTUIR and then reading the detailed account of Port of Kennewick's joint meeting with the CTUIR. One thing we can learn from the CTUIR is the tradition they follow and that there needs to be a conversation before any decision can be made. Mr. Eaton stated the Port of Kennewick strives for that aspect of transparency and expresses daily.

No further comments were made.

COMMISSIONER COMMENTS

No comments were made.

ADJOURNMENT

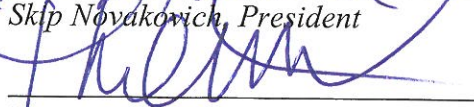
With no further business to bring before the Board; the meeting was adjourned 4:34 p.m.

APPROVED:

PORT of KENNEWICK

BOARD of COMMISSIONERS


Skip Novakovich, President


Thomas Moak, Vice President


Don Barnes, Secretary