



PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 23, 2021 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; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. ***Approval of Direct Deposit and E-Payments Dated February 17, 2021***
Direct Deposit and E-Payments totaling \$123,981.28.
- B. ***Approval of Warrant Register Dated February 23, 2021***
Expense Fund Voucher Number 102709 through 102741 for a grand total of \$130,039.08
- C. ***Approval of Regular Commission Meeting Minutes February 9, 2021***

Commissioner Barnes would like to propose a change to the Meeting Minutes from February 9, 2021. Commissioner Barnes noted that on page three of the February 9, 2021 Meeting Minutes, Section 8D: Citizen Complaint and Investigation Cost, the Minutes show Exhibit B in parentheses on the bottom of page three and four bullet points that outline the approximate costs.

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MOTION: *Commissioner Barnes moved to amend the February 9, 2021 Commission Minutes by striking Exhibit B and the four bullet points and inserting the two images of the Power Point Slides that Mr. Kooiker presented at the February 9, 2021 Commission Meeting;*

Commissioner Barnes stated he would like this done because the slides show the exact information presented and the two slides were not included in the Agenda Packet and he thinks the first slide had language that Mr. Kooiker referred to that was a qualification or caveat. Commissioner Barnes thinks it would be important to capture that in the minutes.

Commissioner Moak seconded.

Commissioner Barnes called for the Vote.

Commissioners Barnes and Moak, Aye.

Commissioner Novakovich called for a Point of Order and stated there needs to be discussion and Public Comment.

Commissioner Barnes offered Public Comment for amendment of the minutes.

PUBLIC COMMENT

No comments were made.

Ms. Scott suggested to leave in Exhibit B for the attachment of the slides to the Minutes. Ms. Scott clarified if Commissioner Barnes wanted the slides in the Minutes.

Commissioner Barnes would like to make sure that the slides are part of the minutes, as opposed to a link. Commissioner Barnes stated it would be his preference to leave in the four bullet points, although the \$395,000 figure should be \$399,000.

Ms. Scott listened to the minutes and believed Mr. Kooiker stated \$395,000 and was rounding verbally. Ms. Scott confirmed that the slides would be attached as Exhibit B.

Commissioner Barnes heard \$399,000 and liked Ms. Scott's suggestion of leaving Exhibit B.

MOTION: *Commissioner Barnes moved to amend the motion by leaving the words Exhibit B in place as they are; however, the rest of motion stands; Commissioner Moak seconded the amended motion. Commission Moak asked Commission Barnes to restate the original motion.*

Commissioner Barnes restated the original motion:

Delete the words Exhibit B in parentheses through the fourth bullet point, which is public records request approximate cost is \$159,000 and replace with the two power point slides from Mr. Kooiker's presentation. Ms. Scott suggested we amend that by leaving Exhibit B, but then deleting the four bullet points, then appending Exhibit B to the back of the minutes with the two power point slides. Commissioner Barnes confirmed that was correct.

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Commissioner Barnes returned to Commissioner Novakovich's Point of Order. Commissioner Barnes inquired if there was a citizen who wanted to make a public comment regarding this matter.

PUBLIC COMMENT

Ken Hohenberg, 3900 South Green Street, Kennewick. Mr. Hohenberg stated he attended the last meeting virtually as well and listened to the discussion and wrote down the bullet points as well. Mr. Hohenberg thinks whatever is reflected in the minutes, needs to reflect the total cost, as he thinks the Commission is trying to do. Mr. Hohenberg appreciates the comments from the last Commission Meeting and knows Commissioner Moak talked about how appalling it was that we expended almost \$400,000. Mr. Hohenberg stated that however it is reflected, it needs to be clear so that people are able to see exactly what it costs.

Commissioner Barnes thanked Mr. Hohenberg for his comments. Commissioner Barnes restated the Motion as amended:

It was Moved and seconded that we amend the Minutes of the February 9, 2021 Meeting by striking the four bullet points and appending as Exhibit B, to the back of the Minutes, the two power point slides that were presented by Mr. Kooiker at that meeting.

Commissioner Barnes called for further discussion regarding the proposed change to the February 9, 2021 Meeting:

Commissioner Novakovich stated he will have to vote in the negative on this because he believes the minutes should reflect what was actually stated at the meeting. And since we don't have the two power point slides in front of us to see what they are and what they are replacing, he does not know how we can make a decision on that. Commissioner Novakovich thinks the Minutes need to reflect exactly what was said at the Meeting. He does not mind adding information to the minutes, but he thinks they need to stand as presented.

Commissioner Barnes believes the two power point slides presented by Mr. Kooiker were presented as a share my screen mini-power point presentation during the Meeting. However, the two power point slides were not in the Agenda Packet for anyone to see, that wants to go back and look at this, and they are not reflected in the Minutes. By making this suggested change, Commissioner Barnes is trying to capture exactly what Mr. Kooiker presented on the power point slides.

Commissioner Barnes restated the amended motion:

It has been moved and seconded that we amend the Meeting Minutes of the February 9, 2021 Meeting by deleting the four bullet points at the bottom of page three and leaving the words Exhibit B and appending or adding to the back of the meeting minutes the two power point slides that Mr. Kooiker presented during the meeting.

With no further discussion, motion carried. All in favor 2 Ayes (Commissioners Barnes and Moak):1 Nay (Commissioner Novakovich)

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MOTION: *Commissioner Barnes moved to approve the Consent Agenda with the amended Meeting Minutes of February 9, 2021, Items A-C; Commissioner Moak seconded. With no further discussion, motion carried. All in favor 2 Aye (Commissioners Barnes and Moak): 1 Abstain (Commissioner Novakovich).*

EMERGENCY DELEGATION UPDATE

Ms. Hanchette stated our region has moved to Phase 2 and restaurants and wineries are now open at 25% capacity.

PRESENTATION

A. *Quarterly Finance Update*

Mr. Kooiker presented the fourth quarter finance update. (EXHIBIT A)

Commissioner Novakovich inquired if there would be a delay in paying off the Vista Field loan early, as previously discussed.

Mr. Kooiker stated during the budget cycle, the Commission discussed repaying the loan as something to consider for the 2023-2024 Budget. However, the Port can reconsider that if we feel we have the cash needed, which would be a policy level decision. Mr. Kooiker stated the Port qualified for the loan based on tax revenues, not selling parcels.

Commissioner Moak appreciates the update and inquired which fund the \$399,000 from the Citizen Complaint and Appeal was allocated to.

Mr. Kooiker stated it was allocated to non-operating expenses.

Commissioner Barnes stated the Commission previously discussed the operating gap and our operating division has revenues of approximately \$2,600,000 against expenses of \$4,900,000. Commissioner Barnes stated for the 2019-2020 budget cycle there is a deficit of \$2,300,000 and inquired if Mr. Kooiker is monitoring and if we are narrowing that deficit or if it is staying the same.

Mr. Kooiker believes that it has remained the same over the last 4-5 years, but would need to research to confirm. Mr. Kooiker stated the operating gap has very little relevance to the Port and many ports operate in a deficit, because we are a public agency and not meant to operate like the private industry.

Commissioner Barnes stated that is a point well taken and believes it is not the top priority at the Port. Commissioner Barnes knows that in the past it was raised as an issue and wanted to recognize that it is there for the two-year cycle. Mr. Kooiker's comments are in line with past Commission discussions and the bottom-line profit is not the most important consideration at the Port.

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REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *Vista Field*

Mr. Peterson reported working through final survey steps for the City to accept the roads and cleaning up the site to help identify parcels and keep clear of vandalism. DPZ continues to revise the Commission concepts and recommendations from the December 11, 2020 Special Meeting. Mr. Floyd and Ms. Goldstein continue to work on Articles of Incorporation for the Property Owners Association Documents.

B. *Kennewick's Historic Waterfront*

Mr. Peterson reported Makers Architecture and Urban Design completed their third public open house for the Waterfront Master Plan. Mr. Peterson believes a draft master plan will be ready for review this spring.

C. *Governance Audit*

Mr. Arntzen updated the Commission on the progress of the Governance Audit. Mr. Arntzen has been reviewing the qualifications of potential contractors to determine who will be devising the scope of work with the assistance of the Commission and staff. Per Washington State RCW and Port procedures, there are specific steps that the Port must follow to remain fair and transparent. Mr. Arntzen has been following State RCW and Port policies to move forward with choosing a qualified contractor. Mr. Arntzen has made good progress on reviewing contractor qualifications but has not made a final decision. Mr. Arntzen appreciates the Commission allowing him time to do this the right way and work through the process.

Commissioner Moak appreciates the report and stated it is important for Mr. Arntzen to follow the law and complete a thorough job that he outlined. The best way we can get the best results is by doing things properly to help us move forward. Commissioner Moak inquired if Mr. Arntzen will have selected a firm by the next Commission Meeting.

Mr. Arntzen stated barring any unforeseen obstacles, he believes he should have a decision for the Commission.

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

Commissioners reported on their respective committee meetings.

E. *Non-Scheduled Items*

Ms. Bader Inglima reported that the Tri-City Chamber of Commerce State of the Ports presentation via Zoom is on Wednesday, February 24, 2021 at 12:00 p.m.

Commissioner Moak recently walked Clover Island and the City Campus and was very pleased with the snow removal by the Port and City. Additionally, Commissioner Moak stated Ken Silliman was very important to the Port of Kennewick and downtown Kennewick for many years. Mr. Silliman was well respected for his diplomacy and we will all miss his service to the Port.

Commission Novakovich read an excerpt from an email sent from Victoria Lincoln, Deputy Director of the Washington Public Ports Association regarding the Legislative Session:

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“Today is Day 44 of the 2021 Washington Legislative Session. That translates to approximately 40% of the way through this 105-day session. As of yesterday, all the policy and fiscal committees have finished their work for the first round. If bills did not pass these committees, they are now considered dead for the year. There may be some extraordinary instances where dead bills can be revived or woven into other bills still moving, but for the vast majority of them, it’s the end of the line for this year.”

Commission Novakovich responded to Commissioner Moak’s committee meeting statement regarding Island View and Vista Field and believes the Port discussed it several times and it has been in some studies.

Commissioner Barnes agrees with Commission Novakovich and recalls something mentioned in the past regarding the connection between Island View and Vista Field. He does not recall discussion regarding formal support from the Commission, but it would be interesting to consider if we found an appropriate partner.

Mr. Arntzen offered congratulations to Commissioner Moak on his retirement from Mid-Columbia Library in March.

No further comments were made.

PUBLIC COMMENTS

Ken Hohenberg is calling in as a constituent of the Port district and would like to piggyback on some of the comments regarding the \$400,000 in Port resources not being best expenditure for our constituents. Mr. Hohenberg appreciates the work the Commission is doing on the governance policies and stated at the end of the day, no matter how great your policies are and whatever your formal governance is, it still has to be led by leaders. And it really starts with the way we treat people, whether it is our citizens, staff, or colleagues. Mr. Hohenberg stated the other item he wanted to touch on today was the water feature at Vista Field. Mr. Hohenberg has had the opportunity to walk Vista Field and he thinks the Port Commission and certainly the staff, who have probably done the heavy lifting, have really delivered something that is unique and beautiful. The water feature is really an attraction and gift to the entire Tri-Cities and especially Port constituents. Mr. Hohenberg stated the Port deserves recognition for a job well done. Mr. Hohenberg wanted to recognize Commissioner Moak for his 41 years of service at the Mid-Columbia Library and what he has done for the community: past Kennewick Man, Vice President of the Kiwanis Club; Historic Downtown Kennewick Association, City Council, and Kennewick Mayor; and he appreciates Commissioner Moak’s commitment to Kennewick and all that he does. Lastly, Mr. Hohenberg thanked everyone at the Port for what we are doing.

No further comments were made.

COMMISSION COMMENTS

No comments were made.

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ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 3:14 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS

DocuSigned by:
DN Barnes
7468DE9530724DC...

Don Barnes, President

DocuSigned by:
Skip Novakovich
0E53A30E1C8E442...

Skip Novakovich, Vice President

DocuSigned by:
Thomas Moak
A35176A2D2CD413...

Thomas Moak, Secretary

The February 23, 2021 Commission Meeting Minutes were Approved by the Port of Kennewick Commissioners on March 9, 2021 at the Regular Commission Business Meeting and signed with an Electronic Signature Per Resolution 2021-01, Adoption of Electronic & Digital Signature at the Port of Kennewick.

Port of Kennewick

Quarterly Budget Update 4th Quarter 2020

Managing Resources & Accountability

by Nick Kooiker, CFO/Auditor





Operating Division

Revenue & Expenses



**Revenues:
\$2,593,582**

- Benchmark of 100%
- 113% collected through year end
- Impacts of COVID-19 may not be realized yet
- Shows how resilient the Port tenants have been
- Oak Street properties fully leased



**Expenses:
\$4,900,309**

- Benchmark of 100%
- 93% expensed through year end
- Originally budgeted for additional shoreline maintenance expenses



Non-Operating Division

Revenue & Expenses



**Revenues:
\$17,542,100**

- 100% Benchmark
- 104% collected through year end
- Ad Valorem Taxes were slightly higher than budgeted
- Southridge and Oak Street Land Sales



**Expenses:
\$2,464,230**

- 100% Benchmark
- 78% Expended through year end
- Port owes about \$4.6M on Vista Field Loan

Capital Projects

2019/2020 Capital Projects

PROJECT	BUDGET	19/20 ACTUAL	REMAINING
Shoreline Restoration	\$ 1,500,000	\$ 264,150	\$ 1,235,850
Clover Island Master Plan	\$ 250,000	\$ 100,913	\$ 149,087
Vista Field Redevelopment	\$ 7,809,314	\$ 7,059,390	\$ 749,924
Vista Field Traffic Impacts, Owners Assn, Town Planner	\$ 335,000	\$ 93,583	\$ 241,417
Vista Field Loan Payments	\$ 450,000	\$ 449,080	\$ 920
Columbia Drive	\$ 2,406,165	\$ 2,203,214	\$ 202,951
Columbia Park Trail Improvements	\$ 800,000	\$ 0	\$ 800,000
ROI Project	\$ 0	\$ 0	\$ 0



Thank You

Nick Kooiker, CFO/Auditor

509-586-1186

nick@portofkennewick.org

PORT OF KENNEWICK

Financial Highlights

UNAUDITED & IN DRAFT FORM - ACCRUAL BASIS OF ACCOUNTING

Jan 1, 2020 through December 31, 2020

Financial Highlight Summary					
* Benchmarks		100%	Revenues	100%	Expenses
* Ending Cash/Investments	\$	12,398,216			
* Cash Restricted by Commission	\$	2,500,000			
* Accounts, Notes, & Taxes Receivable	\$	1,472,062			
* Total Assets	\$	67,438,859			
* Total Liabilities (not including OPEB or Pension)	\$	993,717			

DESCRIPTION	2019 & 2020 BUDGET	2020 ACTUAL	2019 ACTUAL	2019/2020 Actual Total	UNDER BUDGET (OVER)	% Reached To Date
OPERATING REVENUES						
Marine Division	\$ 596,242	\$ 331,079	\$ 306,073	\$ 637,152	(40,910)	107%
Property Management Division	\$ 1,708,450	\$ 990,672	\$ 965,758	\$ 1,956,430	(247,980)	115%
Total Operating Revenues	\$ 2,304,692	\$ 1,321,751	\$ 1,271,831	\$ 2,593,582	(288,890)	113%
OPERATING EXPENSES						
Marine Division	\$ 570,291	\$ 301,885	\$ 246,080	\$ 547,965	22,326	96%
Property Management Division	\$ 2,440,166	\$ 978,738	\$ 1,019,529	\$ 1,998,267	441,899	82%
Corporate Division	\$ 2,286,426	\$ 1,155,787	\$ 1,198,290	\$ 2,354,078	(67,652)	103%
Total Operating Expenses	\$ 5,296,883	\$ 2,436,410	\$ 2,463,899	\$ 4,900,309	396,574	93%
OPERATING PROFIT (LOSS)	\$ (2,992,191)	\$ (1,114,659)	\$ (1,192,069)	\$ (2,306,727)		
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	\$ 422,835	\$ 2,068,787	\$ 7,491,623	519,377	94%
Ad Valorem Tax	\$ 8,529,907	\$ 4,357,962	\$ 4,214,230	\$ 8,572,193	(42,286)	100%
Other Non-Operating Revenues	\$ -	\$ -	\$ -	\$ -	0	-
Interest Income	\$ -	\$ 118,052	\$ 208,840	\$ 326,892	(326,892)	-
Total Non-Operating Revenues	\$ 16,940,907	\$ 4,899,850	\$ 7,642,251	\$ 17,542,100	(601,193)	104%
NON-OPERATING EXPENSES						
Real Estate Division	\$ 144,579	\$ 31,433	\$ 49,723	\$ 81,156	63,423	56%
Economic Development & Planning Division	\$ 352,708	\$ 208,962	\$ 211,023	\$ 419,985	(67,277)	119%
Public, Governmental Relations, and Other Non-Operating Cost	\$ 2,611,977	\$ 1,020,315	\$ 914,395	\$ 1,934,710	677,267	74%
Vista Field Ongoing Closure & Decommissioning Cost	\$ 42,097	\$ 28,378	\$ -	\$ 28,378	13,719	67%
Total Non-Operating Expenses	\$ 3,151,361	\$ 1,289,088	\$ 1,175,142	\$ 2,464,230	687,131	78%
Operating & Non-Operating Revenues Over Expenses (Under Expenses)	\$ 10,797,355	\$ 2,496,103	\$ 5,275,040	\$ 12,771,143		
CAPITAL EXPENDITURES	\$ 14,773,736	\$ 3,041,217	\$ 7,731,544	\$ 10,772,760	4,000,976	73%