



PORT OF KENNEWICK REGULAR COMMISSION MEETING

OCTOBER 22, 2024 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 Skip Novakovich called the Regular Commission Meeting to order at 2:00 p.m.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Skip Novakovich, President
Kenneth Hohenberg, Vice President (via telephone)
Thomas Moak, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Nick Kooiker, CFO/ Deputy Chief Executive
Larry Peterson, Director of Planning and Building (via telephone)
Amber Hanchette, Director of Real Estate (via telephone)
Bridgette Scott, Executive Assistant (via telephone)
Lisa Schumacher, Special Projects Coordinator
David Phongsas, Marketing/Capital Projects Coordinator (via telephone)
Carolyn Lake, Port Counsel (via telephone)

PLEDGE OF ALLEGIANCE

Commissioner Novakovich led the Pledge of Allegiance.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

MOTION: Commissioner Moak moved to move Item G, Approval of 2025-2026 CEO Goals to Reports, Comments; Motion dies for a lack of second.

- A. Approval of Direct Deposit and E-Payments Dated October 16, 2024**
Direct Deposit and E-Payments totaling \$87,289.52
- B. Approval of Warrant Register Dated October 22, 2024**
Expense Fund Voucher Number 106345 through 106390 for a grand total of \$490,592.94
- C. Approval of Regular Commission Meeting Minutes October 8, 2024**
- D. Approval of Special Joint Commission Meeting Minutes October 9, 2024**
- E. Approval of CEO's Goals and Objectives; Resolution 2024-25**
- F. Approval of 60-Day Extension to the Right to Negotiate Period with BlueChart Homes; Resolution 2024-26**
- G. Approval of 2025-2026 CEO Goals; Resolution 2024-27**

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MOTION: *Commissioner Novakovich moved to approve the Consent Agenda as presented; Commissioner Hohenberg seconded. With no further discussion, motion carried. All in favor 2 (Ayes: Commissioners Hohenberg and Novakovich): 1 (Nay: Commissioner Moak).*

PRESENTATIONS

A. 2025-26 Draft Budget Workshop

Mr. Kooiker presented the 2025-2026 Draft Budget (*Exhibit A*).

The Commission and staff discussed the details of the draft 2025-2026 Budget.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Special Joint Meeting Follow Up

Mr. Arntzen stated recently the Port of Kennewick had a joint meeting with Port of Pasco and inquired if the Commission had any comments about the meeting.

Commissioner Moak stated it was a good meeting with good policy discussions related to water transportation and what each Port is doing in their district. Commissioner Moak felt it was a good opportunity to hear Pasco's concerns, and he hopes we can continue having joint meetings, especially as we continue to work on projects of mutual interest.

Commissioner Hohenberg echoes Commissioner Moak's comments and stated he enjoyed the tour and believes there was good value in coming together and sharing our projects. Commissioner Hohenberg appreciates Port staff for putting the joint meeting together.

Commissioner Novakovich agrees with his fellow Commissioner's comments and likes the idea of a potential water taxi between the two Ports.

Mr. Arntzen will follow up and do some due diligence on the water transportation issue and report back at a later date.

B. CEO Report

Mr. Arntzen stated he had nothing to report.

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

Commissioners reported on their respective committee meetings.

D. Non-Scheduled Items

Ms. Hanchette shared that the groundbreaking for Kuki Izakaya for Vista Field lot 15 is scheduled for Friday, November 22, 2024, at 10:00 a.m.

Commissioner Novakovich stated regarding the Port finances, he believes the Port is in very good hands and Mr. Kooiker is doing an excellent job.

PORT OF KENNEWICK
REGULAR COMMISSION MEETING

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PUBLIC COMMENTS

No comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 2:28 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

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Skip Novakovich

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Skip Novakovich, President

DocuSigned by:

Kenneth Hohenberg

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Kenneth Hohenberg, Vice President

DocuSigned by:

Thomas Moak

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Thomas Moak, Secretary

PORT OF KENNEWICK

Resolution No. 2024-25

***A RESOLUTION OF THE PORT OF KENNEWICK
BOARD OF COMMISSIONERS FORMALIZING COMPLETION OF
GOAL #2 OF CEO'S 2019/20 GOALS AND OBJECTIVES, AND
GOALS #1, 4, 7, & 10 OF CEO'S 2023/24 GOALS AND OBJECTIVES***

WHEREAS, the Commission approved goals and objectives for the Port CEO, attached as Exhibit "A" and last modified on October 16, 2023; and

WHEREAS, Kuki LLC closed on 8/26/2024, thus completing Goal #2 of the CEO's 2019/20 Goals and Objectives; and

WHEREAS, Vista Field Parking Lots A&E was presented to the commission on 10/8/2024, thus completing Goal #1 of the CEO's 2023/24 Goals and Objectives; and

WHEREAS, the Clover Island Stage project was completed on 5/4/2024, thus completing Goal #4 of the CEO's 2023/24 Goals and Objectives; and

WHEREAS, the Port conducted a joint meeting with the Port of Pasco on 10/9/2024, thus completing Goal #7 of the CEO's 2023/24 Goals and Objectives; and

WHEREAS, the Succession Plan was presented to the Commission on 10/8/2024, thus completing Goal #10 of the CEO's 2023/24 Goals and Objectives; and

WHEREAS, the Commission desires to formally accept as complete Goal #2 of the CEO's 2019/20 Goals and Objectives; and Goals #1, #4, #7, and #10 of the CEO's 2023/24 Goals and Objectives related to these items.

NOW, THEREFORE, BE IT HEREBY RESOLVED the Board of Commissioners of the Port of Kennewick hereby accepts as complete Goal #2 of the CEO's 2019/20 Goals and Objectives, and Goals #1, #4, #7, and #10 of the CEO's 2023/24 Goals and Objectives.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 22nd day of October 2024.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: DocuSigned by:
Skip Novakovich
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SKIP NOVAKOVICH, *President*

By: DocuSigned by:
Kenneth Hohenberg
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KENNETH HOHENBERG, *Vice President*

By: *Disapprove*
THOMAS MOAK, *Secretary*

Exhibit "A"

EXHIBIT A		CEO Goals & Objectives (update on 2019/20/23/24 ongoing goals)			
DATE:		October 22, 2024			
GOAL & OBJECTIVE		TACTICAL STEPS	ACTION	STATUS	COMMENTS
2019/2020 Goals and Objectives Carryover					
Vista Field	2019/20 GOAL	Sell one parcel or obtain one ground lease (does not include Arts Center Task Force).	Considered complete when presented to Commission.	Complete	Kuki, LLC closed on 8/26/2024
	2				
2023/2024 Goals and Objectives					
Vista Field	2023/24 GOAL	Complete A&E for Vista Field Parking Lots	Considered complete when presented to Commission.	Complete	Presented to Commission on 10/8/24
	1				
Vista Field	2023/24 GOAL	Complete Vista Field Development building exterior improvements	Considered complete when presented to Commission.	15% Complete	Commission approved public works contract on 9/24/24. Estimated completion February 2025.
	2				
Kennewick Waterfront	2023/24 GOAL	Prepare and market one clover island lot for lease.	Considered complete when presented to Commission.	Work in Process	Shoreline improvements have been completed. This task has been delayed significantly due to the amount of interest in the Port's Vista Field Project. As such, general staffing and financial resource allocations have been utilized at Vista Field in lieu of Clover Island.
	3				
Kennewick Waterfront	2023/24 GOAL	Complete A&E and cost estimate for clover island stage project and assess opportunities for public private partnership.	Considered complete when presented to Commission.	Complete	Stage delivered to the Port on 3/4/2024. The lease was executed with the hotel ownership group on 4/9/2024.The site improvements were completed on 5/4/2024, and the 2024 summer concert series used the stage all summer.
	4				
Kennewick Waterfront	2023/24 GOAL	Market for sale, and sell or lease one lot in the Kennewick waterfront area which includes willows, cable greens, and columbia drive	Considered complete when presented to Commission.	Work in Process	This task has been delayed significantly due to the amount of interest in the Port's Vista Field Project. As such, general staffing and financial resource allocations have been utilized at Vista Field in lieu of Kennewick Waterfront Projects.
	5				
District wide	2023/24 GOAL	Carry out joint meeting with one jurisdictional partner (remote)	Considered complete when presented to Commission.	Complete	Joint Meeting with Port of Pasco on 10/9/2024.
	7				
District wide	2023/24 GOAL	Initiate and advise the Commission of a succession plan for the continuity of Port leadership and staff.	Considered complete when presented to Commission.	Complete	Presented to Commission on 10/8/24
	10				

PORT OF KENNEWICK

RESOLUTION No. 2024-26

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK TO APPROVE AN ADDITIONAL 60 DAY
EXTENSION TO THE RIGHT TO NEGOTIATE WITH BLUECHART LLC***

WHEREAS, the Port of Kennewick ("Port) Commission has authorized port staff to market parcels for sale within the Vista Field redevelopment project; and

WHEREAS, on June 11, 2024, Commissioners approved a '90 Day Right to Negotiate' time-period with BlueChart LLC construction of 300 single family residential homes within Vista Field; and

WHEREAS, August 27, 2024, Commissioners approved Resolution 2024-16, authorizing a 60-day extension (to November 10, 2024) to the right to negotiate period for construction of 300 single family residential homes within Vista Field; and

WHEREAS, an additional 60 days is needed to continue negotiations with BlueChart LLC for construction of 300 single family residential homes within Vista Field.

NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners hereby approves an additional '60 Day Extension (January 9, 2025) to the Right to Negotiate' time-period with BlueChart LLC for construction of 300 single family residential homes within Vista Field.

BE IT FURTHER RESOLVED that the Port of Kennewick Board of Commissioners hereby ratify and approve all action by port officers and employees in furtherance hereof; and authorize the Port Chief Executive Officer to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 22nd day of October, 2024.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By:

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Skip Novakovich

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SKIP NOVAKOVICH, President

By:

DocuSigned by:

Kenneth Hohenberg

89F77EAC8921416...

KENNETH HOHENBERG, Vice President

By:

Disapprove

THOMAS MOAK, Secretary

PORT OF KENNEWICK

Resolution No. 2024-27

***A RESOLUTION OF THE PORT OF KENNEWICK
BOARD OF COMMISSIONERS APPROVING
CEO'S 2025/26 GOALS AND OBJECTIVES***

WHEREAS, the Board of Commissioners of the Port of Kennewick met this 22nd day of October, 2024, a quorum of the Commissioners being present; and

WHEREAS, pursuant to the CEO's employment agreement, the Port Commission is required to approve goals and objectives on an annual basis; and

WHEREAS, the CEO Evaluation Committee has met multiples times to prepare a proposed goals list for the 2025/26 budget cycle as identified in Exhibit B.

NOW, THEREFORE, BE IT RESOLVED the Port of Kennewick Board of Commissioners hereby approves the 2025/26 CEO's Goals and Objectives, as attached in "Exhibit B".

BE IT FURTHER RESOLVED that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 22nd day of October, 2024.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: DocuSigned by:
Skip Novakovich
0E53A30E1C8E442...
SKIP NOVAKOVICH, *President*

By: DocuSigned by:
Kenneth Hohenberg
89F77EAC8921416...
KENNETH HOHENBERG, *Vice President*

By: Disapprove
THOMAS MOAK, *Secretary*

*PORT OF KENNEWICK
CEO EVALUATION COMMITTEE'S
RECOMMENDED GOALS - 2025-2026*

1. Present design for Daybreak Commons.
2. Collaborate with BlueChart's contractors to present a plan for the first stage of amenities at Vista Field.
3. Present a plan for identification and recruitment of one new academic, governmental, or institutional user at Vista Field.
4. Develop plan to accommodate staffing/office needs long term (potential renovation of office space).
5. Update historical background for comp scheme, including history with tribe.
6. Perform marina safety analysis (electrolysis; stray current, etc.) by use of qualified contractor.
7. Complete construction of Woonerf North & Woonerf South Parking Lots at Vista Field.
8. Update Comprehensive Scheme of Development.
9. Propose and vet potential alternative artwork projects.
10. Flexible Goal: Identify and Present one additionally beneficial Project or ROI partnering opportunity to Commissioners.

Port of Kennewick

2025/26 Budget

October 22, 2024

Managing Resources & Accountability

by Nick Kooiker, CFO/Auditor



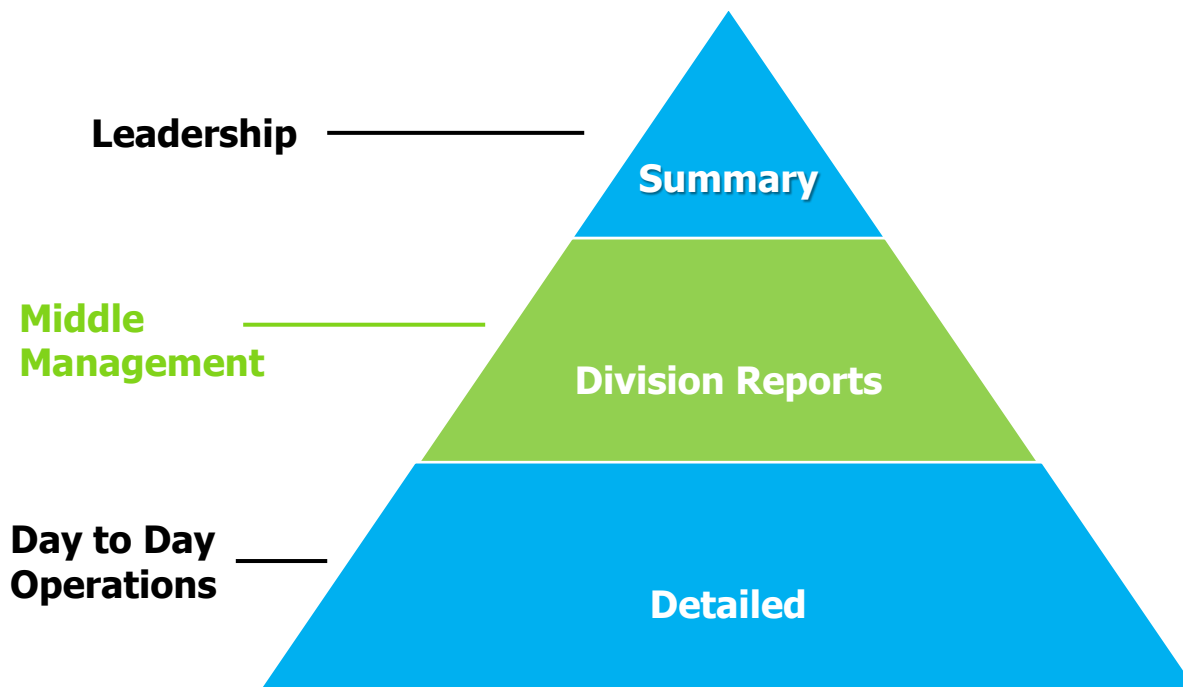


GFOA

(Government Finance Officers Association)

Reporting Pyramid

Reporting Pyramid





Economic Data



National

level



State

Level



Local

Level

Unemployment: National ~ State ~ Local

4.2%

National
Unemployment Rate

3.7% in 2023

4.8%

State
Unemployment Rate

3.9% in 2023

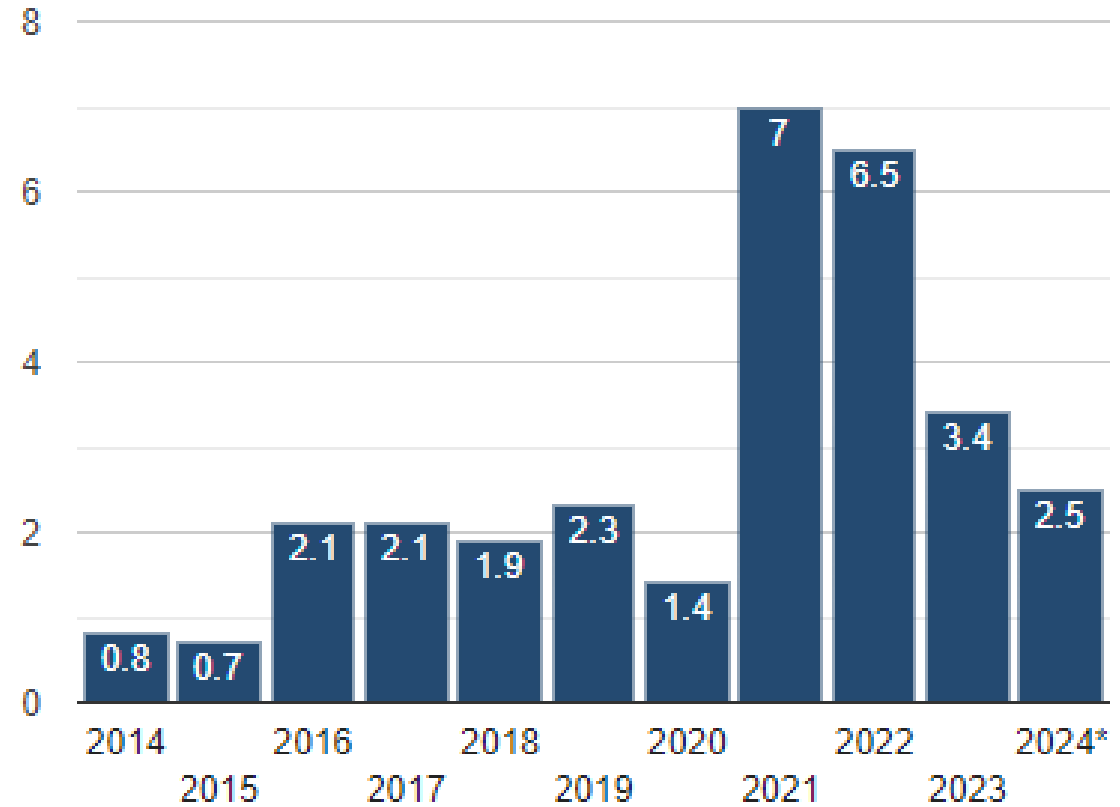
5.1%

Benton County
Unemployment Rate

3.8% in 2023



Chart: United States Annual Inflation Rates (2014 to 2024)



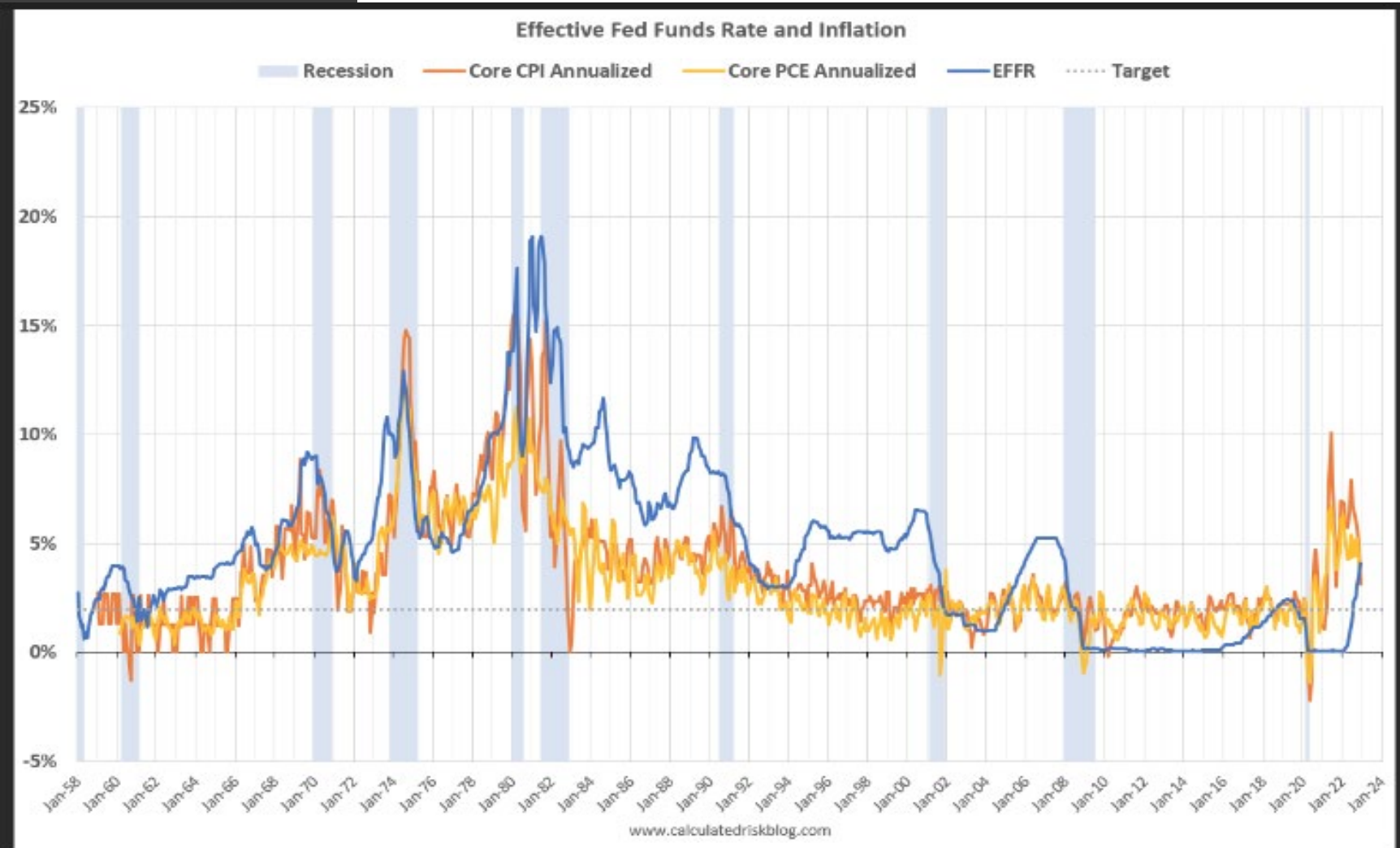
Business Insider: 85% chance of a recession hitting

Forbes: Recession risk may be rising

Fortune: Heading for a hard landing fearing the Fed's rate cuts won't be enough

Money: USA is NOT heading for a recession

USA Today: Depends on who you ask



What's Next?

Uncertainty!

- **Approximately \$12M in cash**
- **The Port owes just over \$3.4M on the Vista Field loan**
- **Operating revenues are approximately 5% higher than benchmark**
- **Operating expenses are approximately 15% under benchmark**
- **The Port's net position is approximately \$68M**
- **The 2024 levy rate is \$.20/thousand, compared to \$.44 in 2001**



Port's Current Financial Position

- **Reducing costs and enhancing revenues when feasible while maintaining acceptable service levels**
- **Promoting fiscal responsibility among departments**
- **Acknowledging the Port's limited staff and financial resources**
- **Provide the public with high quality projects and services within a healthy work environment by encouraging efficiency**
- **\$2.5M reserve fund**



Budget Philosophy

Budget Assumptions



Fund Balance

Forecasting fund balance on 12/31/24 to be approximately \$12M



Inflation

This budget is conservative, allowing for increased expenses



RCCF

Capital Budget relies heavily on Land Sales and RCCF funding

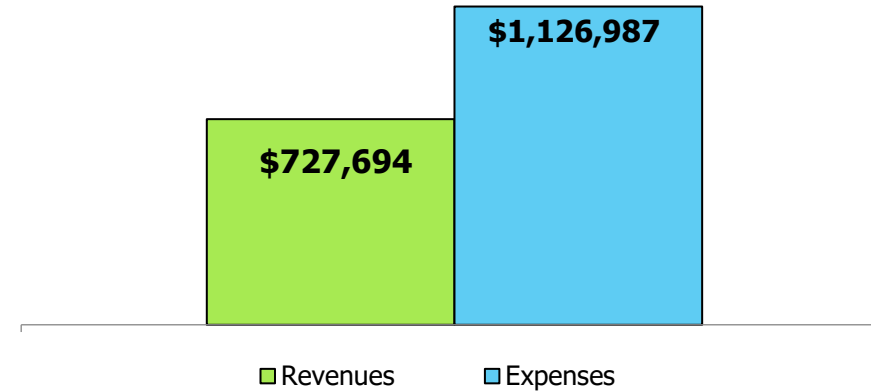


Maintaining Port Investments

Budget reflects funding to maintain current service levels while adding funds to handle new Vista Field capital projects



Responsible for operations and management of marina, haul outs and boat storage.



- The marina is nearly 100% occupied, so recommending a minimum 2% per year increase in rates.
- Expenses include estimated staffing costs, increase in marina liability insurance, extra security patrols, and milfoil treatment costs
- Most expenses are indexed to a 5% inflation factor, an actual contract amount, or estimated by department manager

Marine Division

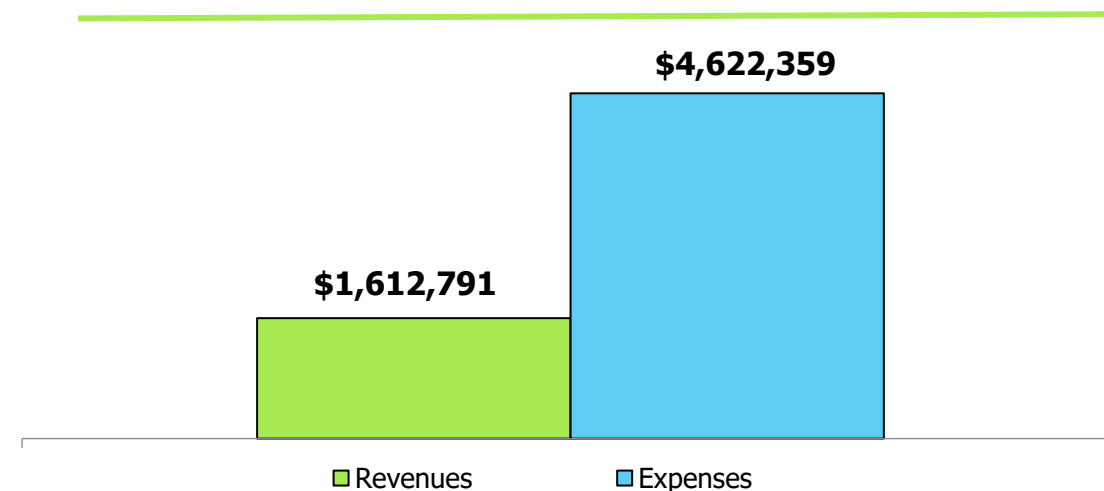
Revenue & Expenses



Property Management Division

Revenue & Expenses

Responsible for management, operations, and maintenance of various Port assets (mainly Port buildings).



- Revenues are based upon leases in place through 2026, and leases that are “highly likely” to renew.
- VFDF-A is mostly vacant due to a material lease ending. This was a \$143k/year lease (approximately 14% of lease revenues). This revenue is not in the budget.
- Expenses include estimated staffing costs, increase in utility expenses, extra Vista Field grounds maintenance, asphalt and storm drainage maintenance, additional food truck plaza maintenance, and extra security patrols.
- Most expenses are indexed to a 5% inflation factor, an actual contract amount, or estimated by department manager

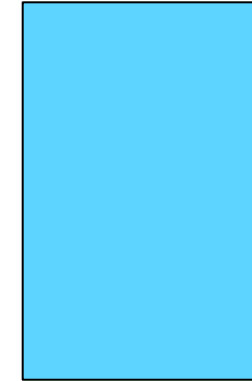


Corporate Division

Revenue & Expenses

Other divisions are supported by the corporate division which includes, among many other things: Board of Commissioners, Legal, Accounting & Finance, IT, and Contract Administration.

Corporate Cost
\$4,758,929



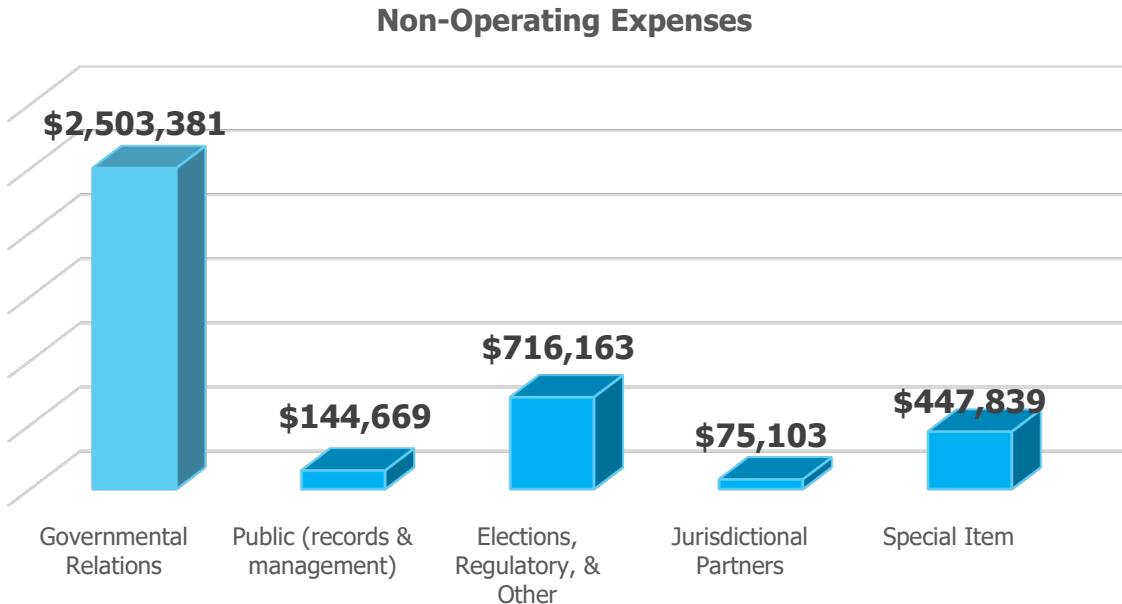
- **Budget reflects additional staffing resources needed.**
- **Expenses include increase in liability insurance, advertising, and automobile expenses for newly acquired Port maintenance trucks. The budget also allows for a new staff member, if needed.**
- **Most expenses are indexed to a 5% inflation factor, an actual contract amount, or estimated by department manager.**



Non-Operating Division

Expenses

This division includes various items that don't affect Port operations. This can include items such as: Election costs, third party audit expenses, marketing expenses, public records management, and membership dues.



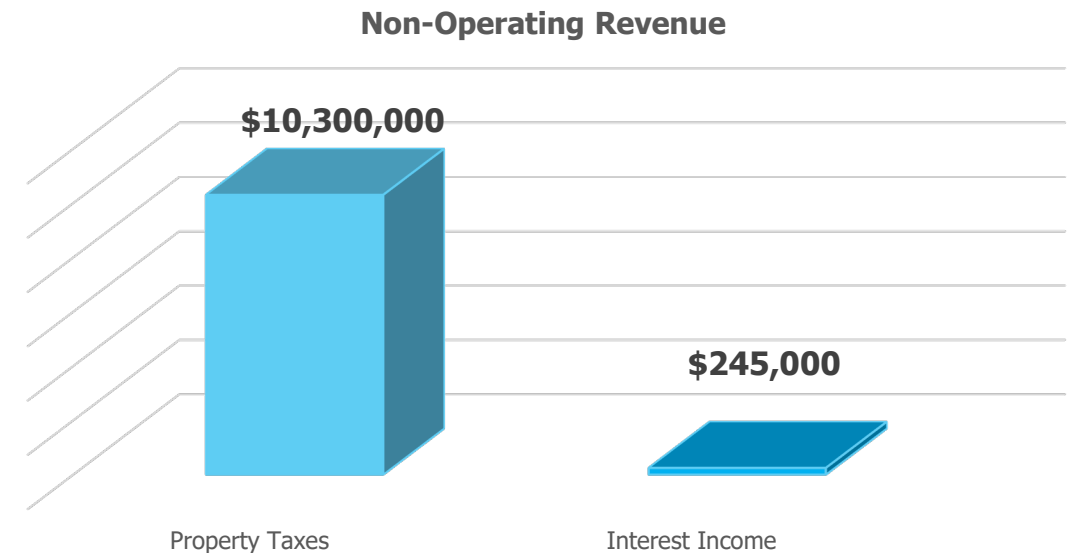
- Many expenses are tied to a contract, or membership dues such as TRIDEC, WPPA, Visit Tri Cities, etc.
- Expenses include estimated staff time related to this division. Increased budget for 2025 election and SAO annual audits, and the special item is remaining cost for the Oak Street Development Building demolition plus a set aside amount for a potential Port maintenance shop.



Non-Operating Division

Revenues

This division includes revenues classified as non-operating revenue by Governmental Accounting Standards Board (GASB). This includes items such as: Property Taxes and Interest Income.



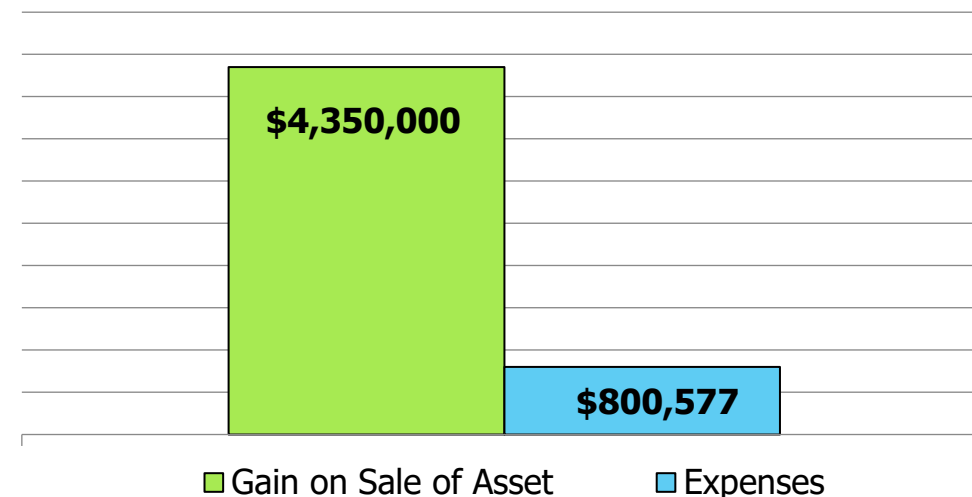
- **Property tax revenues are budgeted at \$10.3 million, which is an estimated \$60,000 in new tax revenue per year.**
- **Interest Income is estimated at \$245,000.**
- **Non-operation revenues also includes land sales covered in Real Estate Division and grant funding covered in Economic Development Division since it is tied to capital projects.**



Real Estate Division

Revenue & Expenses

This division manages the process of buying or selling property in support of the Port's overall business plans.



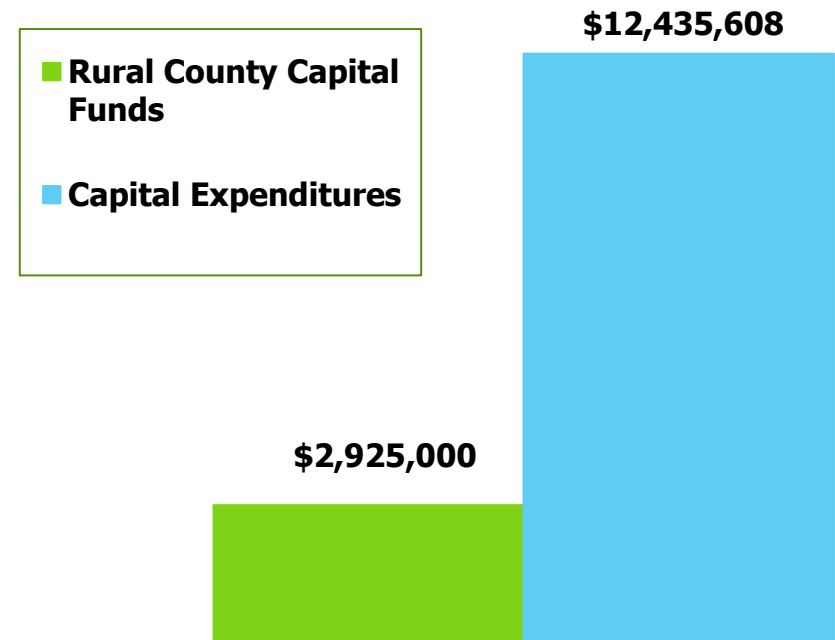
- **Vista Field redevelopment has unlocked massive land sale opportunities with several land sales pending and underway. The gain on the Vista Field land sales is estimated just over \$4.3 million**
- **Expenses are primarily estimated staff time related to this division and other cost that is not allowed to be capitalized. Expect increased cost for marketing and selling Vista Field properties.**



Economic Development Division

Revenue & Expenses

This division supports all the Port's capital assets to be planned or constructed.



- Revenues include \$2.6 million RCCF for Vista Field Infrastructure, \$325,000 for HAIFEC grant.
- Details of capital expenditures are on the next slide.

Capital Projects

PROJECT COST	Location	Funding Source	TOTAL 25/26
Block #1 Infrastructure	Vista Field	Land Sale	\$ 2,300,000
Parking - Woonerf North	Vista Field	Land Sale	\$ 150,000
Parking - Pavillions	Vista Field	RCCF	\$ 1,000,000
Parking - Lots 23-25	Vista Field	Land Sale	\$ 400,000
Parking - Brockman	Vista Field	Port Operations	\$ 750,000
Block #2 Infrastructure	Vista Field	Land Sale	\$ 2,300,000
Parking - Woonerf South	Vista Field	Port Operations	\$ 225,000
Infrastructure East - Grandridge	Vista Field	RCCF	\$ 1,600,000
Daybreak Commons - A&E Est. Carryover	Vista Field	Vista Field	\$ 200,000
Daybreak Commons - Construction	Vista Field	Vista Field	\$ 1,500,000
VF Town Architect	Vista Field	Port Operations	\$ 300,000
VFDF A&B Est. Carryover	VFDF A&B	Port Operations	\$ 200,000
Artwork Project	Artwork	Port Operations	\$ 100,000
Opportunity Fund	Misc	Port Operations	\$ 125,000
Asset Replacement	Misc	Port Operations	\$ 400,000
Staff Cost for Capital			\$ 885,608
TOTAL			\$ 12,435,608

2025/26 Preliminary Budget

	2025 & 2026 BUDGET
Total Revenues	\$ 20,160,486
Total Expenses (less capital and promotional hosting)	\$ 15,493,646
<i>Profit (Loss)</i>	<i>\$ 4,666,840</i>
Capital Expenses	\$ 12,435,608
Promotional Hosting Expenses	\$ 51,250
Beginning Cash on Hand	\$ 12,498,942
Bond Principal Payments	\$ 900,000
Reserve Fund	\$ 2,500,000
Unrestricted Fund Balance	\$ 1,278,924
<i>Ending Cash on Hand</i>	<i>\$ 3,778,924</i>

A woman with long brown hair is seen from the back, holding a smartphone to take a photo of a dandelion display. The display features several large dandelions, some in bloom and some as seed heads, against a dark background. A sign in the background reads "Columbia's Gardens".

Thank You

Nick Kooiker, CFO/Auditor
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nick@portofkennewick.org

