



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

NOVEMBER 12, 2013 MINUTES

## CALL TO ORDER

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

## The following were present:

**Board Members:** Skip Novakovich, President  
Don Barnes, Vice-President  
Gene Wagner, Secretary

**Staff Members:** Tim Arntzen, Executive Director  
Tammy Fine, Director of Finance & Auditor  
Amber Hanchette, Director of Real Estate & Operations  
Nick Kooiker, Assistant Auditor  
Larry Peterson, Director of Planning & Development  
Bridgette Scott, Executive Assistant  
Lucinda Luke, Port Counsel

## PLEDGE OF ALLEGIANCE

Nick Kooiker led the Pledge of Allegiance.

## PUBLIC COMMENTS

No comments were made.

## CONSENT AGENDA

The consent agenda consisted of the following:

- A. *Approval of Direct Deposit and Warrants Dated October 31, 2013***  
Direct Deposit totaling \$27,021.90 and Expense Fund Voucher Numbers 34912 through 34916 totaling \$14,263.09; for a grand total of 41,284.99.
- B. *Approval of Warrant Registers Dated November 13, 2013***  
Expense Fund Voucher Numbers 34917 through 34958 totaling \$141,181.94
- C. *Approval of Warrant Register Dated November 13, 2013***  
Expense Fund Voucher Number 34959 in the amount of \$5,747.00
- D. *Approval of Warrant Registers Dated November 13, 2013***  
Expense Fund Voucher Numbers 34960 through 34961 totaling \$12,159.82
- E. *Approval of Commission Meeting Minutes Dated June 11, 2013***
- F. *Approval of Commission Meeting Minutes Dated August 27, 2013***
- G. *Approval of Commission Meeting Minutes Dated September 10, 2013***
- H. *Approval of Commission Meeting Minutes Dated October 8, 2013***
- I. *Transfer of Construction, Contingency and Unemployment Funds to the General Fund; Resolution 2013-26***

Mr. Novakovich commented Consent Agenda items are a number of items taken collectively in one



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motion to be approved or disapproved. He further stated the Commission has the option to remove items from the Consent Agenda. He would like remove Item C and have the item approved separately because on April 12, 2011, he disclosed that Esprit, the company he and his wife owns, has a contract with PS Media to produce the Port's newsletter. Esprit does not get paid directly from the Port; they get paid from PS Media. Item C is the payment to PS Media and in the interest of any kind of perception that there could be a conflict, he would like to recuse himself from any action on this item.

**MOTION:** *Commissioner Wagner moved approval of the consent agenda, with exception of Item C; Commissioner Barnes seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

**MOTION:** *Commissioner Barnes moved approval of the consent agenda Item C agenda for payment to PS Media; Commissioner Wagner seconded. Commissioner Novakovich recused himself. With no further discussion motion carried unanimously. All in favor 2:0.*

## PRESENTATION

### A. *Clover Island Inn, Amber Martin*

Rescheduled to December 10, 2013.

### B. *2014 Preliminary Budget Workshop*

Ms. Fine presented a PowerPoint presentation reviewing the 2014 Preliminary Budget. The 2014 Budget has been updated to include five divisions: Economic Development and Planning, Real Estate, Marine, Property Management, and Corporate.

Ms. Fine reviewed the current economic status of the country, the basic unknown impacts of the Affordable Health Care Act, national and state unemployment rates; and the port's levy rate, budget goals, and the financial outlook. Currently the port is debt free and has \$10.6 million in cash and cash equivalents.

Ms. Fine reviewed the budget philosophy. The port's budget has been solid and conservative budgeting practice. We do not overstate revenues and understate expenditures. The port's budgeting practice has allowed us to be proactive, not reactive.

Mr. Barnes inquired if Ms. Fine can demonstrate the differences between the 2013 operating costs and the new accounting practices. Ms. Fine will prepare a comparison report and share it at a future meeting.

Mr. Peterson reviewed the 2014 capital projects at Vista Field, Columbia Drive (The Willows and Columbia Gardens), Vista Field Development Facility (VFDF) building, Clover Island, and West Richland.

Ms. Fine stated the port is in good financial condition. As the cost allocation methodology is developed and the financials are applied, the port will identify additional economic development projects which benefit the community through job creation and improvements in quality of life; and that have a positive return on investment to the port and the community. The port has an





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exceptional track record in prudent and practical budget management, which has kept the port out of financial trouble and has proven to be solid, even in the economic downturn.

Mr. Arntzen stated Mr. Kooiker and Ms. Fine are very detailed and did a great job with the budget presentation. The budget is a vital; and the new divisions will track costs better and more transparently. Mr. Arntzen shared his appreciation with Ms. Fine and Mr. Kooiker.

Mr. Novakovich stated without allocating costs appropriately it is difficult to get a clear picture. The budget is a wonderful financial management tool and he shared his appreciation for the work put into the presentation. Ms. Fine reported the port is \$1.3 million under budget as of September 2013.

## NEW BUSINESS

### **A. Accepting Oak Development Park Project; Resolution 2013-25**

Mr. Peterson reported that Scott Hedrick Construction, Inc.-has completed the construction work for the Oak Development Park project. This project involved rehabilitation of the Port's 27 and 30 year old Oak Street Development Buildings A and B.

He stated it is appropriate for the Port to accept the construction as substantially complete so that a public notice may be issued and the clock can be started on potential lien filings by subcontractors and ultimately move toward final acceptance of the entire project.

The Commission shared their appreciation for Mr. Peterson's work shepherding the project.

**MOTION:** *Commissioner Barnes moved approval of Resolution 2013-25 accepting the Oak Development Park project completed by Scott Hedrick Construction, Inc. and authorizing the Executive Director to finalize the financial terms of the contract; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

## REPORTS, COMMENTS AND DISCUSSION ITEMS

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

Commissioners reported on their respective committee meetings.

### **B. Non-Scheduled Items**

1. Mr. Barnes stated this political campaign has given him the opportunity to think and reflect exactly what the Port of Kennewick should be trying to do and is doing. He is very pleased with the progress the port has made over the last year and a half. He feels it is important to work with the private sector because that is where the jobs need to be created. The port needs to focus on how to achieve our mission and goals, and the best way to accomplish this.
2. Mr. Novakovich attended the WPPA Legislative Committee last week. There is a good possibility the Columbia River Crossing project will be removed from the fundamental projects list, which would free up \$450 million for transportation revenues in Washington. The CERB Board president is Allen Brecke from the Tri-Cities, and Steve Anderson is a member of the board. Mr. Novakovich reported that Greater Spokane International would like to create a port district and would like to have the formation of the port district and the election of officers on the



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same ballot. WPPA does not support this approach and feels the issues should be considered separately.

3. Ms. Hanchette attended the Northwest Marine Trade Association Conference. The marine tourism bill, the recreational resource account and the derelict vessel bill were discussed.
4. The WPPA Annual Conference and the New Commissioner Conference is scheduled for November 19-22, 2013 in Tacoma..
5. Mr. Novakovich, Mr. Arntzen and Mr. Peterson visited Miami with DPZ, the planning firm that performed the Environmental Impact Study for Vista Field. They saw examples of appropriate developments in the south Florida area. Mr. Arntzen will share pictures at a future meeting.
6. Washington Tourism Alliance (WTA) was previously funded by the State. Mr. Arntzen commented most states have a tourism department funded by the state. Washington State has a lot to brag about– Puget Sound, wineries, the Cascades, etc. He feels for Washington to not have a state funded tourism program is very befuddling because tourism generates billions of dollars annually. He is hopeful we can get behind WTA, and at a state level fund WTA as it is extremely important to the state and the Tri-Cities.
7. Spokane Port District. Mr. Arntzen feels it would be helpful for Spokane, but believes the tax issue will negate interest.

## PUBLIC COMMENTS

Randy Rutledge, Benton City Economic Development Council. Mr. Rutledge gave a brief history of the Economic Development Council and past projects which have brought a number of services into town. The area for future growth is in the Port of Kennewick's district, such as the Kiona (Red Mountain) side of the river. Mr. Rutledge would like to reconnect and work in conjunction with the Port of Kennewick.

Linda Lehman, Benton City Economic Development Council Secretary. Ms. Lehman shared the Economic Development Council budget with the Commission. The Council feels a website should be created. In the past local volunteers worked for the City, the Chamber and the Economic Development Council; however, in order to develop the city, a state of the art website is needed. The Council is hiring a web developer to create and maintain the website at an estimated cost of \$1,675.00 for this year. The Council would also like to hire a content manager for approximately \$2,400.00. Ms. Lehman reviewed the goals for the Council and estimated the cost for Phase 2 would be \$5,200.00; and estimated they would need \$3,000.00 per year for maintenance. Benton REA will support the Economic Development Council, but has not decided on a dollar amount. Ms. Lehman requested the Port of Kennewick commit \$5,200.00 for the cost for the Phase 2 website development.

No further public comments were made.

Mr. Novakovich anticipates the Executive Session to last approximately 30 minutes for Personnel, per RCW 42.30.110(1)(g), with action anticipated. Mr. Novakovich asked the public to notify Port staff if they will return after the executive session.

Mr. Novakovich recessed the meeting at 4:01 p.m., for approximately 10 minutes.

Mr. Novakovich reconvened the meeting into Executive Session at 4:10 p.m. for 30 minutes.





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## EXECUTIVE SESSION

### *A. Personnel, per RCW 42.30.110(1)(g)*

Ms. Fine exited the chambers at 4:40 p.m. to extend the Executive Session 15 minutes.

Mr. Novakovich reconvened the regular meeting at 4:55 p.m. with action to be taken.

Ms. Luke stated the Commission worked through several personnel matters and reviewed the Executive Director's 2013 and 2014 goals and objectives. A memorandum was prepared October 22, 2013 reflecting the goals accomplished since January 8, 2013 and setting the Executive Director's merit for 2013.

**MOTION:** *Commissioner Barnes moved for approval accepting the memo dated October 22, 2013 regarding the Executive Director's goals and objectives; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

**MOTION:** *Commissioner Barnes moved for approval of the Employment Agreement, with the 2014 goals and objectives attached, between the Port of Kennewick and the Executive Director, effective immediately upon mutual execution; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

**MOTION:** *Commissioner Novakovich moved for approval of the Commissioner's Evaluation of the Executive Director for his 2013 Annual Performance Review, and based on paragraph 4.1.3 of the yet to be executed contract, deem his performance to be exceptional; Commissioner Barnes seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

Commissioner Novakovich will meet individually with Mr. Arntzen to review the performance evaluation and the 2014 contract.

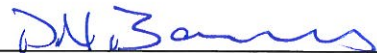
## ADJOURNMENT


With no further business to bring before the Board; the meeting was adjourned at 5:00 p.m.


### **APPROVED:**

**PORT of KENNEWICK**

**BOARD of COMMISSIONERS**

  
Don Barnes, President

  
Skip Novakovich, Vice President

  
Thomas Moak, Secretary

***PORT OF KENNEWICK***

***Resolution No. 2013-25***

***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF  
KENNEWICK ACCEPTING THE OAK DEVELOPMENT PARK PROJECT  
COMPLETED BY SCOTT HEDRICK CONSTRUCTION, INC.***

**WHEREAS**, upon notification by Scott Hedrick Construction, Inc. that the Oak Development Park project has been substantially completed in accordance with the plans and specifications prepared by Strategic Construction Management and Design West Architects and the Port of Kennewick; and

**WHEREAS**, Strategic Construction Management and Design West Architects, the City of Kennewick and the Port of Kennewick staff have inspected the work and certified that it has been completed in accordance with the plans and specifications.

**NOW THEREFORE, BE IT RESOLVED** that the Board of Commissioners of the Port of Kennewick hereby accepts the work of Scott Hedrick Construction, Inc. as being substantially completed in accordance with the contract documents.

**BE IT FURTHER RESOLVED** that upon completion of all required documentation for the project, the Executive Director is authorized to proceed with the necessary requirements to finalize the project account.

**ADOPTED** by the Board of Commissioners of Port of Kennewick on the 12th day of November 2013.

***PORT OF KENNEWICK  
BOARD OF COMMISSIONERS***

By:   
SKIP NOVAKOVICH, President

By:   
DON BARNES, Vice President

By:   
GENE WAGNER, Secretary

# **PORT OF KENNEWICK**

## **Resolution No. 2013-26**

### **A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK COMBINING THE CONSTRUCTION, CONTINGENCY AND UNEMPLOYMENT FUNDS INTO THE GENERAL FUND**

**WHEREAS**, the Port of Kennewick has proper accounting procedures to track expense, construction, contingency, and unemployment revenues and expenses; and

**WHEREAS**, all funds located in these accounts will be transferred to the Port's General fund. Revenues and expenses will be properly accounted for in the Port's chart of accounts and/or financial reports, as per generally accepted accounting practices deemed by the Port Chief Financial Officer; and

**WHEREAS**, closure of the Port's Construction fund is contingent on collection of past due property taxes or until Benton County can properly close the Construction fund; and

**WHEREAS**, this Resolution supersedes all other related prior Resolutions.

**NOW, THEREFORE; BE IT HEREBY RESOLVED** the Board of Commissioners of the Port of Kennewick hereby approve closing the Construction, Contingency and Unemployment funds and transferring the fund balances to the Port's General fund.

**BE IT FURTHER RESOLVED** the Board of Commissioners request proper tracking of revenues and expenses as per generally accepted accounting practices as deemed by the Port Chief Financial Officer. Furthermore, the Commission understands closure of the Construction fund may not occur until all past due property taxes are collected or when Benton County can properly close this account.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick this 12th day of November, 2013.

#### **PORT OF KENNEWICK BOARD OF COMMISSIONERS**

By:   
SKIP NOVAKOVICH, President

By:   
DON BARNES, Vice President

By:   
GENE WAGNER, Secretary