

REGULAR COMMISSION MEETING

PORT OF KENNEWICK

NOVEMBER 14, 2006

MEETING MINUTES

CALL TO ORDER

Commission President David Hanson called the Regular Commission meeting to order at 2:30 p.m. in the Port of Kennewick Commission Chambers 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
Mary Fitch, Marina Manager/Accounting Specialist
Teresa Hancock, Real Estate Analyst/Special Projects Coordinator
Ken Rice, Port Counsel
Sherrie Bowers, Administrative Assistant/Records Manager

PLEDGE OF ALLEGIANCE

Commissioner Hanson led the Pledge of Allegiance.

PUBLIC COMMENTS

Mr. Mike Copeland with San Juan Fiberglass Pools addressed the Commission asking for consideration of approving a land sale to his company in the Oak Street Industrial Park for a fiberglass pool manufacturing facility. Mr. Copeland gave a brief history of the company stating he planned to mirror the company's manufacturing plant in Arizona that employed ninety-seven people. He explained the Kennewick plant would initially employ ten to fifteen people and hoped to eventually provide approximately one hundred jobs.

The Commission thanked Mr. Copeland for his time.

CONSENT AGENDA

The consent agenda consisted of the following:

- ***Payment Roster dated October 24, 2006***
 - Airport Improvement Fund Voucher No. 325 - 326 totaling \$12,858.27
 - Airport Operations Fund Voucher Nos. 40467 - 40477 totaling \$3,115.11
 - Construction Fund Voucher Nos. 2111 - 2117 totaling \$28,311.49
 - Expense Fund Voucher Nos. 25896 - 25939 totaling \$41,139.62
- ***Regular Commission Meeting & 2007 Budget Workshop of October 24, 2006***
- ***Payroll Roster dated October 31, 2006***
 - Expense Fund Voucher Nos. 25871 - 25885 totaling \$19,697.00
- ***Payroll Roster dated November 15, 2006***
 - Expense Fund Voucher Nos. 25886 - 25895 totaling \$15,664.24
- ***Approval of 2006 Budget Amendments***

PRESENTATION BY BENTON CITY ENGINEER BOB SPINK AND CITY CLERK ABAGAIL SANCHEZ

Executive Director Tim Arntzen introduced Mr. Bob Spink and Ms. Abigail Sanchez stating Port staff had met with Mr. Spink and Ms. Sanchez regarding Port of Kennewick's role in developing the portion of Benton City located within the Port of Kennewick District boundary.

Mr. Spink addressed the Commission detailing Benton City's recent projects including completion of a skateboard Park in 2005, completion of a new library 2006, construction of a bike and walking trail, successfully obtaining \$120,000 in grant funding for Entrance Park improvements, which included a new boat ramp. In 2005 the city annexed 461 acres of which 370 are zoned for commercial and light industrial development. The city also purchased land from the Department of Natural Resources (DNR) and Benton County for highway commercial development. City staff is currently designing a water/sewer extension to Benton City Industrial Park and are in process of purchasing land for an aquatic park to be designed and construction in 2007 for an estimated \$2,300,000.

Mr. Spink displayed a map showing the property lying within the Port of Kennewick District. He explained Benton City Council had committed to \$300,000 and staff hoped to receive grant funding for development projects. He asked the Commission to consider partnering financially with Benton City in the amount of \$100,000 for the development of the land within the Port of Kennewick District.

After extensive discussion the Commission asked staff to continue discussions with Mr. Spink and Ms. Sanchez and to present a recommendation to the Commission regarding financial assistance for Benton City development within the Port of Kennewick District.

The Commission thanked Mr. Spink and Ms. Sanchez for their time.

NEW BUSINESS**➤ Resolution 2006-50 Approving 2007 Marina Rates**

Marina Manager/Accounting Specialist Mary Fitch explained Port staff was proposing a moorage rate increase of fifteen percent (15%) with the elimination of six and eight month lease options and only offering twelve-month moorage agreements. This increase would raise the annual moorage rate from \$100 per month to \$115 per month, which was still competitive with other marinas in the area. She stated rates would not be increased until tenants were established in the new marina. Ms. Fitch recommended approval of Resolution 2006-50 authorizing the Port to establish new marina rates.

Mr. Arntzen added staff further proposed the future billing structure should be based on the length of the slip rather than the length of the boat, with rates to be established after the completion of the marina in 2008. He stated Ms. Fitch had been discussing the

moorage schedule with the tenants for several months and the proposed rate increase was published in marina newsletters. He felt many of the tenants were aware of the process and realized as the Port transitions from a vintage marina into one of the nicest marinas in the Pacific Northwest rates would need to be increased.

❖ *Commissioner Boomer moved approval of Resolution 2006-50 authorizing the Port of Kennewick to establish new marina rates as shown on the schedule attached to the resolution. Commissioner Wagner seconded and the motion carried unanimously.*

➤ **Resolution 2006-51 Authorizing a Land Sale at the Oak Street Industrial Park**

Director of Planning and Development Larry Peterson explained Gary and Shirley Branson had submitted an offer to purchase 2.95 acres totaling 128,502 square feet located in the Oak Street Industrial Park for \$128,502.00 which equals \$1.00 per square foot. The purchasers plan to build an 8,000 square-foot building for a drywall wholesale business. Mr. Peterson stated the price was consistent with industrial parcels of this size and recommended approval of the resolution.

Commissioner Boomer requested a requirement to keep the area neat and orderly be added to the purchase and sale agreement. Mr. Peterson stated he would discuss the additional requirement with the purchasers.

Mr. Arntzen added Port staff had been diligent in improving the overall appearance in the Oak Street Industrial Park and would continue to oversee the area closely.

❖ *Commissioner Wagner moved approval of Resolution 2006-51 authorizing the Port's Executive Director to execute all necessary documentation associated with the land sale to Gary and Shirley Branson and to take all other action necessary to close this transaction. Commissioner Boomer seconded and the motion carried unanimously.*

➤ **Resolution 2006-52 Authorizing a Land Sale at the Spaulding Business Park**

Mr. Peterson explained The Arc of Tri-Cities offered to purchase 2.50 acres equal to 108,900 square feet located in the Spaulding Business Park for \$299,475.00 which equaled \$2.75 per square foot. The purchaser planned to build a 13,000 square-foot facility to house The Arc of Tri-Cities operations including administrative offices. Mr. Peterson stated the price was consistent with recent sales activity in the area and recommended approval of the resolution.

Mr. Arntzen added the Port had helped facilitate approximately 350 family wage jobs with the anticipated job creation total to reach approximately 1000 in the Spaulding Business Park

Commissioner Hanson suggested the due diligence period for such transactions be reduced to sixty days. Mr. Peterson stated he would take the suggestion under advisement and explained the ninety-day due diligence period was primarily due to the zoning process required in the area as well as the structure of The Arc's governing body which requires approval by a board of directors on all land sales versus an individual approving land sales in the private sector.

- ❖ *Commissioner Boomer moved approval of Resolution 2006-52 authorizing the Port's Executive Director to execute all necessary documentation associated with the land sale to The Arc of Tri-Cities and to take all other action necessary to close this transaction. Commissioner Wagner seconded and the motion carried unanimously.*

➤ **Resolution No. 2006-53 Authorizing an Advertising Contract with PS Media**

Real Estate Analyst/Special Project Coordinator Teresa Hancock explained Port staff wanted to develop a campaign to educate the citizens of the Port District of the Port's role in the community. Ms. Hancock recommended entering into a marketing awareness program to convey the Port's mission, goals and objectives to the port district citizens as well as market properties to the community. PS Media, Inc., was among several agencies researched and was selected to assist Port staff with this awareness campaign based upon their experience and professionalism with this type of marketing program. PS Media will define, create and manage the program utilizing the most effective media placement based upon market research and media placement ratings. Ms. Hancock recommended approval of Resolution 2006-53.

Mr. Mark Showalter of PS Media addressed the Commission and stated PS Media planned to showcase all Port properties by using several media avenues including the use of television advertising and felt the Commission and staff would see a difference in citizens' understanding regarding the role the Port plays in this community.

Commissioner Boomer stated she would like to be involved in the process.

- ❖ *Commissioner Wagner moved approval of Resolution No. 2006-53 accepting a marketing awareness program contract submitted by PS Media, Inc., in the amount not to exceed \$25,000.00 and further authorizing the Executive Director to execute the contract. Commissioner Boomer seconded and the motion carried unanimously.*

➤ **Resolution No. 2006-54 Authorizing Compensation Payment to Commissioners Eliminating Per Diem Compensation**

Director of Finance/Auditor Tammy Huffman explained Port of Kennewick Commission has increased fiduciary responsibility to the public to manage over \$31 million in total Port assets. She further explained the Port's district had been increasing steadily over the

last several years and inflation was averaging around 3.5 - 4.5% annually. She noted the Commissioners have never elected to change or increase their compensation set forth in RCW 53.12.260.

Ms. Huffman recommended setting Commissioner compensation at \$850 monthly, eliminating the current per diem compensation, with an annual cost of living adjustment of four percent (4%) which shall be adjusted in January of each year. She explained this increase shall only take effect upon the subsequent re-election of an existing Commissioner or the election of a new Commissioner.

There was discussion regarding future amendments and cost of living percentages

Port Counsel Ken Rice added the law allows Commissioners to waive cost of living increases if desired.

Mr. Arntzen added this increase was based on staff recommendation and was not a suggestion by the Commission. He and Ms. Huffman had discussed ways to better utilize staff time and felt a monthly compensation for Commissioners was less time consuming for accounting staff versus tracking meetings for each Commissioner bimonthly.

- ❖ *Commissioner Boomer moved approval of Resolution 2006-54 setting Commissioners' compensation at \$850 monthly, eliminating the current per diem compensation, with an annual cost of living adjustment of four percent (4%) of which cost of living adjustment shall be adjusted to the compensation of the Commissioners in January of each year. This increase shall only take effect upon the subsequent re-election of an existing Commissioner or the election of a new Commissioner. Commissioner Wagner seconded and the motion carried unanimously.*

UNFINISHED BUSINESS

➤ **Resolution 2006-55 Authorizing Alternative Funding Mechanism**

Ms. Huffman explained the preliminary budget for 2007 had been prepared by staff and reviewed by the Port Commission. Several capital projects in the 2007 preliminary budget are in the unfunded category or to be funded at a later date. She stated it was the intention of Commission and staff to continue to stimulate economic development and growth by pursuing economic development projects, property purchases and capital projects. Ms. Huffman explained Port Commissioners and staff were pursuing several grants to fund potential economic development opportunities, property purchases and capital projects; however, the granting process is in excess of one year. She explained RCW 39.46.050 allowed local government to enter into lines of credit with any qualified public depository. She further explained the Port currently has long-term debt in the amount of \$284,999, which is reimbursed by a tenant at a zero percent interest rate from the Community Economic Revitalization Board (CERB). Ms. Huffman felt a line of

credit up to \$3,000,000 was in the best interest of the Port of Kennewick due to the ability to draw down funds when needed for potential economic development opportunities, property purchases and capital projects and reimburse the line of credit when revenues or grant funds are received. She added a line of credit would also help retain the Port's bond capacity and maintain cash invested. Ms. Huffman recommended approval of Resolution 2006-55 authorizing the Port's Executive Director to execute a line of credit with a qualified public depository up to \$3,000,000; and authorize the Executive Director and the Director of Finance/Auditor of the Port of Kennewick to draw on the line of credit for economic development projects, property purchases and other lawful purpose approved by the Commission, and that the signatures of both the Executive Director and the Director of Finance would be required to draw on such line of credit.

- ❖ *Commissioner Wagner moved approval of Resolution 2006-55 authorizing the Port's Executive Director to execute a line of credit with a qualified public depository up to \$3,000,000 and the Executive Director and the Director of Finance/Auditor are hereby authorized to draw on the line of credit for economic development projects, property purchases and other lawful purpose approved by the Commission, and that the signatures of the Executive Director and the Director of Finance/Auditor shall be required to draw on such line of credit. Commissioner Boomer seconded and the motion carried unanimously.*

➤ **Resolution 2006-56 Accepting the Vista Field Airport Slurry Seal Project**

Director of Operations Dan Cryer explained the slurry seal project had been completed on schedule with no change orders. He stated the final contract amount with Blackline, Inc. was \$151,868.71, including sales tax, which was an increase of \$2,842.49 from the original bid due to increased quantities of crack sealing, slurry sealing and painting that were requested and/or approved by Port staff.

Mr. Cryer stated the total project cost, including Backline's contract, engineering costs and legal ads, would be approximately \$176,400 with ninety percent (90%) of the expense to be reimbursed by an airport aid grant from Washington State Department of Transportation Aviation Division. He recommended accepting the construction as complete so a public notice could be issued and the process of closing out the project could begin.

- ❖ *Commissioner Boomer moved approval of Resolution 2006-56 accepting the Vista Field Airport slurry seal project completed by Blackline, Inc. and authorizing the Executive Director to finalize the financial terms of the contract. Commissioner Wagner seconded and the motion carried unanimously.*

REPORTS, COMMENTS AND DISCUSSION ITEMS

➤ **Clover Island Update**

Oil Spill Grant Discussion: Executive Director Tim Arntzen explained marina fueling station spill prevention had been a topic at several recent meetings he had attended. He stated it was recommended that such prevention equipment be onsite explaining the process could be costly. He learned the Department of Ecology had one hundred percent (100%) grant opportunities available for strategically placed equipment. He stated during a recent conference in Tacoma, the Port of Kennewick was highly encouraged to apply for such a grant. He further explained one stipulation of the grant required the Port to make the prevention equipment available to other public entities as well as the private sector. He explained the equipment would be made available to the surrounding cities, ports, marinas and yacht clubs. He felt it was appropriate for the Port to apply for the grant and had completed the application. The Commission will be notified as more information becomes available.

Commissioner Hanson asked if the recently completed pump out replacement project could be reimbursed from such a grant. Mr. Arntzen stated the original pump out station was funded by grant monies and wasn't sure the replacement could be funded as well, but would research the possibility.

➤ **West Richland Red Mountain Center Land Exchange Update**

Mr. Cryer stated the Commission passed a resolution authorizing the Port's Executive Director to enter into a boundary line adjustment with MacKay & McDonald in the Red Mountain Center area. He explained the requirement that the State of Washington approve the intersection at Van Giesen and Keene Road had delayed the transaction but MacKay & McDonald agreed to proceed without guaranteed approval by the State. He expected concluding the transaction by the end of next week.

➤ **2006 Industrial Levy Allocation Update**

Ms. Huffman presented the 2006 Industrial Levy Allocation to the Commission stating staff was taking a conservative approach for the allocation rates enacted by the Board of Commissioners via Resolution 1996-10 approved November 19, 1996. She explained over \$2,000,000 in Industrial Development District (IDD) funds were allowable in 2006 for site improvements, road improvements, construction of the boardwalk, sidewalk and parking lots.

➤ **Open House Update**

Ms. Hancock stated the Port's Open House and Metz Plaza Dedication had been scheduled for Friday, December 1, 2006 from 2:00 to 4:00 p.m. with the Metz Plaza Dedication planned for 2:00 p.m. She stated speakers included City of Kennewick Mayor James Beaver and Kennewick City Manager Robert Hammond. Refreshments would be served and Port staff would conduct building tours.

➤ **Events Calendar Review**

Administrative Assistant Sherrie Bowers reminded the Commission of the upcoming TRIDEC Luncheon with keynote speaker Dino Rossi, Wednesday, November 15, 2006 at TRAC, the Tri-City Regional Chamber of Commerce Luncheon with Senators Jerome Delvin and Mike Hewitt, Tuesday November 28, 2006 at 11:30 a.m. at The Clarion Hotel in Richland and the Benton County I-82 to SR-397 Intertie Ribbon Cutting for Phase 2 and Groundbreaking for Phase 3, Wednesday, November 15, 2006 at 2:00 p.m. at Finley Road and CR- 397.

➤ **Meeting Reports**

- Mr. Peterson reported attending the Joint Workshop with City of Richland, a City of Richland Planning Commission public hearing, the Northwest Marina Conference, met with Benton Public Utility District (Benton PUD) staff regarding various projects and attending a meeting regarding the Piert Road Realignment.
- Mr. Arntzen attended the Joint Workshop with City of Richland, Northwest Marina Conference, met with Benton PUD staff regarding various projects, and attended the Washington Public Ports Association (WPPA) Small Ports Seminar. He also had a conversation with Mr. Carl Cadwell during which Mr. Cadwell praised Port staff for managing the slurry seal project. He also informed Mr. Arntzen the airport community was very supportive and appreciative of the work being done at Vista Field Airport.
- Mr. Rice reported attending the Joint Workshop with City of Richland.
- Ms. Huffman attended the Joint Workshop with City of Richland, an Association of Governmental Accountants and an Institute of Internal Auditors meeting.
- Mr. Cryer attended the Joint Workshop with City of Richland, a City of Kennewick water filtration system ribbon cutting, the Confluence Project Blessing Ceremony and the Tri-Cities Visitor & Convention Bureau Annual Meeting.
- Ms. Fitch reported the Northwest Marina Conference.
- Ms. Hancock attended a Biofuels Summit, the WPPA Small Ports Seminar and the Tri-Cities Visitor & Convention Bureau Annual Meeting.
- Commissioner Boomer attended the Joint Workshop with City of Richland, the Confluence Project Blessing Ceremony and the Tri-Cities Visitor & Convention Bureau Annual Meeting.
- Commissioner Hanson reported attending the Joint Workshop with City of Richland and the Northwest Marina Conference.

- Commissioner Wagner attended the Joint Workshop with City of Richland, Northwest Marina Conference, a Columbia/Snake River Irrigators meeting and Tri-Cities Visitor & Convention Bureau Annual Meeting where he accepted an award on behalf of the Port for participation in river shore enhancement.

➤ **Non-scheduled Items**

- Mr. Arntzen suggested the Port seek community input for the Port's Comprehensive Scheme, otherwise known as the ten-year plan. He felt it was important to update this plan due to the very fast pace the staff had set for itself. He noted he was not suggesting hiring a consultant but felt staff needed to conduct an outreach program with cities, tenants and the community to get ideas of how the Port should proceed in the future. He felt the process would take approximately six months but felt it was necessary. The Commission agreed.
- Mr. Arntzen informed the Commission the survey for the Hover Industrial site was estimated at approximately \$14,000. He announced the invoice had been received and the total survey expense was just over \$9,000.
- Mr. Rice stated the Commission had recently approved and executed a resolution authorizing the Executive Director to execute all documents associated with the Hover Industrial Site land sale. When the documents were ready to be executed, Mr. Arntzen was out of town and in an effort to expedite the transaction, Commissioner Hanson was asked to execute the documents. Mr. Rice suggested the Commission ratify and confirm Resolution 2006-48 and the signatures of the President of the Commission thereon via a motion.
 - ❖ *Commissioner Boomer moved to ratify and confirm Resolution 2006-48 and the signatures of the President of the Commission thereon. Commissioner Wagner seconded and the motion was carried unanimously.*
- Ms. Huffman recommended entering into an agreement with Riverside Consulting to assist Port staff with policies and procedures regarding contract compliance, instituting bidding, small works and real estate contracts as well as agreements for land purchases and sales. She would also like to have a draft document composed for interlocal agreements. She explained the Port did not have boilerplate contracts or agreements and felt it was very necessary to streamline process that had been in place for the last several years. She stated the contract with Riverside Consulting would not exceed \$15,000.

EXECUTIVE SESSION

REGULAR COMMISSION MEETING

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♦ *Real Estate Matter: RCW 42.30.110(b)*

The Regular Commission meeting was recessed into Executive Session at 3:59 p.m. for discussion of a real estate matter. Executive Session was anticipated to last approximately fifteen minutes with no action expected.

ADJOURNMENT

Commissioner Hanson reconvened the Regular Commission meeting at 5:15 p.m., and with no further business to bring before the Board the Regular Commission meeting was adjourned at 5:15 p.m.

APPROVED:

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

David Hanson, President

Gene Wagner, Vice-President

Linda Boomer, Secretary