



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

NOVEMBER 26, 2013 MINUTES

CALL TO ORDER

Commission President Skip Novakovich called the Commission meeting to order at 2:01 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
Larry Peterson, Director of Planning & Development
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Cal Coie 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 November 15, 2013

Direct Deposit totaling \$23,421.28 and Expense Fund Voucher Numbers 34962 through 34965 totaling \$4,528.35; for a grand total of \$27,949.63.

B. Approval of Warrant Registers Dated November 27, 2013

Expense Fund Voucher Numbers 34966 through 35034 totaling \$200,528.31.

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

2014 FINAL BUDGET HEARING / ADOPTION

A. 2014 Final Budget Hearing / Adoption; Resolution 2013-27

Ms. Fine presented Resolution 2013-27 adopting the 2014 Budget. The preliminary budget was presented at the November 12, 2013 and no changes were necessary.

MOTION: Commissioner Barnes moved approval of Resolution 2013-27 adopting the 2014 Final Budget as presented; Commissioner Wagner seconded.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

NOVEMBER 26, 2013 MINUTES

DISCUSSION:

Mr. Barnes commented that this budget should have a headline indicating significant accounting and organizational changes are incorporated into this budget creating new divisions, and the allocation of some non-operating and some operating expenses to non-recurring extraordinary items, for example: land sales. Last year's budget had a large line item for general and administrative costs at \$1.728 million, which is a big cost. These general and administrative costs are difficult to understand and Ms. Fine and port staff have done an excellent job finding a new way to present the budget and financial information in a more accurate, meaningful and useful way. Mr. Barnes would like to see the port continue to work towards closing the operating gap. The extra effort taken in making these changes for the 2014 budget is highly commendable. At the end of the process, better information is available that accurately depicts what is taking place at the port.

Mr. Novakovich shared his appreciation for the change in the budget. He recognized that costs were not being allocated appropriately and feels this will be a tremendous tool going forward.

Ms. Fine stated it has been a long process. The Port worked with the State Auditor's Office and interviewed several cities to establish the cost allocation methodology process. The State Auditor's Office has reviewed and audited the cost allocation methodology and commends the port for taking the allocation process further than most government agencies. Ms. Fine feels it will be exciting to see it roll out in the future.

Mr. Arntzen appreciates Ms. Fine using her private sector background into the government world to provide better information and make it easier to understand. Mr. Arntzen learned yesterday that Ms. Fine found that the contractor had under-billed the port \$24,000 and corrected the error when reviewing the Oak Street Project. The contractor contacted Mr. Arntzen and thanked him for competent, honest people such as Ms. Fine.

Mr. Barnes requested Ms. Fine and Mr. Kooiker present the differences and illustrate the changes between the 2013 and 2014 budgets at a future meeting.

PUBLIC COMMENTS: None

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

2014 FINAL BUDGET HEARING / ADOPTION (continued)

A. 2014 Final Budget Hearing / Adoption; Resolution 2013-27

1. Levy Certification; Resolution 2013-28
2. Increase in Tax Capacity; Resolution 2013-29

Ms. Fine presented the Levy Certification and Increase in Tax Capacity Resolutions for the Commission's consideration. Ms. Fine stated the port has to certify the property taxes that will be collected for the 2014 year and that the port is allowed by law to take a 1% increase which is approximately \$36,000 per year. Resolution 2013-29 is the approval to take the 1% increase the Increase in Tax Capacity.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

NOVEMBER 26, 2013 MINUTES

MOTION: *Commissioner Barnes moved approval of Resolution 2013-28 and 2013-29; Commissioner Wagner seconded.*

PUBLIC COMMENTS: None

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

NEW BUSINESS

A. Adoption of 2014 Work Plan; Resolution 2013-30

Mr. Peterson stated minor changes were made to the Work Plan including the Ag Engineering building, Finley area land sales and the additional requested modifications discussed during the workshop.

Mr. Novakovich reviewed the Work Plan and feels it is an excellent plan. The Commission agrees.

MOTION: *Commissioner Barnes moved approval of Resolution 2013-30 adopting the 2014 Work Plan; Commissioner Wagner seconded. Commissioner Barnes commended Mr. Petersen and staff on an excellent job. Motion carried unanimously. All in favor 3:0.*

B. Cancellation of December 24, 2013 Commission Meeting

Commission is in consensus to cancel the December 24, 2013 meeting.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. 2014 Commission Organization Representation

Mr. Arntzen presented the draft 2014 Commission Organization Representation list for consideration and review. He suggested the list be formalized during the December 10, 2013 meeting.

B. Impacts of I-502

Ms. Luke stated I-502 is a tightly controlled and regulated marijuana market to prevent diversion, illegal sales and sales to minors while providing reasonable access to products.

In Colorado, federal agents took enforcement actions even though Colorado thought it had the approval from the federal government not to take enforcement actions. This presents concerns in Washington as federal agents could take enforcement action here as well. The rules have been developed and will be modified as the process goes forward. Applications are currently being accepted and will be processed in December according to very strict guidelines. Producer and processor applicants cannot sell retail. Ten retail outlets have been identified in Benton County; four in Kennewick, three in Richland, one in West Richland and two at-large retail outlets.

Ms. Luke commented the port may be contacted by applicants for leasing or selling land under the I-502 program. Ms. Luke feels because of the uncertainty of the federal actions, that may or may not be taken, and because the port does receive federal funding and other assistance, there may be a question as to whether the port should engage in business with this type of activity. This a policy decision for the Commission.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

NOVEMBER 26, 2013 MINUTES

Ms. Luke suggested it may be appropriate for the Commission to determine if a moratorium should be taken on any action relating to applicants leasing or purchasing port property.

Mr. Barnes inquired if the port would have any discrimination issues. Ms. Luke relayed that there would be no discrimination issues as the applicants are not a protected class; however, the Federal government does have authority to seize property and take any other enforcement action they wish, including conducting criminal prosecution.

Ms. Luke will bring examples of moratorium and prohibition resolutions for the Commission's consideration at a future meeting. Mr. Barnes requested a letter be drafted for current tenants addressing I-502 issues.

C. Vista Field

Ms. Hanchette made contact with the remaining six t-hangar tenants at Vista Field and gave the following status report: Ochoa's vacated in October; Berkey Engineering will be out by the end of November; Goranson and Martinson are working on their airplanes and most likely will stay to the very end; messages have been left for Mr. Sterling and Mr. Badgett.

In addition, Dr. Shannon, Cadwell Labs and Pacific Cataract and Laser Institute use the airport. A settlement has been reached with Pacific Cataract, and we are currently negotiating with Dr. Shannon on the purchase of his aircraft hangar. We have not had any contact with Dr. Cadwell in the last couple of months. Mr. Arntzen has requested Dr. Shannon's appraisal on the hangar and Dr. Shannon is reluctant to turn it over. Dr. Shannon is required by contract to negotiate in good faith. The Commission is in consensus for Ms. Luke to request Dr. Shannon's appraisal.

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

Commissioners reported on their respective committee meetings.

E. Non-Scheduled Items

1. Mr. Barnes shared the discussion about Executive Sessions at the WPPA Roundtable discussion.
2. A Retirement Open House is scheduled for December 10, 2013 for Commissioner Wagner.
3. Commissioner Barnes will take his Oath of Office on December 10, 2013.
4. Ms. Fine reported the State Auditor's Office is fine with executive sessions ending early as long as the public is requested to provide contact information.
5. Ms. Fine stated the State Auditor's Office performed an audit of 2010, 2011 and 2012 including general disbursements, payroll, PTO accruals, executive sessions, travel, leases, and cost allocations. The audit was clean, accurate and complete.
6. The Veteran's Christmas Tree in the Willows will be lit for the month of December.

PUBLIC COMMENTS

Cal Coie, 705 S. Oklahoma Street, Kennewick. Mr. Coie is a representative for the Eastern Washington Boating Association and mentioned that he and Roy Keck, representing the Richland Yacht Club, attended the Boating Association Conference recently. An environmental person spoke regarding the implementation of a no-discharge zone for the Puget Sound. It was an interesting conference.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

NOVEMBER 26, 2013 MINUTES

No further public comments were made.

Mr. Novakovich anticipates the Executive Session to last approximately 30 minutes for Real Estate, per RCW 42.30.110(1)(c) with no 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 3:16 p.m. for approximately 10 minutes

Mr. Novakovich reconvened the meeting into Executive Session at 3:25 p.m. for 30 minutes.

EXECUTIVE SESSION

A. Real Estate, per RCW 42.30.110(1)(c)

Ms. Hanchette exited the Chambers at 3:54 p.m. to extend the Executive Session 15 minutes.

Ms. Fine exited the Chambers at 4:09 p.m. to extend the Executive Session 5 minutes.

The regular meeting reconvened at 4:14 p.m. with no action taken on the Executive Session.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 4:14 p.m.

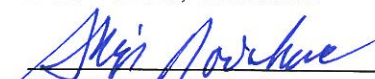
APPROVED:

PORT of KENNEWICK

BOARD of COMMISSIONERS



Don Barnes, President



Skip Novakovich, Vice President



Thomas Moak, Secretary

PORT OF KENNEWICK

RESOLUTION NO. 2013-27

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PORT OF KENNEWICK ADOPTING THE 2014 BUDGET

WHEREAS, the Board of Commissioners of Port of Kennewick met at a regular meeting on November 26, 2013, a quorum of the Commission being present; and

WHEREAS, Port of Kennewick has properly given notice of the public hearing held on November 12, 2013 to consider Port of Kennewick's Budget for the 2014 calendar year, pursuant to RCW 84.55.120; and


NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port of Kennewick after a public hearing, and after duly considering all relevant evidence and testimony presented, has adopted the attached budget for Port of Kennewick for the year 2014.

ADOPTED by the Board of Commissioners of Port of Kennewick at its regular meeting on November 26, 2013.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By: 
SKIP NOVAKOVICH, President

By: 
DON BARNES, Vice President

By: 
GENE WAGNER, Secretary

PORT OF KENNEWICK

Accrual Basis of Accounting With Cost Allocations

	2014 BUDGET
ANTICIPATED REVENUES	
<i>Total Operating Revenues</i>	\$ 1,048,617
<i>Total Non-Operating Revenues</i>	\$ 3,873,608
<i>Total Anticipated Revenues</i>	\$ 4,922,225
ANTICIPATED EXPENSES	
<i>Total Operating Expenses</i>	\$ 1,790,013
<i>Total Non-Operating Expenses</i>	\$ 762,649
<i>Total Anticipated Expenses</i>	\$ 2,552,662
PROFIT (LOSS)	\$ 2,369,563
LESS SPECIAL ITEM - Ongoing Vista Field Decommissioning	\$ 636,639
LESS CAPITAL EXPENDITURES	\$ 5,113,375
LESS PROMOTIONAL HOSTING EXPENDITURES	\$ 9,500
BEGINNING CASH ON HAND	\$ 8,460,383
RESERVE FUNDS	\$ 2,500,000
UNRESTRICTED FUND BALANCES	\$ 2,570,432
ENDING CASH ON HAND	\$ 5,070,432

Note: Budget does not include depreciation expenses

PORT OF KENNEWICK

RESOLUTION NO. 2013-28

A RESOLUTION OF THE BOARD OF COMMISSIONERS FOR THE PORT OF KENNEWICK CERTIFYING THE PORT'S 2013 LEVY FOR 2014 COLLECTION

WHEREAS, the Board of Commissioners of the Port of Kennewick met and considered its budget for the calendar year 2014 at a regular meeting on November 26, 2013, a quorum of the Commission being present; and

WHEREAS, a legal notice of public hearing on the Preliminary Budget of Port of Kennewick for the calendar year of 2014 was published in accordance with RCW 53.35.020, RCW 53.35.045 and RCW 84.52.020, and such hearing being held on the 12th day of November, 2013; and

WHEREAS, the Port's actual levy amount from the previous year was \$3,395,879; and

WHEREAS, the population of the Port is more than 10,000; and

WHEREAS, the Board of Commissioners of Port of Kennewick after hearing and after duly considering all relevant evidence and testimony presented, determined that the Port of Kennewick requires a regular levy in the amount of \$3,832,000.00, which includes an increase in property tax revenue from the previous year, amounts resulting from the addition of new construction, improvements to property, any increase in the value of state-assessed property, and amounts authorized by law as a result of any annexations that have occurred and refunds made, in order to discharge the expected expenses and obligations of the district and in its best interest.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick substantiate that an increase in the regular property tax levy is hereby authorized for the levy to be collected in 2013 tax year. The dollar amount of the increase over the actual levy amount from the previous year shall be approximately \$36,000, which is a percentage increase of 1% from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

BE IT FURTHER RESOLVED that the Board of Commissioners of the Port of Kennewick hereby direct the Director of Finance/Auditor to certify a copy of this resolution and forward the same to the Clerk of the Board of the County Commissioners in accordance with RCW 84.52.020.

APPROVED and dated by the Commissioners of the Port of Kennewick at its regular meeting on November 26, 2013.

PORT of KENNEWICK
BOARD of COMMISSIONERS


SKIP NOVAKOVICH, *President*


DON BARNES, *Vice President*


GENE WAGNER, *Secretary*

PORT OF KENNEWICK

RESOLUTION NO. 2013-29

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING AN INCREASE IN TAX LEVY CAPACITY PURSUANT TO RCW 84.55.120 AND WAC 458-19-005

WHEREAS, a public hearing was held by the Board of Commissioners for the Port of Kennewick regarding the 2014 budget; and

WHEREAS, pursuant to RCW 84.55.120 and WAC 458-19-005, the rate of inflation (IPD rate) for 2014 is 1.314 percent and the limit factor for property taxes for 2014 is one hundred and one percent (101%); and

WHEREAS, the Port of Kennewick's levy amount from the previous year was \$3,395,879; and

WHEREAS, the Port has set its increase in tax levy capacity for the 2014 budget at one percent (1%) and finds there is substantial need to set the levy limit at one hundred and one percent (101%); and

WHEREAS, the Board of Commissioners of the Port of Kennewick Taxing District, after hearing and after duly considering all relevant evidence and testimony presented, finds there is a substantial need to set the levy limit at one hundred one percent (101%), in order to discharge the expected expenses and obligations of the district and in its best interest; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Port of Kennewick Taxing District that an increase in the regular property tax levy, in addition to the increase resulting from the addition of new construction and improvements to property and any increase in levy value of state assessed property, is hereby authorized for the 2014 levy in the amount of approximately \$36,000 which is a one (1%) percentage increase from the previous year.

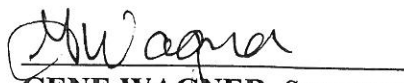
ADOPTED by the Board of Commissioners of the Port of Kennewick at a regular meeting held this 26th day of November 2013; and duly signed by its proper officers in the authentication of its passage on said date.

DATED this 26th day of November, 2013.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**


SKIP NOVAKOVICH, *President*


DON BARNES, *Vice-President*


GENE WAGNER, *Secretary*

CERTIFICATION OF TAX LEVY

STATE OF WASHINGTON County of Benton

In accordance with RCW 84.52.020, I, **Tammy Fine**, Director of Finance/Auditor for Port of Kennewick, do hereby certify to the Benton County legislative authority that the Commissioners of said district request that the following levy amounts be collected in 2014 as provided in the district's budget, which was adopted at a public hearing held on November 26, 2013. I hereby request the Board of County Commissioners of Benton County, Washington, to make said regular levy of the Kennewick Port District, as set forth below, and that said regular levy is for operation, maintenance, land acquisition, construction, and the levy is to be distributed as follows:

Expense (General) Fund	\$3,800,000
Administration Refund Fund	\$32,000

Total Regular Levy	\$3,832,000
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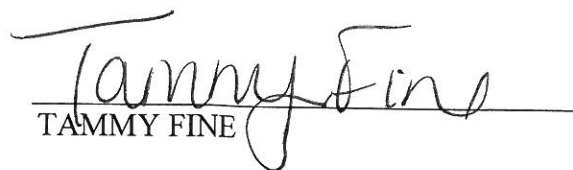
Population Certification:	Above 10,000
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If the above certification is more than the Assessor's levy calculations, the Assessor's Office is directed to reduce the Construction Fund amount by the actual Assessor's levy calculation.

CERTIFIED this 26th day of November, 2013.

CERTIFIED BY:

**PORT of KENNEWICK
CFO/AUDITOR**


TAMMY FINE

PORT OF KENNEWICK

Resolution No. 2013-30

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK ADOPTING THE 2014 WORK PLAN

WHEREAS, the Port of Kennewick Commission conducted a Planning Workshop at its Special Meeting on Tuesday, November 12, 2013, to receive public input and discuss in open session proposed plans and development policies to be undertaken and implemented in calendar year 2014; and

WHEREAS, following input from the public and discussion amongst the Commission, the Commission requested additions and modifications to the work plan and policies presented by staff; and

WHEREAS, the requested additions and modifications have been incorporated into the document titled "Port of Kennewick 2014 Work Plan".

NOW, THEREFORE, BE IT HEREBY RESOLVED the Board of Commissioners of the Port of Kennewick hereby adopt the 2014 Work Plan as identified in the document titled "Port of Kennewick 2014 Work Plan" herein attached hereto and identified as "Exhibit A".

ADOPTED by the Board of Commissioners of the Port of Kennewick this 26th day of November, 2013.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

By: 
SKIP NOVAKOVICH, President

By: 
DON BARNES, Vice President

By: 
GENE WAGNER, Secretary