

REGULAR COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 26, 2006

MEETING MINUTES

CALL TO ORDER

Commissioner David Hanson called the Regular Commission meeting to order at 2:30 p.m. in the Commission Chambers of the Port Office located at 350 Clover Island Drive in Kennewick, Washington.

Members Present: David Hanson, President
Gene Wagner, Vice President
Linda Boomer, Secretary

Staff Present: Tim Arntzen, Executive Director
Dan Cryer, Director of Operations
Larry Peterson, Director of Planning and Development
Tammy Huffman, Director of Finance/Auditor
Ken Rice, Port Counsel
Sherrie Bowers, Administrative Assistant

PLEDGE OF ALLEGIANCE

Commissioner Hanson led the Pledge of Allegiance.

PUBLIC COMMENTS

- Mr. Mike Anderson and Mr. Dan Seaton of Kodiak, Alaska addressed the Commission and presented them with a formal proposal to purchase land at the Port's Hover Industrial site. Mr. Anderson explained he and Dan Seaton had recently submitted a preliminary offer to Port staff and had been speaking with staff since July 2005 regarding the potential purchase.

Speaking on behalf of Mr. Seaton and Mr. Anderson Mr. Wayne Dailey of Finley, Washington explained he had suggested Mr. Seaton and Mr. Anderson travel to Kennewick to formally present a proposal to the Commission during a Commission meeting for review.

Port Counsel Ken Rice acknowledged Mr. Anderson and Mr. Seaton had come a great distance to attend today's meeting but recommended proper protocol be followed regarding proposal submittals. Mr. Rice suggested Mr. Anderson and Mr. Seaton schedule a meeting with Port staff regarding their intention to purchase land from the Port.

Executive Director stated he had spoken with Mr. Seaton via telephone regarding a potential land sale at the Hover Industrial site and would be happy to accommodate their schedules to discuss the matter further.

Mr. Dailey asked if they could meet after today's meeting. Mr. Arntzen was uncertain when the meeting would adjourn but reiterated he would be happy to accommodate their schedules once the meeting was adjourned.

CONSENT AGENDA

- ❖ *Commissioner Gene Wagner moved approval of the consent agenda. Commissioner Linda Boomer seconded and the motion was carried.*

The consent agenda consisted of the following:

- ***Regular Commission Meeting Minutes of August 22, 2006***
- ***2007 Planning Workshop and Regular Commission Meetings Minutes of September 12, 2006***
- ***Payroll Roster dated September 15, 2006***
 - Expense Fund Voucher Nos. 25738-24746 totaling \$15,059.66
- ***Payment Roster dated September 26, 2006***
 - Airport Improvement Fund Voucher No. 321 totaling \$1,901.75
 - Airport Operations Fund Voucher Nos. 40452-40456 totaling \$12,849.40
 - Construction Fund Voucher Nos. 2090-2098 totaling \$50,226.66
 - Expense Fund Voucher Nos. 25747-25772 totaling \$9,659.64

PRESENTATION BY CITY OF RICHLAND STAFF

City of Richland Planning and Redevelopment Manager Joe Schiessl and Business and Economic Development Manager Gary Ballew addressed the Commission and presented draft land use plans for the Richland Wye area. They discussed comprehensive plan land use designations and zoning which included waterfront, industrial, natural and developed open spaces, medium density residential and public facility.

Mr. Schiessl explained the City was aware industrial land use designation is not the type of land use the Port anticipated in the area and felt changes needed to be made to reflect better land uses at the Spaulding Business Park.

Commissioner Boomer stated land use in the Spaulding Business Park had been a concern for quite some time and agreed changes needed to be made.

After discussion, it was decided Director of Planning and Development Larry Peterson would meet with City of Richland staff, compose a written recommendation to be presented to the Commission at the next Regular Commission meeting.

Mr. Arntzen thanked Mr. Schiessl and Mr. Ballew for their presentation. He added he appreciated the great relationship that had been developed with City of Richland staff.

NEW BUSINESS

➤ Resolution 2006-40 Authorizing Payment of Commissions to Licensed Real Estate Brokers on Sales and Ground Leases of Port Real Property

Mr. Arntzen stated the Port's currently real estate broker commission policy provided a commission for sales of industrial property only, as opposed to all Port property, and provides no commission for the procurement of ground leases by brokers. Mr. Arntzen felt it was time to update that policy to include compensation for sales of all Port properties as well as procurement for ground leases and pointed out each of these activities is consistent with the Port's mission of economic development.

Mr. Arntzen had compared the current Port policy with policies of several leading real estate companies and other ports in the area.

Mr. Arntzen identified over twelve realtors Port staff has worked with in the last eighteen months and felt it was time to consider providing a commission for such leads and recommended approving resolution.

- ❖ *After discussion, Commissioner Wagner moved approval of Resolution 2006-40 authorizing the Port's Executive Director to proceed with updating realtor commission policy applicable to the sale of Port properties and establishing a commission policy applicable to ground leasing Port properties. Commissioner Boomer seconded and the motion passed unanimously.*

➤ **Resolution 2006-41 Authorizing Acceptance of Port Office/Retail Building**

Director of Operations Dan Cryer stated the construction for the Port office/retail building was complete and staff was in final negotiations regarding the landscaping issues. He felt it was appropriate for the Port Commission to accept the project as substantially complete and recommended approval of the resolution.

- ❖ *Commissioner Boomer moved approval of Resolution 2006-41 accepting the Port office/retail building project by Mountain States Construction, Inc., and authorizing the Executive Director to finalize the financial terms of the contract. Commissioner Wagner seconded and the motion passed.*

➤ **Resolution 2006-42 Authorizing a Purchase and Sale Agreement with Thomas M. O'Brien**

Mr. Peterson stated Mr. Thomas M. O'Brien had offered to purchase 4.41 acres in the Vista Field Industrial Park for \$501,381.00 which equates to \$2.61 per square foot. He explained Mr. O'Brien plans to build a minimum of 20,000 square feet of warehouse space and recommended approval of the resolution

- ❖ *Commissioner Wagner moved approval of Resolution 2006-42 authorizing the Port's Executive Director to execute all necessary documentation associated with the land sale to Thomas M. O'Brien and to take all other action necessary to close this transaction. Commissioner Boomer seconded and the motion was carried unanimously.*

➤ **Resolution 2006-43 Authorizing Modification of the Lease Between the Port and Clover Island Development Company**

Mr. Arntzen explained the Port currently has a lease with the Clover Island Development Company (CIDC) for the existing Clover Island Inn. CIDC's lease includes the two lots west of Cedar's Restaurant, currently utilized as overflow parking. He stated the Port would like to regain possession of the lots for future development and CIDC was willing to relinquish rights to the lots, in exchange for modest modifications to its long-term lease, such as excluding restaurant revenue from the percentage rent calculations and extension of the lease term. The Port would commit to building a joint-use parking area available to all users in the future and would allow CIDC patrons to use the parking lot east of the Port office/retail building. Mr. Arntzen felt it was important to gravitate away from designated parking for facilities and institute joint-use parking on the island.

Mr. Peterson added the transaction would create waterfront development sites and an area that could possibly accommodate vertical parking in the future. He also explained the site being transferred could be used as lay down yard during the marina reconstruction project.

Mr. Arntzen felt the transaction would be in the best interest of the public and recommended approval of the resolution.

❖ *Commissioner Boomer moved approval of Resolution 2006-43 modifying the lease between the Port and Clover Island Development Company, and further authorizing the Executive Director to sign all documents necessary to complete this transaction. Commissioner Wagner seconded and the motion was carried unanimously.*

➤ **Resolution 2006-44 Approving a Land Exchange with MacKay & McDonald at Red Mountain Center in West Richland**

Mr. Cryer stated staff had formalized a land exchange with MacKay and McDonald at the Red Mountain Center in West Richland. He explained the Port would relinquish an eleven and one-half-acre unimproved, commercial parcel in exchange for fifteen-acre, light industrial, shovel-ready parcel.

Critical to the agreement is MacKay & McDonald's commitment to begin construction on the Keene Road extension immediately after the boundary line adjustments and right of way dedications are recorded. It is equally important that fire protection and construction access are provided to the new parcel so that building permits are available in early 2007 for potential tenants.

Mr. Cryer recommended approval of the resolution.

❖ *Commissioner Wagner moved approval of Resolution 2006-44 approving a land exchange with MacKay & McDonald and authorizing the Executive Director finalize the agreement. Commissioner Boomer seconded and the motion was carried unanimously.*

REPORTS, COMMENTS AND DISCUSSION ITEMS

➤ **Clover Island Update**

Landscaping Report: Mr. Arntzen stated the Port office/retail building project had been quite successful with the exception of some landscaping issues. He explained due to the failed landscaping, the Grand Opening of the new Port office/retail building had been delayed. Mr. Arntzen explained he had consulted with an arborist and recently met with Del Bonds of Mountain States, Inc. He informed the Commission he had negotiated with Mr. Bonds to remove the trees and credit the Port \$15,000 for the failing landscape. Mr. Arntzen stated Heritage Landscaping would be substituted by Mountain States to plant trees more conducive to the area. The expense for replacing the trees is estimated at \$19,000. Mr. Arntzen felt it was a necessary expense and has taken action to complete this transaction.

There was discussion regarding the dates of the open house. Mr. Arntzen anticipated mid-November to early-December and asked the Commission to check their schedules and get back with staff as soon as possible.

➤ **Vista Field Airport Activity Update**

Slurry Seal Project Update: Mr. Cryer explained the runway at Vista Field Airport would be closed this weekend allowing the slurry sealing to be completed. He explained striping of the runway would begin early next week and had submitted a schedule to the airport users and stated all necessary precautions and requirements were in place.

He also informed the Commission that a base radio and two hand held radios were recently purchased to increase the efficiency, safety and security of the airport.

➤ **Planning Workshop Recap**

Mr. Peterson felt the planning workshop was very productive and planned to present a formalized work plan to the Commission for approval during the next Regular Commission meeting.

Mr. Arntzen stated that this Commission had requested staff take necessary steps to insure the success of the Bridge to Bridge River to Railroad project. He felt the Port needed clarification from the City as to how to continue to be involved in the implementation of this project. Mr. Arntzen suggested staff compose a letter from the Commission President to be sent to City of Kennewick Mayor Jim Beaver. The Commission agreed.

Mr. Arntzen distributed a copy of an article from the *Eugene Register-Guard* newspaper regarding the ongoing urban renewal in the Springfield, Oregon area. He stated the area originally looked very similar to the Columbia Drive area and was encouraged that such an area could be renovated so beautifully.

➤ **Kennewick General Hospital Community Conversation**

Mr. Arntzen stated he had recently received a letter from Kennewick General Hospital CEO Glenn Marshall regarding the need for a new hospital in the South Kennewick area. Mr. Arntzen will keep the Commission informed of the potential project.

He also announced Kennewick General Hospital was holding an event entitled, “*Gala D’Vine*” October 14, 2006 and suggested the Commissioner attend the event to learn more about the potential hospital project.

➤ **Meeting Reports**

- Mr. Arntzen met with representative of the Kennewick Irrigation District, with representatives of Benton Public Utility District and with Ron Hicks of the Hanford Reach Interpretative Center. He also attended the Washington Public Ports (WPPA) Legislative Committee meeting in Olympia.
- Mr. Peterson reported attending the WPPA Environmental Conference, a Piert Road Extension project meeting, gave a grant presentation to the Community Economic

Revitalization Board (CERB) regarding a feasibility study for wine-related businesses in our area and assisted Commissioner Wagner in giving a tour of new Port office/retail building and boardwalk to Representative "Doc" Hastings.

Mr. Arntzen acknowledged the hard work by Mr. Peterson and Ms. Huffman regarding the presentation to CERB.

- Mr. Cryer attended the Port of Pasco dedication of the Charles Kilbury Overpass at Fourth and Ainsworth in Pasco.
- Ms. Huffman attended an Institute of Internal Auditors meeting.
- Commissioner Wagner reported attending a Benton Franklin Council of Governments Executive Board meeting, a Benton Franklin Council of Governments Policy Advisory Board meeting, a transportation association meeting and attended two separate meetings regarding the regional transportation plan.
- Commissioner Hanson attended the WPPA Legislative Committee meeting, a TRIDEC Executive Board meeting and the Port of Pasco dedication of the Charles Kilbury Overpass at Fourth and Ainsworth in Pasco.
- Commissioner Boomer reported attending the Tuttle Aviation Community Appreciation Day at Vista Field Airport. She also accompanied Commissioner Wagner and Mr. Peterson on the tour with Representative Doc Hastings.

➤ **Non-scheduled Items**

- Mr. Arntzen stated the preliminary budget workshop and public hearing meeting have been scheduled and would be appropriately advertised.
- Mr. Arntzen stated graffiti sealer had been applied to the brick wall and other concrete structures on Clover Island.
- Mr. Arntzen stated he had received letter from Benton Public Utility District (Benton PUD) regarding broadband options. He stated Benton PUD wanted to partner with the Port to develop a large server farm and was interested in the proposed lighthouse structure on Clover Island. He stated the possibility of providing broadband service to Clover Island was high on Benton PUD's list of projects and would like to pursue the potential to locate their equipment atop the proposed Port lighthouse. He stated Benton PUD was also interested providing additional services to the Spaulding Business Park.

PUBLIC COMMENT

- Mr. Cal Coie stated the Clover Island Yacht Club members were very appreciative of the new lighting on Clover Island.

EXECUTIVE SESSION

- ◆ *Potential Litigation: RCW 42.30.110 (i)*
- ◆ *Real Estate Matter: RCW 42.30.110(b)*

The Regular Commission meeting was recessed into Executive Session at 3:55 p.m. for discussion of real estate and potential litigation matters. Executive Session was anticipated to last approximately forty-five minutes with no action expected.

ADJOURNMENT

The Regular meeting was reconvened at 4:20 p.m. and with no further business to bring before the Board the Regular Commission meeting was adjourned at 4:22 p.m.

APPROVED:

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

David Hanson, President

Gene Wagner, Vice-President

Linda Boomer, Secretary