



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

OCTOBER 14, 2014 MINUTES

CALL TO ORDER

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

Staff Members: Tim Arntzen, Executive Director
Tana Bader Inglima, Director of Governmental Relations & Marketing
Tammy Fine, Director of Finance/Auditor
Amber Hanchette, Director of Real Estate & Operations
Larry Peterson, Director of Planning & Development
Bridgette Scott, Executive Assistant
Lisa Schumacher, Special Projects Coordinator
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Mr. Mark Blotz led the Pledge of Allegiance.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

The consent agenda consisted of the following:

- A. *Approval of Direct Deposit Dated October 2, 2014***
Electronic payments totaling \$52,461.22
- B. *Approval of Warrant Register Dated October 14, 2014***
Expense Fund Voucher Numbers 36171 through 36229 for a grand total of \$146,571.02
- C. *Approval of Commission Meeting Minutes dated September 23, 2014***

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

OLD BUSINESS

A. *Final Review of Draft 2015-2016 Work Plan*

Mr. Peterson stated the Commission is very close to finalizing the Draft 2015-2016 Work Plan, with approximately \$235,000 remaining that needs to be cut. Mr. Peterson stated \$902,000 in future land sales is not on the books, however, it is likely that some projects could be funded when, and if, the land sales come through. Mr. Peterson indicated a prioritization of land sale funds will help staff and our partners know where the port stands. Mr. Peterson stated that the redevelopment of Vista Field is much bigger than the port, and will require partners, such as the



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City of Kennewick, Benton County, and federal grants. Construction at Vista Field will not begin until the 2017-2018 budget cycle, therefore, Mr. Peterson stated, budgeting funds for Vista Field could potentially wait. Mr. Peterson stated the port has a potential partnership for the completion of the 211 Arts Development Building and will serve as a major bookend for the redevelopment on Columbia Drive. Mr. Peterson indicated the 211 Arts Development Building should be the first project to be funded with the land sale funds. Mr. Peterson recommended the following changes to balance the budget:

- Remove Vista Field Infrastructure Funding (\$500,000)
- Rank the 211 Building as first project to complete with land sale funds
- Complete Village at Island Harbor in two phases

Mr. Peterson stated the adjustments from the Special Planning meeting are as follows:

- Village at Island Harbor, reduce from \$800,000 to \$500,000 (two phases)
- Remove funding for the 211 Arts Development Building
- Remove funding for the additional purchase of properties from Columbia Drive
- Vista Field Infrastructure, reduce from \$1,000,000 to \$500,000
- Remove funding for the additional purchase of properties in Richland
- Brand Evaluation, reduce from \$150,000 to \$75,000

Mr. Arntzen stated that he has discussed the Visit Tri-Cities branding with Kris Watkins of Visit Tri-Cities, and the brand evaluation would need to follow the parameters that TRIDEC and the Regional Chamber of Commerce had initially set up. Any brand evaluation would need to fall under the umbrella of Roger Brooks and be consistent with the larger organizations.

Mr. Barnes stated that TRIDEC, the Regional Chamber of Commerce, and Visit Tri-Cities (Visitor and Convention Bureau) all joined forces for the rebranding effort, and it is now being implemented, marketed and promoted throughout the Tri-Cities. Mr. Barnes believes it is important to be a team player and engage with partners in every way.

Mr. Arntzen stated the port has been a leader in place making and may want to create a unique neighborhood at Vista Field. Mr. Arntzen explained there may be stipulations for universal items such as way-finding signs and banners for the Tri-Cities.

Mr. Barnes agrees with Mr. Peterson's recommendations.

Mr. Novakovich agrees with Mr. Peterson's recommendations, however, he believes the port should pursue fewer projects and focus on waterfront development/redevelopment. As our 100 year anniversary approaches, Mr. Novakovich believes the Village at Island Harbor should be completed in one phase. Mr. Novakovich suggested the port could do the following:

- complete Village at Island Harbor in one phase, \$800,000
- Eliminate 1135 Matching funds
- Eliminate Vista Field Infrastructure funds
- Allocate \$500,000 for the 211 Arts Development Building
- Eliminate Brand Evaluation funding
- Prioritize Land Sales:
 - \$500,000 for 1135 shoreline fund



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- Contract to Promote Tribal Relations
- \$390,000 for the 211 Arts Development Building

Mr. Barnes thanked Mr. Novakovich for his suggestions and asked Ms. Fine to recap the budget projections and \$7,400,000 in available funds.

Ms. Fine stated there are many projections for the 2015-2016 Budget. First, the port needs to finish out the 2014 budget and project how much will be left for operating, non-operating and capital, which will give us an estimated year-end balance. Then, project revenues from operations and property taxes, and expected operational, non-operational costs and contracts. Ms. Fine projected after all expenditures are accounted for (operating and non-operating) less the committed amount, will leave approximately \$2,200,000 for projects.

Mr. Barnes inquired how conservative Ms. Fine's projections were.

Ms. Fine stated the budget is conservative and she added 3% inflation rate for 2015 and 5% inflation rate for 2016, based on the CPI index average. Ms. Fine is looking at the economic impacts and estimated \$2,500,000 for the contingency fund and \$200,000 for unrestricted amounts; however, there are numerous moving components and the 2015-2016 budget is not complete. Ms. Fine stated in the past the port has exceeded revenue expectations and has fallen below on expenditures. Ms. Fine stated the Commission has done an excellent job on the Draft Work Plan, and if the land sales do come in, the port will be able to fund certain projects.

Mr. Arntzen stated Ms. Fine budgets very conservatively and keeps us out of trouble.

Mr. Barnes appreciates Ms. Fine's conservative budget and believes it would be irresponsible to budget otherwise. Mr. Barnes asked Mr. Peterson if Bruker would be open to exploring a lease amendment, since the port cost has increased \$200,000 for the rehab of the Quay Building.

Mr. Peterson indicated that Bruker is open to extending their lease term. Bruker is also bringing approximately \$40,000 in improvements, after the completion of the remodel, which will add value to the space.

Mr. Barnes is in favor of leaving some money in the budget for rebranding. It indicates to the community that the port is a valuable member of the team.

Mr. Novakovich stated the port would be under the auspice of what Roger Brooks, TRIDEC and Visit Tri-Cities have done. Mr. Novakovich is concerned that with the amount of projects the port has, there may not be time for staff to work on rebranding.

Mr. Moak stated he does not want to eliminate the Vista Field Infrastructure bank amount and believes banking the funds shows the community our commitment to Vista Field. Mr. Moak further stated that community branding is a wise decision and the port should be front and center in that endeavor, however, he is not looking at changing the name of the Port of Kennewick. Mr. Moak suggested reducing the Badger Mountain/Trailhead funds to \$100,000.

Mr. Arntzen stated the amount is a placeholder and could potentially be less. At this time, the port has committed \$10,000 for master planning and public outreach.



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Mr. Barnes is in support of removing the \$500,000 for the Vista Field infrastructure, ranking the 211 Arts Development Building as the first project funded with the land sales and completing the Village at Island Harbor in two phases.

Mr. Arntzen appreciates the Board's comments and observations and requested a short break for staff to create a scenario that would capture the Board's suggestions.

Mr. Barnes called for a recess of the meeting at 3:15 p.m. for fifteen minutes.

Mr. Barnes reconvened the meeting at 3:30 p.m.

Mr. Arntzen proposed the following for the Commission's consideration:

- Fund Village at Island Harbor \$650,000 (one phase)
- Reduce Badger Mountain/Trailhead parking to \$150,000
- Reduce Brand Evaluation to \$50,000
- 211 Arts Development Building first priority with land sales fund \$1,250,000
- Vista Field Infrastructure bank second priority \$1,000,000

Mr. Arntzen stated that the proposal will leave a \$190,000 in surplus funds. Mr. Arntzen stated staff would find it helpful if the unfunded projects were prioritized.

Mr. Novakovich asked if a certain project is over the estimated amount, can funds from the \$190,000 surplus be utilized to complete the project.

Mr. Arntzen stated if there are numbers that exceed the budget, staff would come back to the Commission and request a Budget Amendment.

Ms. Fine stated Mr. Arntzen's authority requires approval for any expenditure over \$50,000 and staff would bring the expenditure to the Commission for approval. The port has done budget amendments in past.

Mr. Novakovich believes this is a great compromise and concedes to Mr. Moak regarding the brand evaluation. Mr. Novakovich asked if the Board still needs to prioritize the unfunded projects.

Mr. Arntzen believes creating funds for the Vista Field infrastructure is very important and the port will need approximately \$4,500,000 to begin the project, however, the port will have many opportunities to create funding. Mr. Arntzen agrees with staff that the 211 site should be the first priority, but he has faith that staff will be able to find creative ways to bank the \$1,000,000 for the Vista Field infrastructure.

Mr. Novakovich verified if the 211 building project will cost \$1,800,000.

Mr. Peterson stated the draft Work Plan indicated that the 211 building rehab is estimated to cost \$1,750,000, however, grant dollars may be available and the potential to establish a partnership with our development partners.

Mr. Arntzen stated the port contribution for the 211 Arts Development Building would be \$1,250,000. If we specifically design an art development building for the community, and the



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community does not see the vision, or we are unable to get grants or funding, then the idea is a non-starter.

Mr. Novakovich praised staff for their hard work and supports the scenario that Mr. Arntzen and staff brought back.

Mr. Moak agrees with Mr. Novakovich, and supports the scenario Mr. Arntzen and staff presented for the draft Work Plan.

Mr. Barnes thanked Mr. Arntzen and staff and supports the scenario as well. The 2015-2016 Work Plan will be on the agenda for the October 28, 2014 for final approval.

Mr. Arntzen stated all facts will be checked and be brought back at the October 28, 2014 for final approval by the Board.

Mr. Moak appreciated the work of staff.

Mr. Barnes thanked staff for their time and effort.

NEW BUSINESS

A. *100th Anniversary Conceptual Roll-out*

Ms. Bader Inglima stated the port's 100th anniversary is on March 6, 2015, which presents a once-in-a-lifetime opportunity to highlight the Port of Kennewick's history, success, projects, programs, properties, economic development undertakings and the organizations overall impact on the greater Columbia River region. Ms. Bader Inglima plans to disperse vignettes of port accomplishments and history throughout the year, emphasize our anniversary at speaking events, and advertise port events, such as:

- Demolition of the 421 Building
- Ground breaking for the three production/taking buildings on Columbia Drive
- Completion of the Clover Island boat launch ramp, restroom, parking lot
- Installation of the "Ascending Waves" artwork on Columbia Drive
- Unveiling the master plan for Vista Field
- Ribbon Cutting for the Duffy's Pond trail, in partnership with the City of Kennewick
- Installation of the CTUIR Heritage artwork and boardwalk overlook interpretive displays.

Ms. Bader Inglima stated the installation of the CTUIR artwork would include our Memorandum of Understanding partnership with the CTUIR and she would like to involve tribes in the processional from the Lighthouse Plaza to the art installation site. As citizens and business leaders from the community gather for the unveiling of the Heritage artwork, the Tribe's long history and the port's 100 year history will be highlighted for the public, as the culmination of the year-long anniversary events. Ms. Bader Inglima explained that past port officials, federal, state and WPPA officials would be invited and honored at a community reception following the event.

Mr. Moak appreciates Ms. Bader Inglima's marketing plan and believes it will tie-in well with all of the projects the port is undertaking. Mr. Moak has done walking tours of downtown Kennewick in the past and if the port is interested, he offered to conduct a tour that highlights the



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port's history, such as past port Commissioners, historical buildings and houses.

Mr. Novakovich indicated he has been on the walking tours of historical homes and found it fascinating, and believes it is a great idea. Mr. Novakovich thanked Ms. Bader Inglima for a thorough and ambitious marketing plan.

Ms. Bader Inglima thanked Mr. Moak for volunteering and believes it would be a special event that would involve the history of the community.

B. WPPA Legislative Update

Mr. Novakovich attended the Washington Public Ports Association Legislative Community meeting on September 26, 2014. Mr. Novakovich highlighted some items that were addressed:

- McClary Decision will impact the 2015 Legislative session
- Predict a small transportation package
- Risk that all capital accounts will be swept this year
- Pursue 2015 proposal for the legislature to provide a specific capital budget program to fund port infrastructure projects
- Pursue adjusting the IDD levy flexibility
- Support efforts for ports to manage public records requests
- Support legislation that would provide fair prevailing wages, depending on location
- Support Department of Commerce's request for \$14,000,000 CERB funding
- Support legislation to allow 25% of available port funds that do not meet the median wage requirement for CERB
- Follow up efforts to extend or modify the LFR process

Mr. Arntzen thanked Mr. Novakovich for his commitment to the serving on the Board and keeping the port updated on issues that could impact us.

C. United States Army Corps of Engineers (USACE) 1135 Project Update

Ms. Bader Inglima met with the Army Corps of Engineers team in Walla Walla and stated the Corps experts have been diligently working on the 1135 shoreline project. The Corps are spending the first \$100,000 now, prior to our 50/50 match for the feasibility stage. Ms. Bader Inglima stated several team members have returned to the island since our first charrette in June and performed additional surveying and research. Ms. Bader Inglima and the team reviewed several viable options for the island habitat and the team decided they would look at the island in sections because of the varying habitat. The Corps will look at alternatives for each section of the island to determine what would be the best benefit for the fish and habitat and weigh the best use for the federal resources. The Corps is moving forward with the feasibility phase and maybe completed near the end of 2015. Ms. Bader Inglima stated it was a very productive meeting and we will keep moving forward.

Mr. Barnes confirmed that the feasibility would be completed by 2015 year end and asked when the port could anticipate federal funding.

Ms. Bader Inglima stated if we stay on track the Corps hope to have the feasibility phase completed by the end of 2015 and we are advocating for the 2016 fiscal budget.



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D. Vista Field Television Advertisement

Ms. Bader Inglima indicated that the Vista Field Television advertisement has been airing since October 10, 2014. The port has also placed charrette advertisements in the *Tri-City Herald*, and *The Journal of Business* and have sent out flyers, E-blasts, direct mailings and invitations to over 1200 area businesses. We are encouraging active public participation for the event.

E. Special Commission Meetings November 10-15, 2014

• Master Plan Design Charrette

Mr. Arntzen invited the Commission to attend the charrette meetings and is encouraging the Commission to interface with our jurisdictional partners, press, and the public during the meetings. This will give the Commission an opportunity to ask questions, learn about the process and visit with people. To comply with the Open Public Meetings Act, we have advertised the Charrette as a Special Commission Meeting.

Mr. Novakovich inquired if the Commission will need to call the meeting to order.

Mr. Arntzen stated the staff will get the details to the Commission prior to the meeting. The intent is to be transparent and create an atmosphere where the Commission can all be present at the same time.

Ms. Bader Inglima stated there will not be action anticipated and it is an opportunity for the Commission to learn.

Mr. Moak asked if it could be one consecutive meeting that runs for four days.

Ms. Luke will look at all the details, and see how the meetings will need to be structured.

Mr. Peterson requested the Commission make an effort to attend the final session on November 15, 2014, from 3:00 p.m. to 5:00 p.m. DPZ will be summarizing the week and the Commission will have an opportunity to engage with DPZ, the press, and the public.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Joint Meeting with City of Richland, October 21, 2014

Ms. Scott reminded the Commission that there is a Joint Meeting with the City of Richland on October 21, 2014, from 5:30 p.m. to 6:30 p.m. at the Richland Council Chambers. The topic of discussion will be economic development partnership opportunities.

B. Reschedule/Cancel Commission Meetings

Ms. Scott inquired if the Board would like to cancel the November 25, 2014 Commission meeting due to the Thanksgiving Holiday and schedule a Special Commission Meeting on November 18, 2014, to finalize 2015-2016 Budget.

There is a consensus to cancel the Regular Commission meeting on November 25, 2014 and schedule a Special Commission Meeting on November 18, 2014, to finalize the 2015-2016 Budget.

Ms. Scott stated since there have been several changes to the November and December meetings, all meeting dates will be posted on the meetings page of the port website.



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

Commissioners reported on their respective committee meetings.

D. Non-Scheduled Items

1. Ms. Bader Inglima stated the newsletter has been completed and was inserted in the *Tri-City Herald* and *Journal of Business*. It has also been posted on the port website and hard copies have been mailed.
2. Ms. Fine praised the Commission for a very thorough job on the Draft 2015-2016 Work Plan.
3. Mr. Arntzen stated that Mr. Moak has a trip scheduled to Austin/Dallas/Fortworth, Texas for the IEDC conference on October 15, 2014. Mr. Moak will have the chance to meet with Mr. Mahaffey while there and visit some redeveloped sites in the area. Mr. Arntzen stated, per port policy, there needs to be a consensus from the Board for a Commissioner to travel and requested approval for Mr. Moak to travel.

Mr. Novakovich and Mr. Barnes believe it is a great opportunity for Mr. Moak to see the redeveloped areas and the potential for economic development.

There is a consensus from the Board to approve Mr. Moak's to travel to Texas.

4. Mr. Arntzen stated Ms. Fine and Ms. Luke are currently working on updating policies and should have the Delegation of Authority ready by year end. This document outlines the duties of the Executive Director, such as spending under \$50,000 and daily business operations.
5. Mr. Arntzen reported that his presentation at the Affiliated Tribes of the North West Indians Convention in Pendleton was well received and two tribes have requested his presentation. Mr. Arntzen has been asked by the Jamestown S'Klallam tribe to help establish a relationship with the Port of Port Angeles. Mr. Arntzen indicated he has previously helped facilitate a relationship between the Port of Longview and the Cowlitz tribe. Mr. Arntzen would like to go to Sequim this winter, however, if the Board is not comfortable with the travel, Mr. Arntzen will go on his own time.

The Commission agrees it is a good opportunity to help the tribe establish a relationship with their local port and is supportive of Mr. Arntzen's travel.

PUBLIC COMMENT

Steve Mallory, 5822 West Yellowstone Avenue. Mr. Mallory thanked the Commission for their support for the Alliance for a Livable and Sustainable Community (ALSC) forum and reminded the Commission that it will be held October 23, 2014, 1:00 p.m. to 5:00 p.m. at the Three Rivers Convention Center.

COMMISSION COMMENTS

Mr. Novakovich stated that Mr. Moak will be in Texas, and Mr. Barnes and I will be attending the WPPA Small Ports Conference in Leavenworth during the ALSC forum.

Ms. Bader Inglima stated the port will have a table at the forum and will have a full display of the upcoming charrette and how people can get involved in creating a new sustainable area at Vista Field.



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ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 4:42 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS

A blue ink signature of Don Barnes, written in a cursive style.

Don Barnes, President

A blue ink signature of Skip Novakovich, written in a cursive style.

Skip Novakovich, Vice President

A blue ink signature of Thomas Moak, written in a cursive style.

Thomas Moak, Secretary