



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 26, 2012 MINUTES

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## 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  
Tana Bader Inglima, Director of Governmental Relations & Marketing  
Tammy Fine, Director of Finance/Auditor  
Larry Peterson, Director of Planning  
Teresa Hancock, Real Estate & Special Projects Coordinator  
Bridgette Scott, Executive Assistant  
Lucinda Luke, Port Counsel

## PLEDGE OF ALLEGIANCE

Gary Hansen led the Pledge of Allegiance.

## PUBLIC COMMENTS

Ed Frost, 609 W. Albany Avenue, Kennewick, commented he has read the Ridges to Rivers document and feels it is an excellent piece of work; particularly since it covers multiple jurisdictions. He feels the most important sentence in the whole document is "The vision plan is not intended to be a regulatory plan," as the Plan does not tell entities how to govern their jurisdictions. Mr. Frost feels this is an extremely valuable document for the future of our community and hopes it will be well studied and considered.

Mark Blotz, Clover Island Inn, 435 Clover Island Drive, Kennewick. Mr. Blotz shared enhanced photos illustrating the Gateway, the Call of the River and the Lighthouse. The photos are displayed in the hallway near the Crow's Nest.

Jay Jump, 6600 West Deschutes, Building B, in Kennewick and a tenant at Vista Field. Mr. Jump is concerned as a business owner and a person doing business in Kennewick. When he decided to move his business here, he had a wonderful experience with Ms. Hancock and agreed to a one-year lease with an option to renew because he needs to be able to cut his losses if necessary. He has wondered over the past three months, if Vista Field will be available as a business partner in the future. Mr. Jump loves having the office and airplane at the airport. Although he would like to renew the lease, the negotiations between the Port and Dr. Shannon cause him to contemplate this decision. He questions the solidarity of the Port and its commitment to the airport and if he is



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questioning as a lease holder, he is concerned that other people who want to do business with the Port and airport are having the same thoughts and concerns. Mr. Jump inquired if he should commit to a long term lease at Vista Field and petitioned the Commission to resolve this issue immediately. Mr. Jump discovered Vista Field when he submitted an RFP for the FBO last year; however he decided it was too much of a commitment. He hopes the Port does not use the controversy with the FBO to become a reason to step away from a commitment to keeping Vista Field open. He feels Vista Field is a gem of an opportunity as it is a mainstream that leads to the rest of the state of Washington and the rest of the country. He urged the Commission to not walk away from Vista Field if the issues with the FBO cannot be resolved, but instead to re-open the opportunity for established companies to submit an RFP. As a business owner, stakeholder and a pilot, Mr. Jump would like to see the airport stay open.

No further comments were made.

## CONSENT AGENDA

Mr. Novakovich commented Consent Agenda items are a number of items taken collectively in one motion to be approved or disapproved.

The consent agenda consisted of the following:

***A. Approval of Direct Deposit and Warrants Dated June 15, 2012***

Direct Deposit totaling \$22,272.70 and Expense Fund Voucher Numbers 33232 through 33235 totaling \$4,245.00; for a grand total of \$26,517.70.

***B. Approval of Warrant Registers Dated June 27, 2012***

Expense Fund Voucher Numbers 33236 through 33286 totaling \$51,612.03.

Construction Fund Voucher Numbers 3299 through 3302 totaling \$34,553.75.

***C. Approval of Commission Meeting Minutes Dated May 8, 2012***

***D. Approval of Special Commission Meeting Minutes Dated May 9, 2012***

***E. Approval of Completion of Executive Director Goals***

***F. Approval to Submit Two Separate Project Profiles for the Comprehensive Economic Development Strategy (CEDS) 2012 listing (Construction of a New Willows Wine Village Development Building and Oak Street and Vista Field Development Buildings Improvements); Resolution 2012-32***

***G. Approval to Rescind Resolution 2011-02, Withdrawing Support of the Air Race Classic Due to the Event Changing Location; Resolution 2012-35***

***H. Approval To Accept And Award a Contract with Absolute Power to Replace all Lighting Fixtures at the Vista Field Development Building #1, in conjunction with the (PUD) Energy Efficiency Lighting Project; Resolution 2012-33***

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





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## PRESENTATION

### *Ridges to Rivers Open Space Network Vision Plan, Scott Woodward*

Mr. Woodward is the chairman of the Ridges to Rivers Open Space Network (RROSN) committee and his primary goal is provide updates on the progress made on the Plan over the last five years. The plan is available for review at <http://www.rrosn.org/pages/theplan.html>.

The committee realized the community was growing rapidly and was concerned if input was being received on regional open space and trails. Initially, the City of Richland requested the committee to look at a regional plan and soon after, other communities expressed interest as well. The steering committee met with the jurisdictional partners and researched and worked on the plan for four years. The plan is a tool box elected officials and planners can use to make good policy decisions.

In February 2011, the Tri-City Herald wrote an article in support of the plan; and on May 11, 2012 the Tri-City Herald wrote another article applauding the committee efforts and completion of the plan.

The Plan discusses the value of open space to our economy, recreation, health and environment; and documents the public input obtained to determine the priorities. It lays out a series of open space, trail, and policy recommendations. The plan is about how connectivity is to be accomplished, but is not a regulatory plan.

The RROSN is asking jurisdictional partners to adopt a common language definition of "Open Space" based on the definitions identified in the plan and to incorporate the applicable recommendations into the City/County Comprehensive Plans and other planning documents.

Mr. Novakovich thanked Mr. Woodward for a wonderful presentation and commented that it is very impressive how far the plan has come.

## NEW BUSINESS

### *Request for Joint Meeting with the Confederated Tribes of the Umatilla Indian Reservation*

Ms. Bader Inglima shared the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) and the Port had a joint meeting in August 2011. A number of items were discussed, including a tribal heritage artwork piece. A resolution was passed authorizing Rodd Ambrosion to work with the Port's art liaison Barb Carter and Bobbie Conner at the CTUIR to create the artwork. They have been working through the conceptual plans, and the CTUIR Board of Trustees requested an update on the artwork. Ms. Bader Inglima has been working with their government relations on additional items resulting from the meeting. At the joint meeting they also inquired about a potential Memorandum of Understanding or treaty formalizing opportunities pursuant to joint economic development and mutual beneficial partnerships. Ms. Bader Inglima commented that the CTUIR has several new members and the Port has a new commissioner. Ms. Bader Inglima drafted a letter for the Commission President's signature offering continued partnership and requesting another joint meeting in Pendleton.

Mr. Novakovich would like to pursue any partnerships we can create along these lines, as the CTUIR is very supportive in the development of Clover Island. He feels we should keep the lines



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of communication and partnership open.

Mr. Barnes stated as the new commissioner he would welcome the opportunity to meet with the CTUIR. He is appreciative of the contributions they made to our shoreline enhancement efforts and is very supportive of another joint meeting.

Mr. Wagner feels the established relationship is a great asset. The Commission is in consensus to send a letter to Confederated Tribes of the Umatilla Indian Reservation to request a joint meeting.

## REPORTS COMMENTS AND DISCUSSION ITEMS

### A. *Vista Field FBO RFP Update; Resolution 2012-34*

Ms. Luke gave a brief overview of the 2011 Fixed Base Operator (FBO) solicitation process. Upon the selection of Dr. Shannon's proposal, Ms. Luke was engaged into negotiations and drafting a contract and received a response to a draft lease at the end of April 2012. His response was briefly discussed at the May 8, 2012 Commission Meeting. The response included a list of FBO lease considerations and was broadly different from the initial proposal received. During the May 8, 2012 meeting, Mr. Arntzen thanked Dr. Shannon for bringing what could be the real market value to the Port's attention and shared our appreciation of the information.

On June 21, 2012, a two hour meeting was held with Dr. Shannon to discuss the Port's concerns and to negotiate the proposal. Staff explained to Dr. Shannon that the Port's Auditor, as well as others, had reviewed the lease consideration numbers. The Port had just received a report from the CPA confirming the Port Auditor's numbers, but indicated they were low. The amount calculated ranged from \$20,500,000 to over \$36 million. Port staff discussed the figures with Dr. Shannon and thanked him for the time he spent on the proposal; however the conclusion was that the parties were too far apart to make continued negotiations worthwhile. As a result, Ms. Luke recommends that the Commission reject Dr. Shannon's FBO proposal and terminate further negotiations.

Ms. Fine reiterated that two independent reviews of the numbers both confirmed that Ms. Fine's figure was a little low. The numbers were verified by a CPA firm and also an independent consultant with an economics masters degree.

**MOTION:** *Commissioner Wagner moved approval of Resolution 2012-34 rejecting Mr. Shannon's Fixed Base Operator proposal; Commissioner Barnes seconded. Discussion ensued.*

*Mr. Barnes stated Ms. Luke presented a clear chronology of events and the process is well documented. The proposal was very clear, stipulating mandatory as well as optional requirements to be addressed by the proposer. Mr. Barnes feels Dr. Shannon's proposal stated he would comply and would provide the mandatory as well as the optional requirements. The RFP was very clear that the Port expenditures would be \$40,000 annually. He feels there has been ample time to reach a contract or agreement. His experience with transactions is typically there is a proposal, offer or contract that goes to the second party to establish a baseline of an agreement. In this instance,*





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*what came back were not changes or proposed changes or modifications to that baseline contract, it was comments. So the Port never achieved a framework for an agreement.*

*Mr. Barnes feels even if a framework was achieved, the Port is looking at a significant expenditure by the Port that would likely result in increased taxes to fund it. Mr. Barnes feels the investment is of the magnitude that requires the opportunity for the tax payers to have an opportunity to approve this, and that the Port has no alternative but to reject Dr. Shannon's proposal.*

*Mr. Wagner agrees with Mr. Barnes' comments and feels the numbers are too far apart with Dr. Shannon to continue negotiations. He also feels a lot of time and money has been spent on this process and he does not see it going anywhere.*

*Mr. Novakovich commented Port staff has done everything they could for the RFP process. He commented the City of Kennewick gave up the airport because it was not profitable and stated the Port of Kennewick took it over because they manage facilities and hoped they could operate it better; that does not seem to be working well. The Port completed a Master Plan that included many different people and Chuck Larson from JUB, an airport expert from Salt Lake City. Mr. Larson did all he could to research how the Port of Kennewick and Vista Field could receive FAA funding; which is essential for any general aviation airport to operate, and it ended in a dead end. The FFA Seattle representative did all she could to help the Port obtain FAA funding. However, the Port received an email from Washington, D.C. that informed us not only could the Port not receive FAA funding, but to never ask again. They requested the Port sign a letter stating they would never ask for FAA funding again; which we did not do. It is a difficult situation for the Port and we were hoping a private company or person could run Vista Field better than the public sector. The Tri-City Herald discovered in most cases that FBO operators actually pay the entity they are leasing the property from. In our case, we were willing to pay someone to run the airport, and allow them to keep all the revenue from the airport. Mr. Novakovich does not feel the Port has any other choice but to reject the proposal and move forward.*

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

Mr. Novakovich requested staff draft a scope of work for the viability of Vista Field and obtain an independent study with the true costs and economic benefits. The true cost of Vista Field has never been established. Staff time has never been allocated, and the Commission would like to see exactly how much money the Port of Kennewick and the public is investing in Vista Field. They would like to know what kind of benefit the airport brings to the community.

Mr. Arntzen reiterated the alternatives that it would take to make Vista Field efficient. He shared one viewpoint is to continue doing the same thing we have done for the last 10 years, but it is not working. He suggested the Port try reviewing what we have learned from the private sector to make Vista Field healthy and vibrant. He also suggested looking at other scenarios like redeveloping the area without the airport. He inquired what would the airport look like if the Port or the community could not find the funding to run the airport at the enhanced level.



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Mr. Barnes stated a lot of people he talks to are not happy with the status quo and he agrees the status quo has not been working. The airport is in close proximity to the Three Rivers Convention Center, the Toyota Center and Columbia Center. Mr. Barnes inquired if the airport, in its current condition, is compatible with the surrounding properties and new medical office buildings in the area. He is not sure if the Port wants to have an asset in that condition. Mr. Barnes inquired what it would take to make a substantial upgrade to the airport. It would be a fairly large commitment and the taxpayers need to have the opportunity to say yes, we will pay for it, or no, we do not want to pay for it.

Mr. Arntzen commented if one of the objectives is to package the alternatives so that the community can vote on them, the alternatives could be on the advisory ballot in February or April. If the process is completed properly with outreach to the public, it will take all of that time. Mr. Arntzen feels it is imperative for the Commission to give staff direction today. Staff could draft a scope of work and bring some alternatives to the July meeting for the Commission's review and then send distribute the request for qualifications.

The Commission is in consensus for staff to draft a scope of work.

**B. *West Richland Joint Meeting Update***

Mr. Arntzen reported the joint meeting with the City of West Richland scheduled for tonight will be rescheduled in September. Mr. Arntzen commented it is more difficult to schedule meetings during the summer.

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

Mr. Wagner attended the re-dedication of Ice Harbor Dam.

Mr. Barnes participated in the Richland Fly-In.

Mr. Novakovich attended normally assigned meetings, several meetings with the Columbia Basin Veterans Coalition, attended the KGH groundbreaking; and the Republican leadership breakfast.

**D. *Non-Scheduled Items***

Ms. Bader Inglima recently met with Micky Eby, a former employee of the Tri-City Herald. Ms. Eby sent an email after the visit praising the Port of Kennewick for moving forward and doing good work. Ms. Bader Inglima's favorite part of the email reads "Going down to Clover Island now is like being transported to a whole other place. It's not even like being in Kennewick. It should be memorable to tourists because of its beautiful statue, lighthouse pathways, railings and plantings." Ms. Bader Inglima read the email into the record.

## PUBLIC COMMENTS

Kirk Williamson, 527 N. Reed, Kennewick. Mr. Williamson emailed a letter regarding Vista Field and requested it be read in during the Commission Meeting. Ms. Scott read the letter for the record.





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Dr. Michael Shannon, 800 N. Center Parkway, Kennewick. Mr. Shannon commented he respects the decision, but is disappointed with it. Had I known in the beginning what the intent was, he probably would not have participated. He entered into negotiation with the Port of Kennewick in good faith, not realizing the intent from the beginning was to build a case to close Vista Field. He feels he has been a pawn in this, and is disgusted. Dr. Shannon stated when we finally had the first meeting where we could actually negotiate, the Port referenced the proposal he made, but Dr. Shannon does not feel he has made a proposal. He feels he was in the process of negotiating and made considerations. Dr. Shannon stated the first contract he received did not reflect the RFP, it was substantially different. Dr. Shannon feels he had nothing to respond to and was not able to have a second review. He was finally pressed into presenting his considerations and that is what has been referred to as his proposal. Dr. Shannon stated "where in the world did they come up with these numbers is beyond me. We are still talking originally \$40,000 and \$60,000, which was some of the original numbers we talked about. You suggested \$40,000 and I suggested \$60,000. They were strictly negotiations, there was nothing firm about them." Dr. Shannon stated he pulled the numbers from documents received from Mr. Arntzen and Ms. Hancock. He stated "The numbers I presented in there were from the documents I received from you folks, so if you're now fabricating this thing, (inaudible) that is \$33 or now \$36 million, is beyond me." Dr. Shannon stated he was invited to a meeting last Thursday and was informed the Port is terminating this relationship. Dr. Shannon does not feel there were honest negotiations. He accepts the decision, but feels it is very unfortunate for the community and that it reflects very badly on the Commissioners.

Mr. Novakovich commented the numbers that Dr. Shannon was referring to, the \$20 to \$36 million, were not prepared by Mr. Arntzen. They were received from an independent accountant.

Mrs. Kathryn Jump, 6600 West Deschutes Avenue, Hanger #B, Kennewick. We call Vista Field, Historic Vista Field because when Ms. Hancock showed us around the airport, we saw the metal plating that was used to train the pilots and immediately felt this was a museum. Mrs. Jump is a business owner, has been president of the Chamber of Commerce of Richland and serves on the City Council. She understands economic development. She commented it sometimes takes a liaison to pull everyone together and figure out the best solution. Mrs. Jump feels it is well worth trying to figure out. She feels if the airport was up and running, and had been running the last five years with a successful FBO, this conversation would not be happening today. She commented there are more planes on the airfield today than a year ago. Mrs. Jump requested the Commission consider what may be under the pavement if it were developed. She stated it is right in the middle of a great place to land and walk, or to go spend money, or to take a dedicated tour bus. Mrs. Jump offered to meet with the Commission to discuss her ideas further.

No further public comments were made.

Mr. Novakovich anticipates the Executive Session to last approximately 15 minutes for a Real Estate (selection of site/acquisition), per RCW 42.30.110(1)(b) and/or real estate matter, minimum price, per RCW 42.30.110(1)(c) with possible action anticipated. Mr. Novakovich asked the public to notify Port staff if they will return after the executive session.



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Mr. Novakovich recessed the meeting at 3:28 p.m. for approximately 5 minutes.

Mr. Novakovich reconvened the meeting into Executive Session at 3:35 p.m.

## EXECUTIVE SESSION

- A. Real Estate (selection of site/acquisition), per RCW 42.30.110(1)(b)
- B. Real Estate (minimum price), per RCW 42.30.110(1)(c)

Mr. Novakovich called for an Executive Session at 3:35 p.m. to last approximately 15 minutes, with possible action expected.

Ms. Hancock exited the chambers at 3:50 p.m. to extend the Executive Session 10 minutes.

Executive Session adjourned at 4:00 p.m. with action taken: the Commission instructed staff to present a proposal on the Spaulding Business Park project coming in at a lesser square footage, same time frame with the caveat of adding ground cover to the vacant spaces.

**MOTION:** *Commissioner Barnes moved that staff be authorized or directed to proceed with negotiations to modify the purchase and sale agreement for the Bob Johnson / Terry Blankenship project in Spaulding Business Park to reduce the square footage required over the first 18 months and to install a provision that addresses maintenance of the vacant ground in the interim time period; Commissioner Novakovich seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

The regular meeting reconvened at 4:02 p.m.

## ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 4:02 p.m.

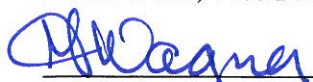
### APPROVED:

PORT of KENNEWICK

BOARD of COMMISSIONERS

  
Skip Novakovich, President

  
Don Barnes, Vice President

  
Gene Wagner, Secretary



-----Original Message-----

From: MidColAgSec [mailto:midcolumbiaagsection@gmail.com]

Sent: Friday, June 22, 2012 12:47 PM

To: Tana Bader-Inglima

Subject: Ag Section Cancelled

Hi Tana. Due to an unforeseen family health situation I have had to withdraw from working on the Ag Section and returned to Idaho. The Tri-City Herald sales staff is committed to regular and other special project work through the end of the year, therefore the Tri-City Herald elected to cancel the section rather than fall short of expectation. They and I regret that this has happened.

It was such a delight to meet with you and do some catching up. And I so appreciate your willingness to take time to see me because I know you are very very busy. Hope you got your grant app. in. Good luck.

The Port of Kennewick is really moving forward and doing really good work. As I said, my preference, since the Tri-Cities is still my "home" in my heart, is to keep the rivershore as open as possible, bunch the retail so as to leave that open space to making it inviting, accessible, useable and tourist and local friendly. And, when possible, keep the retail and services set back from the rivershore.

Going down to Clover Island now is like being transported to a whole other place. It's not even like being in Kennewick. Should be memorable to tourists because of it's beautiful statue, lighthouse, pathways, railings and plantings. They are fortunate to have you as a part of their development team.

Until we see each other again - be well and enjoy

--

Micki Eby

Advertising Consultant

Mid-Columbia Ag Special Section

Cell 208-315-4884

midcolumbiaagsection@gmail.com

527 N Reed Street  
Kennewick, WA 99336

June 22, 2012

Board of Commissioners  
Port of Kennewick  
Delivered by email  
Kennewick, WA 99336

Gentlemen:

I regret that an assignment in Spokane prevents me from attending your June 26 meeting. I **would ask that my comments below be read into the record of this meeting:**

You are considering a plan that would keep a private, taxpayer-supported airfield in the middle of the community's growing retail, professional, and entertainment center. It is a decision that will affect the growth in that area—and perhaps the whole community—for decades beyond the duration of the proposed contract for a fixed-base operator.

Before you make such an important commitment, please take the time to fully understand the broader implications of this action. Previous Port commissioners have been pressured to make decisions about Vista Field without sufficient knowledge, and with little public discussion except for the few who use the field for their personal use.

I would ask you to engage an experienced, independent consultant to examine the total overall cost to taxpayers of:

- continuing to operate and maintain Vista Field,
- the real cost of closing the field,
- and the value of the Vista Field property if it was dedicated to the sort of economic development that would enhance the retail, professional, and entertainment district that is beginning to grow around the Three Rivers Campus.

Once you have credible facts in hand, please make every effort to engage all the taxpayers of this vast port district in considering the options before you sign an agreement that will keep Vista Field in operation.

Thank you for your consideration. As always, I welcome further discussion on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk F. Williamson", with a stylized, flowing script.

Kirk F. Williamson