

AGENDA

*Port of Kennewick
Regular Commission Business Meeting
Port of Kennewick Commission Chambers
350 Clover Island Drive, Suite 200, Kennewick, Washington*

Tuesday, January 14, 2020
2:00 p.m.

- I. CALL TO ORDER**
- II. PLEDGE OF ALLEGIANCE**
- III. 2020-2021 ELECTION OF OFFICERS (LUCY)**
- IV. APPROVAL OF AGENDA**
- V. PUBLIC COMMENT** (*Please state your name and address for the public record*)
- VI. CONSENT AGENDA**
 - A. Approval of Direct Deposit and ePayments Dated December 17, 2019
 - B. Approval of Warrant Register Dated December 20, 2019
 - C. Approval of Direct Deposit and ePayments Dated December 31, 2019
 - D. Approval of Warrant Register Dated December 31, 2019
 - E. Approval of Warrant Register Dated January 14, 2020
 - F. Approval of December 10, 2019 Regular Commission Meeting Minutes
- VII. REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Vista Field Update (LARRY)
 - B. 1135 Project Update (TANA)
 - C. City of Kennewick Fire Chief Selection Process (TIM)
 - D. 2020-2021 Committee Assignments (BRIDGETTE)
 - E. January 28, 2020 Commission Meeting (BRIDGETTE)
 - F. Commissioner Meetings (formal and informal meetings with groups or individuals)
 - G. Non-Scheduled Items
- VIII. PUBLIC COMMENT** (*Please state your name and address for the public record*)
- IX. ADJOURNMENT**

PLEASE SILENCE CELL PHONES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DECEMBER 10, 2019 MINUTES

Commission President Thomas Moak called the Regular 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: Thomas Moak, President
Don Barnes, Vice-President
Skip Novakovich, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Tana Bader Inglima, Deputy Chief Executive Officer
Amber Hanchette, Director of Real Estate and Operations
Nick Kooiker, Chief Finance Officer
Larry Peterson, Director of Planning and Development
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Commissioner Moak led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

Commissioner Novakovich stated on Item H, Special Commission Business Meeting Minutes on the Consent Agenda; the amended motion should state the purchase price and an additional 6% buyer's premium.

Commissioner Moak stated at this time, we are approving the Agenda, not the Consent Agenda.

MOTION: Commissioner Barnes moved to approve the Agenda; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

No comments were made.

Commissioner Novakovich stated Item H, the amended motion should read as follows: "the total purchase price of \$1,300,000 plus a 6% buyer's premium."

Commissioner Moak confirmed if that was how the motion was to be made.

Ms. Schumacher stated yes, the 6% buyer's premium is in addition to the \$1,300,000 purchase price.

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It is the Consensus of the Commission to revise the wording in the amended motion on the November 15, 2019 Special Commission Business Meeting Minutes.

CONSENT AGENDA

- A. Approval of Warrant Register Dated November 15, 2019**
Expense Fund Voucher Number 101613 for a grand total of \$391.52.
- B. Approval of Direct Deposit and E-Payments Dated November 18, 2019**
Direct Deposit and E-Payments totaling \$58,704.66.
- C. Approval of Warrant Register Dated November 26, 2019**
Expense Fund Voucher Number 101614 through 101658 for a grand total of \$869,585.80.
- D. Approval of Warrant Register Dated December 2, 2019**
Expense Fund Voucher Number 101659 for a grand total of \$391.52.
- E. Approval of Direct Deposit and E-Payments Dated December 3, 2019**
Direct Deposit and E-Payments totaling \$78,820.70
- F. Approval of Warrant Register Dated December 10, 2019**
Expense Fund Voucher Number 101660 through 101693 for a grand total of \$340,167.60
- G. Approval of Regular Commission Business Meeting Minutes November 12, 2019**
- H. Approval of Special Commission Business Meeting Minutes November 15, 2019 as amended.**

MOTION: *Commissioner Novakovich moved for approval of the Consent Agenda as presented, with the revision to the Special Commission Business Meeting Minutes for November 15, 2019; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

NEW BUSINESS

A. Carbitex Lease

Ms. Hanchette stated the two-year lease renewal for Carbitex is coming before the Commission today because the monthly lease amount is in excess of CEO's Delegation of Authority. Carbitex has been a tenant of the Port of Kennewick at the Oak Street Industrial Park for several years and they have seen a rapid expansion in their business. Carbitex manufactures flexible carbon fiber fabric and recently started producing a semi-ridged product and almost doubled their work force. Carbitex occupies space at Development Building B and leases additional space from the private sector. Carbitex has made a significant capital investment in their equipment for their new product line. Ms. Hanchette outlined the lease details:

- Lease 16,600 square feet of office and industrial space for flexible carbon fiber cloth manufacturing, research and development;
- Location – 1426 E. 3rd Ave. Development Building B;
- Lease rate - \$0.44 per square foot which includes a 3% rental increase from previous lease period.
- A continued lease commitment until December 31, 2021;
- Tenant responsible for separately metered electricity, water & sewer;

Ms. Hanchette inquired if the Commission had any questions regarding the lease terms.

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Commissioner Barnes stated the draft lease does not reference the prior lease or term of occupancy. Commissioner Barnes reads the lease as a new lease that runs for two years without reference of the prior occupancy of the space. Commissioner Barnes asked if he was missing something.

Ms. Hanchette stated it is written up as a new lease, not an extension of the existing lease. The terms have not changed, other than the items that were outlined, otherwise, the terms are the same as the prior lease.

Commissioner Barnes has a question regarding Article 10: alterations and improvements. His concern is about restoration of the premises to their condition prior to occupancy by this tenant. Commissioner Barnes would like assurance from staff and perhaps Ms. Luke that the language we have in the draft lease will require the tenant to restore the premises to the condition to the point of when they took occupancy, not back to the point when the new lease was signed. Commissioner Barnes stated it is a subtle point, but believes it could make a big difference. He believes the intent is clear and defers to Ms. Luke. Commissioner Barnes would like to ensure that the requirement is to restore the property to the original condition of the building when Carbitex signed their first lease.

Ms. Hanchette stated that is a good point and the intent of Article 10 is to restore the property to the condition the building was in when they took original occupancy. Ms. Hanchette and Ms. Luke will look into the language.

Commissioner Moak stated as he understand the lease, Carbitex is not taking additional space, but it is the same space that they have occupied.

Ms. Hanchette stated that is correct.

Commissioner Moak confirmed that there are no other changes to the standard lease agreement.

Ms. Hanchette stated that is correct.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Novakovich moved to approve Resolution 2019-34 to accept a two year lease with Carbitex and 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; Commissioner Barnes seconded.*

Discussion:

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Commissioner Barnes noted for the record that this is a lease extension, not a two year lease and that the restoration provision is marked back to the initial time of this tenant's occupancy of that space.

Commissioner Moak inquired if there is a difference between an extension of a lease and a beginning of a separate lease other than the point that Commissioner Barnes brought up about the restoration.

Ms. Luke stated they are two different things and typically, if there is an extension of a lease, it is provided for in the prior lease that there is an option to extend and this lease had ended. This is a new lease that is being offered to Carbitex. As to Commissioner Barnes' point about returning the premises to its original condition, we will take a look at that language. But note also, there is language in that same section that provides that Carbitex must come to the Port for any approval of changes to the premises, alterations or remodeling. Ms. Luke stated there are protections in place with this lease as well. Ms. Luke will review the language and work with Ms. Hanchette on the wording.

Commissioner Moak stated if the current lease is terminating, he assumes there is something in that lease that states the property needs to be returned to its initial state, which is not what we are requiring today.

Ms. Luke stated that is correct.

Commissioner Barnes stated it is a subtle change, but could have a big impact to the conditions to the facilities at the end of this lease.

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

B. Draft Purchase and Sale Agreement with Santiago Communities (Oak Street)

Ms. Hanchette stated in October, the Commission heard a presentation regarding Santiago Estates and their proposed purchase of Port property in east Kennewick. Santiago Estates submitted a letter of interest to purchase 26+ acres of land from the Port to develop an affordable manufactured home community. The property consists of three different parcels, which are zoned industrial and located in two different jurisdictions. Ms. Hanchette highlighted the terms of the draft Purchase and Sale Agreement (PSA):

- 26.42 acres;
- Purchase price - \$831,400.00 (inclusive of art policy);
- Dry land purchase with water rights retained by Port;
- Agriculture lease remains in place until closing and then is transferred to Buyer;
- Buyer assumes life estate on parcel #1-0580-202-0006-002;
- Buyer has requested an extended feasibility period in order to perform due diligence including comprehensive plan changes and rezoning process. Buyer is responsible for application documents, associated fees/costs and any meetings with jurisdictions. Seller to review documents and sign as needed.

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Ms. Hanchette stated the buyer anticipates 200 lots will be constructed in a phased approach. The development will have a community center with kitchen, laundry, recreation room and manager's office. The buyer estimates development would be approximately \$5,000,000 after improvements are made to the property.

Ms. Hanchette asked for Commission direction on the following policy questions:

- Buy-back clause: include or waive;
- The 2% for the Arts policy is included in purchase price; is this acceptable?
- The current land sale policy regarding a broker commission to the real estate agent:
 - Sales of unimproved real property (bare land):
 - On the first \$500,000 of any sale: 7%
 - On the next \$500,000 of any sale: 5%
 - Sales of improved real property (with structure):
 - On the first \$500,000 of any sale: 5%
 - On the next \$500,000 of any sale: 5%

Ms. Hanchette reported that the life estate has an older home and barns on the property, the 16+ acre property has an old barn and corrals on it and the five acre parcel has no buildings whatsoever. Ms. Hanchette stated the buildings are in disrepair and will be demolished after closing and there are no city services on the property: some might suggest that an improved property means that there are utilities are on the property. Ms. Hanchette inquired which commission structure the Commission prefers.

Commissioner Novakovich asked why the art policy was included in purchase price.

Ms. Hanchette stated the buyer looked at offer their and did not want to add an additional amount; however, they understand that it is at the Commission's discretion, whether the 2% is added or not. At the current time, the 2% is included in the purchase policy. If the Commission wishes to implement the art policy, Ms. Hanchette would relay that information to the buyer.

Commissioner Novakovich confirmed that it was part of the negotiations and inquired what is the value of the art policy.

Ms. Hanchette stated that is correct and there are two different amounts in the art policy and it is approximately \$16,000.

Commissioner Novakovich believes the amount should be included in the \$831,000.

Commissioner Barnes asked if the art policy would be added on top of the \$831,000 or if it was included.

Ms. Hanchette stated their offer includes the art policy; however, it is at the Commission's discretion if they would like to add the art policy on top of the \$831,000.

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Commissioner Barnes confirmed that their offer includes the art policy at \$831,000 and it is at the Commission's discretion to add the art policy on top of the \$831,000.

Ms. Hanchette stated that is correct.

Commissioner Moak stated the intent of art policy was that the buyer would pay that and not the seller, which is the Port. That was the intent that the Port Commission can choose whatever it wants to, but the intent was that it would be in addition.

Commissioner Novakovich stated if the value of the art policy is approximately \$16,000, then their offer is \$815,000 plus the art policy.

Ms. Hanchette stated that is correct.

Commissioner Barnes inquired if according to the Benton County Assessor, there is a value assigned to improvements on any of these properties. Commissioner Barnes stated he looked at the Assessor's website and for the record, yes there are; and apologized, it is not a quiz. Commissioner Barnes would like to note, per the County Assessor, there is an assessed value for improvements on one of the properties.

Ms. Hanchette is guessing that it would be on the life estate.

Commissioner Barnes is not aware of which property it is, he pulled up one parcel number. The reason he is asking, is that the Commission is being asked to determine the broker commission rate and our policy is very clear for a real estate with or without improvements.

Ms. Hanchette stated on bare land the commission would be 7% on the first \$500,000 and 5% on the next \$500,000. Improvements with structures, 5% on the first \$500,000 and 5% on the next \$500,000.

Commissioner Barnes mulled that perhaps there could be a compromise, that if they are including the art policy in their offer, we can go with improved the property commission.

Commissioner Novakovich stated we are dealing with two different entities, the buyer and the agent.

Commissioner Barnes confirmed that the Port pays their agent, which will come out of closing.

Ms. Hanchette stated the broker commission is paid 100% at closing to buyer's broker. Ms. Hanchette stated the art policy is paid by the buyer, in addition to. The broker will receive either the 5/5 or 7/5.

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Commissioner Moak specified the policy states unimproved is bare land and stated the only property that is bare land is the five acres; however, the rest of the property has some kind of structure even if they will be torn down and that is how he reads the policy.

Ms. Hanchette reiterated Commissioner Moak's comments: on the five acres, the commission is paid at the bare land and the remaining commission will be paid as improved with structures.

Commissioner Moak stated based upon what our policy says, that is how he reads it and inquired how Commissioner Barnes would interpret it.

Commissioner Barnes stated their offer is for the three properties in aggregate and the three properties in aggregate have improvements. They do not assign values of each of the parcel numbers to come up to the total offer.

Commissioner Moak confirmed that Commissioner Barnes is saying that because they are improved as a whole they should go under the improved property commission.

Commissioner Barnes stated that is correct and what he would favor.

Commissioner Moak stated Commissioner Barnes is correct, they are in aggregate.

Commissioner Novakovich asked Ms. Hanchette if she has spoken with the broker about the Port policy on commissions and if they had anything to say about the policy.

Ms. Hanchette has not spoken to the broker about the Port's commission policy.

Commissioner Moak asked if Ms. Luke had any comments.

Ms. Luke stated the approach of using the aggregate is supportable, as well as the ability to prorate the PSA for the broker commission. There is the ability to do that as well and Ms. Luke stated either way is supportable.

Commissioner Moak inquired if there has been any precedence.

Ms. Hanchette stated this is a unique offer.

Ms. Luke stated no, because there has not been precedence to draw upon.

Commissioner Novakovich stated if the Port accepts the \$831,000 including the art policy, instead of adding the \$16,000, then the Port is decreasing the purchase price by \$16,000. Commissioner Novakovich believes the Port would want to go with the improved property because the difference between the 7% and the 5% is 10,000. Why would the Port want to do another \$10,000 on top of the \$16,000 we are giving the buyer? Commissioner

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Novakovich believes the Port should take it in aggregate and use the improved real property for the broker commission.

Commissioner Barnes agrees with Commissioner Novakovich.

Commissioner Moak is not in favor, in terms of the art policy, he believes that we should be consistent in how we apply the art policy which is on top of the price. What we do with the broker commission, he is willing to do that. Commissioner Moak stated it is up to two out of three Commissioners to decide, but his feeling, that whatever we do, the art policy should be on top of the purchase price.

Commissioner Novakovich stated what they are doing, if you break it down another way, is that they are offering \$815,000 plus the art policy.

Commissioner Moak stated they are not offering the art policy, the Port is paying for the art policy.

Ms. Hanchette offered to talk to the buyer about the art policy.

Commissioner Novakovich asked Ms. Hanchette if we would lose the sale.

Ms. Hanchette is not sure, but we can have the discussion because we are in draft form.

Commissioner Barnes is in favor of going with Commissioner Novakovich's suggestion. Their offer can be looked at being \$815,000 and with the art policy, takes it up to \$831,000 and we can accept that. We can also say the property in aggregate does have improvements, therefore we get close to the same place. In the big picture, we are down to small dollar amounts and Commissioner Barnes expressed his appreciation for Ms. Hanchette and all the work she has done to get the Port to this point with this deal and the discussion and differing points of view.

Ms. Hanchette inquired about the buy-back clause and whether it should be included or waived.

Commissioner Moak believes it should be included.

Commissioner Barnes is in favor of waiving it and recalls that the Commission waived it for the Southridge property. The Port has no other property in the immediate vicinity where the Port is looking to develop. Given the location and the long period of time the Port has held the property, in this instance he is in favor of foregoing the buy-back clause.

Commissioner Novakovich agrees with Commissioner Barnes and the Port should waive the buy-back clause.

Commissioner Barnes thanked Ms. Hanchette for her work to get the Port to this point.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Cedars Update

Ms. Hanchette reported at last Regular Commission Meeting staff discussed the Cedars transaction and potential material changes. The Lundgrens found a new lender that did not find issue with the permitted use language and the language issues were resolved. Additionally, notices to cure language was added and accepted by our legal counsel and their lender. The transaction closed last week and Doug and Carrie Lundgren are now the new owners of Cedars.

Commissioner Moak stated it sounds like a successful transaction and everybody is happy.

Commissioner Barnes thanked Ms. Hanchette and Ms. Luke for all of their work and helping the Mitchams sell their restaurant.

B. City of West Richland Transfer Agreement Update

Ms. Hanchette stated Port and City staff are currently working on two items for the former racetrack sale. The closing date has been moved to December 31, because Port and City staff cannot present the funding mechanism of this agreement to the Benton County Commissioners until December 17, 2019. West Richland offered the Port, as part of the funding mechanism for the former racetrack, to transfer the City's portion of Rural Capital County Funding (RCCF) credits. The Port and City entered into a transfer agreement, where, when the Port applies for a future RCCF project, Benton County would transfer the West Richland credits to the Port. The Port and City are scheduled to speak to the Benton County Commission on December 17, 2019 about the transfer agreement.

Mr. Arntzen stated it is his intention to present to the Benton County Commission on December 17, 2019; however, he has been drafted for jury duty that week and may be called to serve. In the event that Mr. Arntzen has jury duty, Ms. Hanchette will present to the Commission. Ms. Luke has been working with County's legal counsel and Adam Fyall, Sustainable Development Manager for the County. It is Port and City's intention to walk the Commission through the transfer agreement and how the process would work. County staff indicated that the Commission is supportive of the agreement and if we can get it on the record that they are supportive, Mr. Arntzen believes that would be the best that we can get. The County Commission has voiced some concerns over the proposal because it is unique in a unique system that is the RCCF process. Mr. Arntzen stated should the City be unsuccessful in transferring the RCCF credits to the Port, the City is ultimately responsible for every dollar of this transaction until paid in full in 2023.

Ms. Luke believes the date is April 15, 2023 for the deadline for full payment of the City's promissory note.

Mr. Arntzen stated one of the potential projects that will be discussed during the Work Plan Update is the rehabilitation of the Vista Field hangars. Staff believes that project could be a very strong application for RCCF credits for 2020. At the point of an accepted application, the Port would then request a transfer of credits from West Richland's portion.

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Commissioner Moak inquired if the City will be in attendance. Mr. Arntzen believes Mayor Gerry will be in attendance.

Commissioner Moak inquired if the discussion will be led by Benton County staff and will there be a recommendation from County staff.

Mr. Arntzen believes this will take a lot of finesse and we are relying on staff to have previously discussed the proposal with the Commission. Mr. Arntzen is comfortable with our working relationship with Mr. Fyall and in the past, the Port has had great success. Mr. Arntzen thinks the answer will depend on the day and he is hoping all three Commissioners will be present. Port and City staff will present the agreement and let the Commission weigh in and express any concerns they may have. Mr. Arntzen hopes that Mr. Fyall will be able to contribute to the discussion and that the Mayor can add helpful information as part of the process.

Commissioner Moak hopes the Port has been very successful outcome and this is a very important step and the Port has been very successful with Benton County and the RCCF applications.

C. 2017-2018 Accountability Audit Update

Mr. Kooiker reported that the State Auditor was on-site last two months to perform the Accountability Audit for 2017-2018. The exit conference was held on November 26, 2019 with Commissioner Moak in attendance and the audit process went very smoothly. The Auditor issued the final report last week and the Port received a clean audit. The report detailed the scope of the audit which included: accounts payable, payroll and retirement contributions, procurement, and public works and professional personal services contracts. The State Auditor reviewed the larger construction contracts and the disposition of land, such as Red Mountain Wine Estates, Pronghorn LLC and the Tri-City Chaplaincy and they reviewed the Port's self-insurance. In 2018, the Commission passed the reserve policy and the State Auditor was very impressed by this policy and how it protects the Port.

Mr. Kooiker stated two things helped in the process of the audit:

- the delegation of authority document that the Commission passed several years ago, helps tremendously, because it gives staff the ability to update policies in a timely manner when the State revises the law;
- The Port has been streamlining files and most documents were available in digital form.

Commissioner Novakovich offered his congratulations to Mr. Kooiker and the fact that you indicated it was the smoothest audit is a tribute to how far the Port has come and how far you have come. Commissioner Novakovich thanked Mr. Kooiker for his hard work.

Commissioner Moak believes that a lot of our digital materials saved a lot of staff time and made it easy for the state to access the files. This is a tribute to all of our staff because we document everything we do.

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Ms. Bader Inglima commented that Mr. Kooiker is being rather modest. Ms. Bader Inglima has sat through several of these exit interview in the past several years and this one had zero exit notes. This was an incredible audit and the Port has received clean audits for the past 24 years.

Commissioner Novakovich stated the Benton Franklin Council of Government's audit was at the same time as the Port and the auditors mentioned how clean ours was.

Mr. Arntzen appreciates how Ms. Bader Inglima offers her comments and we unveiled this at the staff meeting and it takes more than Mr. Kooiker to get this done. It takes our supporting staff to ensure that the information that Mr. Kooiker gets is appropriate and complete. Mr. Arntzen is incredibly proud of his staff and stated the finance department is not in public eye, but they are an integral part of our business. There is a lot of interworking with the finance department and Mr. Arntzen spends a lot of time with Mr. Kooiker to get the projects moving. Mr. Arntzen is proud of process and stated the audit is a year round activity for the accounting department. Furthermore, Mr. Arntzen is proud of the Port of Kennewick Commission's support of our staff, so that we are able to continue to do our best with the audit.

Commissioner Barnes offered his congratulations and stated great work and great job.

D. 2019-2020 Work Plan Update

Mr. Arntzen stated recently he discussed the possibility with updating the 2019-2020 Work Plan as we move into the second year of the work plan. Mr. Arntzen indicated that some items on the Work Plan may have changed and believes it is a good time for a review. If the Commission is receptive, Mr. Arntzen would like to start the process in January in more detail and fold the new projects into the 2021-2022 Budget cycle.

1. The Work Plan is a useful document but not very visually appealing. Should the Work Plan document become more externally focused, like the Port newsletter? It is an important working document that could be provided to public and included on the updated website.
 - Commissioner Novakovich stated that is an excellent idea and inquired if Ms. Bader Inglima has time to take on the project.
 - Ms. Bader Inglima stated that she can make it work and is all for incorporating our branding to elevate us within the public and better communicate what we are doing and letting the community know what our priorities are, in a visually stimulating way.
 - Commissioner Barnes is supportive of that too, with a limit of reasonableness there. To make it more palatable and easier to access by the public and to enhance the transparency, as well as access it digitally to see the elements of the Work Plan. If it is more user friendly and appealing to eye, he supports that.
 - Commissioner Moak stated that when there is a public meeting, the Port hands out the newsletter and swag and it would be nice to hand out the Work Plan as well; however, he believes we could omit certain elements, such as charts and

documents and provide an executive summary that looks professional with the major components of the work plan.

- Mr. Arntzen will continue to review and believes the Port could update the Work Plan and provide an executive summary for hand-outs.
2. The Port contracted with Makers Architecture several months ago to discuss updating the Clover Island Master Plan. Mr. Arntzen stated Julie Bassuk, Principal is ready to move forward in January 2020 and will do most of the heavy lifting because staff is working on Columbia Gardens and Vista Field. Mr. Arntzen believes the project will take most of the year and involve public input. Mr. Arntzen believes the Master Plan should only include the “upland” portions of the island and steer clear of the shoreline because of all the agencies it would involve and the comments it could garner. Additionally, there has been discussion of breaching the causeway at Bateman Island in Richland, and Mr. Arntzen believes the Port should avoid discussion related to breaching anything or removing barriers on or near the island. However, once the Master Plan is open to the public, the discussion can go in a number of directions. Furthermore, it is important to recognize that the 1135 US Army Corps of Engineers (USACE) Shoreline Restoration project is moving forward and should be a stand-alone project within the Work Plan.
- Commissioner Novakovich does not see how the Port can instruct Makers to avoid discussing the causeway at all and only deal with the upland portion of the Island. Commissioner Novakovich believes the breaching issue will be the real problem.
 - Mr. Arntzen does not know for sure and stated he has talked with Ms. Bassuk and she understands the tenderness of the issue. Mr. Arntzen does not believe he can say the Port is not going to talk about the issue.
 - Commissioner Novakovich inquired if we could define the area.
 - Mr. Arntzen believes that is how we will get there, but sometimes with the public process, it can go any way and interesting questions can get asked. Mr. Arntzen will do his best to emphasize the area of the upland portion.
 - Commissioner Moak stated once the public is involved, many things could happen. When Makers was here earlier this year, the Commission emphasized more public input, similar to the Vista Field process. The public will be a major part of the discussion and will say what they want to say.
 - Mr. Arntzen agrees and stated there will be interest from the Tribes and the Clover Island Yacht Club. Mr. Arntzen believes it will be an interesting process.
 - Commissioner Barnes supports discussing the upland version of Master Plan as well and it would be well for the Port to focus on the piece of the island that we have the greatest control over.
 - Mr. Arntzen stated when staff interfaces with Ms. Bassuk, we will emphasize our greatest desire for advice is for the upland portion of the island.
3. Ms. Bader Inglima has been diligent over the past eleven years working the 1135 USACE project and Mr. Arntzen believes the project should be included in the Work Plan. The design work will begin in January; however, the calendar is rather fluid.

This is a very good Return on Investment (ROI) project and the community will see an estimated \$4,000,000 invested in east Kennewick.

4. The Commission, as part of the CEO's Goals and Objectives for 2019-2020, included a plan for Duffy's Pond to increase the depth and water quality. Mr. Arntzen reported that Duffy's Pond is controlled by the USACE, who have commissioned a nationwide study to deal with this type of wetland. The process has been going on four years and could take another four. Mr. Arntzen would like to flag Duffy's Pond for further discussion and possibly remove the item from the Work Plan because of the USACE uncertain time frame. Mr. Arntzen stated staff continues to work on Vista Field and does not believe it would be prudent to pull them off for a project that could be a 5-10 year project for smaller results. Mr. Arntzen asked the Commission to weigh in on the effectiveness of the Duffy's Pond objective based on the new information and if it is a viable alternative.
 - Commissioner Moak inquired if there is anything that can be done about the variety of issues. Commissioner Moak understands that the USACE is trying to get a national perspective, but are they giving us any kind of hope that there is anything that could be done, outside of dredging.
 - Mr. Arntzen stated the short answer is no. Staff has asked for permission to treat the Pond with a biodegradable herbicide that we use in the Basin and USACE has said no because it is part of the study. Mr. Arntzen stated it is very frustrating when the Port can do something in the Basin but not in the Pond.
 - Commissioner Moak inquired if the tenants of Columbia Gardens have any expectations that the Port is going to be doing something at Duffy's Pond. Are there other things outside of the Pond that can make it better for the tenants?
 - Mr. Arntzen stated he has heard from the tenants about the Pond and believes on a scale of one to ten, they think it is a five and do not see it as critical. There are times where the Pond might produce odor. Mr. Arntzen has visited the area during the hot summer days and personally believes it is not critical. Mr. Arntzen stated it is important to the tenants and he recently had a conversation with Bart Fawbush of Bartholomew Wines and explained the USACE process, and Mr. Fawbush understood the complexity of the situation. There are other things that the Port can do to create enhancements on an informal basis; however, some work can be done within a certain distance of the Pond is subject to USACE approval and authorization. The Port can do make some enhancements on our property.
 - Ms. Bader Inglima stated Ms. Hanchette has developed a great relationship with the City, Department of Fish and Wildlife, Department of Ecology and the USACE staff on creating visual enhancements and removing the dead and decayed vegetation that surrounds the Pond and opening up the view shed and leaving some treefall for the native wildlife. Additionally, staff discussed installing interpretation signs to inform the public of the wildlife in the area. Ms. Bader Inglima stated the Port can only do so much to the area because of the migratory wildlife and limited labor. Port staff continues to take a strategic approach to maintaining the view shed along the Duffy's Pond area.

- Commissioner Moak suggested speaking with Congressman Newhouse or Senator Cantwell or their respective staff on the federal issues might be helpful. It is not at a critical area, but if you are talking about four years of nothing, that may not be totally acceptable either.
 - Commissioner Barnes appreciates the healthy dose of reality by staff to modify Commission expectations moving forward at Duffy's Pond. Commissioner Barnes would like to maintain a Duffy's Pond item in the Work Plan with the understanding that the work is in flux, to indicate to other entities and the tenants that we have not given up on it. He would like to see a realistic perspective and exception about what could be done.
 - Mr. Arntzen reiterated the Commission comments and stated that the Port should keep Duffy's Pond in the Work Plan, but as a long term goal. To fill the void created, the Port will perform some enhancements in the area. Mr. Arntzen confirmed if the Commission agreed with that course of action.
 - Commissioner Moak believes that is a good course of action.
 - Commissioner Novakovich agrees with the suggestion, as long as we don't take resources away from other on-going projects.
 - Mr. Arntzen stated by moving Duffy's Pond to a long term project, there will be a gap in resources and staff can work with the tenants to come up with ideas to enhance the area.
5. Mr. Arntzen stated the Commission previously discussed the Vista Field Hangar Remodel project as a priority for the Port and he wanted to confirm if it is still being considered. The project is in our current Work Plan and would create vibrancy within the development. The remodel project would add the vibrancy to the development that DPZ Partners identified and adopts the principal of lean urbanism. Staff could put together a proposal modifying the hangars to be utilized by a small business where the Port would retain ownership. It is a fairly big project if the Commission would like to formally pursue; the first detail is to determine what kind of businesses would work in the buildings, ie. restaurant or breweries. Then staff would move forward with the architecture and engineering components and look at garnering estimates for construction costs and prepare a draft financing plan that could include Rural Capital County Funding (RCCF). Mr. Arntzen believes this is a two-year project: 2020 would include the design and finances and 2021 construction would begin. There is a lot of work to do before the private sector can invest in Vista Field; however, this sets the stage of creating the vibrancy within the development.
- Commissioner Barnes stated Mr. Arntzen mentioned the private sector and working and partnering with the private sector. This is a topic that we have discussed in the past, and Commissioner Barnes shared his ideas and thoughts in the past. It is intriguing to Commissioner Barnes that almost all of Vista Field is in an opportunity zone and it is intriguing to look at what some of the possibilities are for private sector developers that have a tax issue. Commissioner Barnes would like to reiterate and/or encourage the Port to look at the possibility of achieving this vibrancy objective with, maybe with one of the hangars. Achieving the vibrancy objective by partnering with the private sector developer who would like to take advantage of the opportunity zone

designation and work with the Port on the design, the use, and the look. Many of these things the Port could control and he thinks it would be a great opportunity for a public/private partnership that could utilize the incentives that are on the table for the opportunity zone.

- Commissioner Moak would like to be able to get the design work done sooner rather than later, so that when the Port begins to market property, we can show the private sector what we are doing to create vibrancy. Commissioner Moak stated construction can wait, but he thinks it is important to have a visual to show the community what we are going to do and how we will contribute to the vibrancy of Vista Field and that we have some control over it. Commissioner Moak would like to see the design and architectural renderings of the remodel sooner rather than later.
- Commissioner Novakovich agrees with Commissioner Moak on that, based upon Mr. Arntzen's break down. Commissioner Novakovich stated the way it is separated into two phases is the best use of Port resources, because we want to ensure that we complete Phase 1 infrastructure and stay out of the way of construction. It also gives staff an opportunity to look at what the hangars could become. As Commissioner Moak stated, it would be nice to finish the hangars in a way that we want to see it done and use them as a showcase for the private sector. Then we can physically show the developers the type of design and feel we are looking for at Vista Field. Commissioner Novakovich believes it is a good project and likes the way it is laid out.
- Mr. Arntzen asked how do we address Commissioner Barnes' concerns related to the opportunity zone. Staff can do additional research to see what that might look like with respect to the hangars and how that may or may not dovetail with the project.
- Commissioner Novakovich thinks the opportunity zone is there and the private sector can come in and purchase land that the Port can sell. Commissioner Novakovich thinks if we can showcase the hangars, we are able to set the overall tone for Vista Field for the private sector.
- Commissioner Moak stated there are developers who understand the opportunity zone and he thinks if they want to be involved, then it is up to private sector. Commissioner Moak stated Vista Field and a lot of the area surrounding the development is part of an opportunity zone. If developers are interested there is property available; however, Commissioner Moak would not specifically target the area as an opportunity zone and believes it is up to private sector to look at. If there is an interest in the private sector, then they should come to us and we could see how that might work.
- Commissioner Barnes stated maybe he is making things too difficult; however, he believes there is a clear fork in road. If the Port wants to work with the private sector on this opportunity zone designation, then the Port is looking at selling a hangar to the private sector. The private sector could then develop it, but the Port would have control over the development. Commissioner Barnes thinks it is a fork in the road and he is unsure if Mr. Arntzen has an answer to the questions about where to go. Commissioner Barnes appreciates the control

that the Port can have over this initial development and initial impact in that process by retaining ownership of the hangars, but at the same time, it is a shame that we can't work with the private sector on the opportunity zone. Commissioner Barnes does not want to make it too difficult and confusing at the outset.

- Mr. Arntzen appreciates Commissioner Barnes' comments and stated staff will move in the general direction of renovating the three hangars, if our budget allows. Staff will also look at, as a minority opinion, what would an opportunity zone process look like and before we get too far, revisit this with the Commission. Now that we are on a two year plan, this will give staff time to review the opportunity zone. Additionally, we do have some preliminary work that was done by CKJT Architecture, in conjunction with DPZ Partners, on some of the hangars. Mr. Arntzen appreciates the discussion and stated the Port will take the lead on the remodel and see what it would look like if the Port sold one or more of the hangars as an opportunity zone scenario, if that is agreeable.

Mr. Arntzen stated Mr. Peterson will present items that need to be considered for an updated Vista Field project calendar. Mr. Arntzen believes it is important for the Commission and public to see all of the steps involved in getting four or five major policy directives from the Commission over time.

1. Project Review

Mr. Peterson shared information on current Port projects and potential projects for 2020-2022 Work Plan. Additionally, the Vista Field redevelopment calendar should address the Vista Art Center Site.

Mr. Peterson proposed some questions relevant to both Vista Field and Columbia Gardens for the Commission to consider:

- What does the Port want to see built and where? (Vista Field and Columbia Gardens)
- How are the Port's use, design and layout decisions conveyed to the builders? (Vista Field and Columbia Gardens)
- What is the mechanism to fund maintenance? (Vista Field and Columbia Gardens)
- What is the marketing and pricing strategy? (Vista Field and Columbia Gardens)
- How is the pricing conveyed to the builders? (Vista Field and Columbia Gardens)
- What efforts and funds should vibrancy receive? (Columbia Gardens)
- Is the traffic calming project to be pursued? (Columbia Drive)

Mr. Arntzen stated these questions need to be presented to the Commission and he suggested this might be a great opportunity to have a workshop off-site for additional public input.

Commissioner Novakovich thanked Mr. Peterson and stated this very helpful.

6. Mr. Arntzen stated the Commission may direct staff to complete a review of the Rural Capital County Funding (RCCF) which would include an analysis of current funding, current projects identified for funding and future funding and project possibilities. At this time, the Port has a current agreement with the City of Richland, whereby the Port submitted an application to Benton County for RCCF for approximately \$800,000 for Columbia Park Trail road improvements; however, it seems as though that application has stalled. Mr. Arntzen does not believe the Columbia Park Trail improvement project is a high priority for Benton County. Should the County fail to approve the Port's application, the City may ask the Port to fund its portion of the project with non-RCCF funding. Should we take that as a sign and withdraw rather than force the County to vote. Mr. Arntzen inquired if the Commission would like him to withdraw the application and see if the Port can find funding or speak with Benton County to find out the status of the application. Mr. Arntzen has not had an in-depth conversation with Mr. Kooiker regarding financing, but has asked in passing if the Port could find \$800,000 for the City, to which he responded possibly. Pete Rogalsky, Public Works Director for the City of Richland is here today and asked if he had any comments.
- Commissioner Novakovich inquired if the Benton County Commissioners know that application is in.
 - Mr. Arntzen is not sure; however, he has been working with County staff on the project.
 - Commissioner Novakovich asked if County staff had some insight to the application.
 - Mr. Arntzen stated the Port has been rather thoughtful when approaching Benton County and recently transferred some Water Rights to them; however, he does not want to force the application.
 - Commissioner Novakovich stated with that said, he wants to ensure that the Port follows through with our obligation to the City and find the funds. Commissioner Novakovich stated the Port is going to have several RCCF applications into Benton County and he does not want to see this stand in our way to get funding for other projects.
 - Commissioner Barnes stated it is well known that the Benton County Commissioners currently have a lot on their plate. Commissioner Barnes is in favor of looking at different alternatives of funding for the City, because they are a very valuable jurisdictional partner. Commissioner Barnes feels the need to do something with them, but at the same time we are in the busy season and the holidays are upon us and with everything that the County Commissioners are dealing with, maybe we give them some more time to see if, indeed that is the case, that they do not want to approve the application.
 - Mr. Arntzen appreciates the comments and agrees that it is not something we should try and push forward in December. Mr. Arntzen is not sure how fast Richland needs the money, but would like the opportunity to meet with Mr. Kooiker to discuss possible funding scenarios. Mr. Arntzen stated Mr. Rogalsky is here today and may be able to update the Commission as to the status of the project.
 - Commissioner Moak asked Mr. Rogalsky if he would like to speak today.

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- Mr. Rogalsky stated the City very much appreciates the partnership with the Port on this project. The City has a number of projects going, but the Columbia Park Trail project has risen to the top of our delivery program for the next year. The preparation for bid documents is a current high priority effort on the City's part and they intend to bid and award a construction contract spring of 2020. It is important for the City to have some certainty within a matter of months, as to whether it can be funded for the 2020 construction season, as outlined in our Interlocal Agreement (ILA). The City could defer by mutual agreement; however, we have been marching forward, as outlined in the ILA. Mr. Rogalsky would defer and respect each agency's approach with the County in regards to the RCCF funds. Mr. Rogalsky believes the text of the ILA provides for flexibility, if the RCCF is not best path forward. Mr. Rogalsky believes Mr. Arntzen is correct and dollars spend like dollars. The City has already federalized the project, so we have risen to the highest bar in terms of compliance and process.
 - Commissioner Novakovich confirmed that the City would need funding for the entire project in 2020.
 - Mr. Rogalsky stated that is a clear preference; however, it is possible that there would be wrinkles that could be explored about how. In terms of the construction activity, it is not a multi- season project and could be delivered all in one calendar year. It would be the City's preference to receive the funding in 2020. Mr. Rogalsky stated generally, a project is fully funded at moment of award.
 - Mr. Arntzen will continue the dialogue with Mr. Rogalsky and ask Mr. Kooiker to run the numbers and come back with a staff recommendation in January for alternative funding.
7. Mr. Arntzen stated with the Arts Policy, the Commission may want to consider a fund building period for (1-3 years) and then an implementation period for a major art installation. For smaller art objects, we would be able to use other sources of funding.

In conclusion, this has been a great opportunity for Mr. Arntzen and he appreciates the time to walk through the Work Plan items. Mr. Arntzen stated one thing the Commission may want to consider is adding a significant statement about the importance of Work Plan as a keystone document, which will set the priorities for the Port and set precedence. Mr. Arntzen believes if the Work Plan is revised, then it should include appropriate supporting documents, including, but not limited to the Comprehensive Scheme and Goals and Objectives should also be reviewed and updated in order to dovetail with the updated Work Plan.

PRESENTATION

A. *Hanford Reach Solar System, Trevor Macduff of Silas Education*

Mr. Peterson reported that he and Barb Carter recently met with Trevor Macduff of Silas Education. Mr. Macduff would like to tie-in solar system art installations, like the arches seen at the Hanford Reach Museum, throughout the community and would like to include one in Vista Field.

Mr. Macduff is a science teacher in Richland and president of Silas Education, which he created to facilitate the fundraising, contracts and installation of the art project. Mr. Macduff presented

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an accurate artistic model of the solar system and explained how art could tell the story of the sun over the course of a year at several locations throughout the Tri-Cities. Mr. Macduff stated Vista Field encompasses the Mars orbit crossing the sun and presented examples of art objects and where the art piece be installed. Mr. Macduff stated the sun's orbit crosses several counties and cities, including Stanfield, Oregon. Currently, Benton City has the second planetary marker in the area for Uranus. Mr. Macduff stated the orbital marker would cost approximately \$5,000 and the planetary sculptures would be commissioned and the price would vary. Mr. Macduff is interested in a partnership between Silas Education and the Port of Kennewick to develop a concept for a Mars sculpture to install in the Vista Field Development.

Commissioner Novakovich asked Mr. Macduff what he is looking for in the way of a partnership.

Mr. Macduff stated as a non-profit, money would helpful at some point, but right now, he is asking for permission to move forward and be a part of the Vista Field development. Then, Silas can put out a call for artist and come up with a budget and plan for how Silas and the Hanford Reach Solar System would fit into Vista Field.

Ms. Bader Inglima stated Ms. Carter and Mr. Peterson met with Mr. Macduff and may be able to speak to the concept. If this project was to move forward, there would need to be oversight for materials, and to ensure that it is up to the standards of the Port.

Ms. Carter stated she was very interested when Mr. Macduff approached the Port and wanted to discuss the project. Ms. Carter believes this could be a really interesting project for the Port, primarily because of the location in Vista Field and the aeronautical history. It could be a very educational project, as well as a beautification and point of interest project that people would be coming to see and learn about the project. Ms. Carter knows that the City of Kennewick and their Arts Commission is looking at sponsoring or assisting with the project elsewhere in the City of Kennewick for a different planet. One of the items we discussed is that the orbit for Mars is big and encompasses a lot of places in the Tri-Cities, but we were hoping that the Port would be the only one that has Mars. Ms. Carter could work with Mr. Macduff to help state the Port's history and how we implement our art projects, if the Commissioned desired.

Commissioner Moak would look at this art piece in the Commons Area, since we do not have a clear concept at this point about how it is going to be developed. Commissioner Moak inquired what the time frame is in terms of developing that area, so that we could see how this project would fit in.

Ms. Bader Inglima stated what is intriguing is that the Port decided on the names of the streets in advance of this concept being brought forward. Ms. Bader Inglima stated the Commission formalized Constellation Way and it all comes together.

Mr. Peterson stated in response to Commissioner Moak's question about the design of park, at this point, once we are through the process of the earlier questions, we will have a much better answer to that. Mr. Peterson has asked Parametrix to draw up a few basic layouts for park

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concepts. Mr. Peterson stated the Port is not quite ready to install art in 2020 and thinks that we could use the same process of work as we did with the Latino Mural, where we work hand and hand and look at a 2021 installation.

Commissioner Barnes likes the concept and it seems like an interesting idea that helps Vista Field be integrated into a larger community in a unique way. Commissioner Barnes stated it is an intriguing concept; however, he would like more time to mull over.

Mr. Macduff has been working on the concept since 2012 and indicated that he is not looking for an answer today.

Commissioner Moak stated given the fact that the naming concept at Vista Field includes Constellation Way and a variety of different names that talk about looking up, he thinks it ties in with the planets and Mr. Macduff's concept. Commissioner Moak would like to figure out a way to incorporate the artwork somewhere in Vista Field, but believes the Commons would be a great place for the artwork. Commissioner Moak is interested in pursuing this project further.

Commissioner Novakovich inquired if Mr. Macduff is looking for a financial commitment from the Port.

Mr. Macduff stated at this time he is only working on the concepts; however, ultimately, we would work to create it and then gift it over to the Port to maintain. Silas is not in a position to have maintenance and liability in future. It is difficult to determine an amount until we can get a call for artists put together and know what the lighting and infrastructure will look like.

Mr. Peterson stated during our conversation he shared the Port's most recent example of the Latino Mural, where the Port effectively funded the foundation and illumination and approximately a 50/50 partner on the actual cost of the art. Mr. Peterson stated that is a policy question for the Commission; however, based upon the estimated \$25,000 for art, the Port could invest \$10,000 for the art piece, but would be involved in the flat work, approach, lightening, and frame.

Commissioner Moak stated it sounds like the Commission is interested in learning more about the project and moving forward and figuring out how to make it work.

Mr. Arntzen will work with the team and look at a few more ideas, funding sources, and ensure it would not be considered a gifting of public funds before coming back to the Commission.

RECESS

Commissioner Moak called a recess at 4:15 pm until 4:20 pm.

Commissioner Moak reconvened the meeting at 4:21 pm.

REPORTS, COMMENTS AND DISCUSSION ITEMS (continued)

E. Chief Executive Officer Performance Evaluation

Ms. Luke will walk the Commission through the revised CEO performance evaluation, but asked that the Commission take their time because this is an important process and an important step moving forward. We have been working through this process for several months and the CEO requested that this process be conducted in an open meeting. Thus, the documents have been presented to the Commission in the Agenda Packet and we are processing the evaluation in the meeting today. Ms. Luke will not go through her Agenda Report in much detail because the Commission has had it for several days and have had many of the documents since October. Ms. Luke stated unless there is anything in particular that the Commission has a question about, that is included in the Agenda Packet, she will not go through it in detail. However, Ms. Luke stated the Commission has been given a revised final draft of the 2019 annual performance evaluation, marked as exhibit A, attached to Resolution 2019-35. Ms. Luke stated the revisions to the document were revisions to Commissioner Moak's preliminary draft that he submitted to her late yesterday and the changes were incorporated today. Ms. Luke stated if the Commission would like her to point out the revisions, she would be happy to do that, but will not take the time unless requested. As stated, going back to the Agenda Report, the Commission has Exhibit A which is the 2019 performance evaluation in final form, Exhibit B includes Ms. Luke's packet that was provided to the Commissioners on about October 2, 2019 and Exhibit C includes additional packet materials, including letters from various jurisdictional partners regarding the CEO's impacts to them. Exhibit D is the 2013 employment agreement and amendments, which provides the framework under which this evaluation is to be conducted, as well as how the evaluation outcome is to be utilized for purposes of adjustments to compensation. Moving forward, as far as the evaluation process, there are a couple of different directions we could take this; point by point through the evaluation and take each section (20 sections) and discuss, or take the evaluation as a whole and have the Commission address that. Ms. Luke will leave that to the Commission on how they would like to proceed. Ms. Luke explained how she compiled the document. Ms. Luke took each of the Commissioner's preliminary drafts and combined them and identified each Commissioner's comment by initial and identified where there is a split in determination by the Commissioners, whether a section was met or not met, by initials, as to how the vote was met or not met. Ms. Luke has not, in past years, when utilizing this form, and when Commissioner's comments were easier to combine or shorten or consistent in nature, Ms. Luke would shorten up and use some artistic interpretation and combine the Commission comments. Ms. Luke stated this year, it was important to utilize verbatim, the Commissioner comments that were provided to her. Commissioners have each had quite some time to consider those comments and to receive input, not only from Ms. Luke, but other council regarding the evaluations and their comments. Thus, we find ourselves today with this document, with the comments as Ms. Luke has received them. The Commission is needing to move forward in deciding whether to adopt this evaluation as presented or whether to make other revisions to it at this time. At the end of the day, per the employment contract, the Commission, if it is going to move forward with adopting the evaluation as presented, there is a draft motion with the Agenda Report and as a Resolution that tracks the Commission's adoption of the evaluation. Also, pursuant to the CEO's employment agreement, the Commission must deem the CEO's performance in one of three ways: the language from the employment agreement is satisfactory, above satisfactory or exceptional. Again, referring back to the employment agreement, those are the terms that

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set the level of change of compensation to the CEO. It is important that the Commission take time and consider those impacts as it relates to their decision about adoption of the CEO performance evaluation. Ms. Luke can answer questions regarding the terms satisfactory, above satisfactory or exceptional later if the Commission decides how they would like to proceed. The first step is determine whether the Commission would like to review the document as whole or particular sections or section by section.

Commissioner Moak stated personally, his feeling is the document speaks for its self and it has three Commissioners with three different perspectives and they all equally represent the CEO. Commissioner Moak accepts them as written, but it is up to everyone else as to how you want to proceed.

Commissioner Novakovich is not sure...we received the last version of this document right at this meeting and obviously it does not give us any time to go through and compare what was previously done or what the changes are. Commissioner Novakovich does not know how to proceed, because we are under timeline, but we were given this now and had no time to even study it.

Ms. Luke is happy to walk the Commission through the changes of it, if you would like to do that.

Commissioner Novakovich is not in favor of this at all. The process was changed under what looks like very suspicious motives and we were criticized in the paper for doing that. We have had several warnings about doing this this way, we have had several warnings about negative comments in the CEO evaluation and about potential litigation. We have received those warnings from Ms. Luke, Steve DiJulio, and Phil Ritchie from Clear Risk Solutions probably said it the best to us, if we accept this, Commissioner Novakovich believes we are putting ourselves in harms way for potential litigation. Personally, Commissioner Novakovich does not want any part of this. Commissioner Novakovich does not want to be named in a lawsuit over something we....

Commissioner Barnes interjected point of order please.

Commissioner Moak recognized Commissioner Barnes' point of order.

Commissioner Barnes asked if we are discussing things that were in Executive Session.

Ms. Luke stated yes, in part, she believes you are, and other meetings that may have occurred outside of Executive Session, however, would not be.

Commissioner Novakovich stated there are enough warnings that whether it was in Executive Session or not, that we have been warned about potential litigation for one, changing the process in which we do this evaluation and two, for negative comments. Commissioner Novakovich would like to be on the record that he does not want any part of this at all. Commissioner Novakovich appreciates Commissioner Moak going through and changing his,

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and Commissioner Novakovich suspects he received the same kind of warnings from Mr. Ritchie from Clear Risk Solutions that the rest of us did. Commissioner Novakovich appreciates Commissioner Moak's changes in what he could see in this last revision that we received. However, there are still comments in there that Commissioner Novakovich cannot support and does not want to be named in any potential litigation that may occur. If you take a look at the letter that Thomas McClain sent, Commissioner Novakovich believes we are headed in that direction.

Commissioner Moak stated in his perception, his comments are his own, Commissioner Barnes' comments are his own, and Commissioner Novakovich's comments are his own. Commissioner Moak does not own anyone else's comments but his own comments.

Commissioner Barnes has no comments outside of what he has provided in writing.

Commissioner Moak stated the Chair is prepared to entertain a motion if someone would make a motion. The Commission is under obligation to meet the December 15 deadline to evaluate the CEO and that changed at our last Commission meeting, which Commissioner Moak believes the Commission agreed to do that.

Commissioner Barnes is in favor as taking the document as whole and has no further comments beyond what he provided in writing in his evaluation.

PUBLIC COMMENTS

**Clerk's Note: The President did not call for Public Comment.*

MOTION: Commissioner Barnes moved for approval of Resolution 2019-35, adopting the CEO's 2019 Annual Performance Review, as set forth in Exhibit A, the latest version provided by Ms. Luke. Furthermore, in accordance with the CEO's Employment Agreement, deems the CEO's performance as Satisfactory;

Motion dies for lack of second.

MOTION: Commissioner Moak moved for approval of Resolution 2019-35, adopting the CEO's 2019 Annual Performance Review, as set forth in Exhibit A, or alternative. Furthermore, in accordance with the CEO's Employment Agreement, deems the CEO's performance as Above Satisfactory; Commissioner Barnes seconded. With no further discussion, motion carried. All in favor 2:0 (Commissioners Moak and Barnes) Commissioner Novakovich (nay).

Ms. Luke stated as far as a follow up to the process, the steps after adoption, the presentation to the CEO, President of the Commission typically signs the evaluation and it is presented to the CEO for review, signature, and comment. With those steps, that should conclude the process.

F. Hearing Status Update

Ms. Luke stated the hearing referenced is the hearing related to the citizen complaint and the hearing requested by Commissioner Barnes. At the last meeting Ms. Luke updated the

Commission, based on information received from Judge Kallus, who is our hearing officer. We had one phone conference with her and she had given us direction to submit a brief and then she would make a decision. We had a hearing with her last Tuesday, December 3, 2019, and she changed course on us and requested that the parties conduct some additional briefing prior to her making a decision related to the hearing process. Judge Kallus requested that the parties submit responsive briefs to each other's initial briefs and submit those by Friday, December 13, 2019. Then we will have a week to submit a reply to the response. Ms. Luke stated this is more typical briefing schedule than she is used to than the initial one the Judge Kallus proposed. Ms. Luke stated that is what she knows at this point and no hearing has been scheduled yet. Ms. Luke is hopeful, that after we complete our briefing, we will have a decision by Judge Kallus shortly thereafter as far as the process, then we will proceed to scheduling. Ms. Luke stated the two processes contemplated are the Port's position that the process, Judge Kallus steps into the shoes of the Commission and making a decision with submission of limited materials and documents. Commissioner Barnes' position, as Ms. Luke understands it, should be a full hearing, similar to a full arbitration with discovery undertaken prior to the hearing. We will await the Judge's decision and Ms. Luke will update as to where we are headed as far as a schedule in January.

G. Training / Consultants Update

Ms. Luke wanted to bring this to the Commissions' attention as she and Mr. Arntzen have been working on this. Mr. Arntzen initiated the process and Ms. Luke has been working on it since and will be bringing it back to the Commission. It is the desire of Mr. Arntzen and staff to get back on track, because we have important projects going forward and get communications and the lines of communications and so forth, moving forward in a positive direction. Ms. Luke is working on developing a scope and schedule with at least two consultants. Ms. Luke stated training would be a part of that process, is perhaps a workshop type setting. One would include staff and the CEO and the other would involve the staff, CEO, and Commissioners. Ms. Luke stated Jim Darling or his organization or others would be one of the types of consultants that she is looking at and the other is a Human Resources type. Ms. Luke stated as to the workshop or training involving in the Commission, her timing is in part, will be more conducive after we complete the hearing. Ms. Luke is happy to answer any questions or take Commission input as to their thoughts on this, as she believes it will be a very important process for us to be involved in next year.

Commissioner Moak thanked Ms. Luke for her work on that.

H. 2020-2021 Committee Assignments and Election of 2020-2021 Officers

Ms. Scott asked if she could present the Committee Assignments and Elections of Officers as one item.

Commissioner Moak stated the Commission has no objection to that.

Ms. Scott presented the updated 2020-2021 Committee Organization sheet. There were quite a few meeting times and locations that have changed. Ms. Scott stated the meetings have been updated and confirmed, with the exception of the Tri-Cities Regional Chamber Board of

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Directors meeting. The Benton Franklin Council of Governments used to have a Policy Advisory Committee (PAC); however, that has now been combined into a Board of Directors Economic Development District. Ms. Scott asked the Commission to review and if there are no changes, the Commission can accept or we can discuss this again in January. Additionally, the TRIDEC Executive Board Meeting position rotates each year between the three ports and 2020 the Port of Kennewick will serve on that Board.

Ms. Scott also presented the Election of Officers for Commission review.

Commissioner Moak stated the Sandburg Event Center has changed its name.

Commissioner Novakovich stated the Benton Franklin Council of Governments did not combine the PAC. We did away with that meeting altogether and it is now just the Board of Directors.

Commissioner Moak stated the Historic Downtown Kennewick Partnership is not meeting at Clover Island Inn; however, he is unsure if that is only temporary or permanent.

Ms. Scott will confirm the list again.

Commissioner Novakovich confirmed that the Commission does not need to complete this until January.

Ms. Scott stated that is correct.

I. Commission Meetings

1. December 24, 2019 Cancelled

Ms. Scott reported that the December 24th Commission Meeting is cancelled.

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

Commissioners reported on their respective committee meetings.

K. Non-Scheduled Items

1. Ms. Bader Inglima stated the Winter Newsletter went out in the *Tri-City Herald* today and copies are available at the front desk, as well as on the Port website.
2. Ms. Luke congratulated Ms. Bader Inglima and staff on the newsletter and stated she has received several positive comments.
3. Mr. Peterson stated at the November 19, 2019, the Kennewick City Council accepted the Port Commission's request for naming of streets at Vista Field.

Commissioner Novakovich inquired if Vista Field is drivable.

Mr. Peterson stated only a portion of the scissors is drivable.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

DECEMBER 10, 2019 MINUTES

Commissioner Moak inquired when the street signs will go up.

Mr. Peterson stated the names officially take effect on February 21, 2020 and the signs will be put up and businesses will begin receiving mail.

PUBLIC COMMENTS

Cal Coie, 705 South Oklahoma, Kennewick. Mr. Coie expressed his disappointment about the Commission's decision to move forward with Makers Architecture next year. Mr. Coie stated the Port has enough to do with Vista Field and Columbia Gardens without spending tax payer dollars for more studying on the Island and believes it is somewhat foolish. Mr. Coie stated eventually it will need to happen; however, today is not the day. Having said that, Mr. Coie urged the Commission to take the advice of Mr. Arntzen and a Commissioner, to keep it to the upland only. The Port spent over \$10,000,000 for the Marina several years ago. Mr. Coie clarified that he is not representing the Clover Island Yacht Club, but stated the yacht club has spent a lot of money maintaining and improving the area and doing things the Port asked us to do, like install covered moorage. Mr. Coie stated if the Causeway is opened, it is only a matter of time before both are annihilated.

No further comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:55 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Thomas Moak, President

Don Barnes, Vice President

Skip Novakovich, Secretary

Memorandum

To: Tim Arntzen, Executive Director
From: Larry Peterson
Date: January 14, 2020
Re: Vista Field Phase #1 – Commission Policy Decisions

OVERVIEW

Numerous decisions at both the policy level (Commission) and functional level (staff) are needed for the Vista Field project to become the urban town center that has been envisioned for 6+ years. Many of these topics were quickly mentioned at the December 10, 2019 Commission meeting and the next few Commission meetings could allow for a deeper dive into the unasked/unanswered/unconfirmed policy issues.

Most all of the issues have been discussed in varying detail at some point in the last six years, however it seems necessary to raise these issues and obtain direction. Some of these matters may be viewed as “asked & answered” in the past, in which case would reduce the volume of the issues to consider further. **Due to the complexity of these issues official direction is not being sought or expected on the day of presentation.**

A PowerPoint presentation, similar to the December 10th presentation would be utilized to assist all in breaking down the mass of questions and issues into manageable bits. Some issues and questions could be addressed in parallel while others will need to be sequential. All of these issues have schedule, budgetary and functional implications. The Commission establishing their overall philosophy and “big picture” expectations would aid what otherwise could become an overwhelming process.

TASKS/ISSUES

#1) TASK: Completion Construction project (*Procedural/non-Policy*)

#2) ISSUE & TASK: Project Management Approach

#3) ISSUE & TASK: Property Owners Association

#4) ISSUE & TASK: Property Valuation & Pricing

#1) TASK: CONSTRUCTION COMPLETION & CLOSEOUT

Although the field work is well past the 80% stage, the time and effort to complete the construction and project closeout, and all of those details cannot be overlooked. Contractual requirements between the Port and our contractor Total Site Services (TSS) and all of the involved oversight agencies must be finalized.

This process involves confirmation from all the private companies and public utility agencies serving the site that improvements were made to their identified standards and all require easements for those services have been recorded. Once the utility agencies are satisfied, the City of Kennewick reviews all of the improvements to determine compliance with the approved plansand any modifications the City “required” during construction. Only following the City’s determination that the improvements in the field are acceptable may the final As-Built drawings be submitted for review and acceptance. Due to the size and unprecedented complexity of the project, the City will surely move cautiously through the final review process. The City’s formal acceptance of the project results in the City bearing the maintenance and operational responsibility of the entire water & sewer systems as well as the non-woonerf portions of the roadways, sidewalks, drainage and street lighting systems.

At this point the project could be presented for final acceptance which would trigger the closeout process with TSS and the survey documents officially establishing the legal lots of record could be recorded. Even though at this stage the City, utility agencies and Port have accepted the project as complete, several State agencies (Employment Securities, L&I, Revenue) begin their 90+ day review to determine compliance with all labor (injury & wage rates) and taxation requirements.

Commission Action: None on January 14, 2020 but patience; and then upon notification of completion; adoption of a Resolution accepting work authorized by Resolution 2019-06 will be needed.

Anticipated Timeframe: Construction completed in March 2020, closeout with City & utility companies by June 2020, State acceptance and final close out by December 2020.

-- Issues & Tasks 2 thru 4 are interwoven not linear --

#2) ISSUE & TASK: PROJECT MANAGEMENT APPROACH

During Doris Goldstein's May 2019 presentation on the Property Owners Association the idea the Port hire/contract with a highly-compensated property manager to manage property sales was presented. This approach has been utilized on several DPZ projects, mostly in Florida and by numerous other developers throughout the nation. This approach involves a key individual overseeing the marketing, negotiating, architectural review and construction of the project. In several DPZ examples this person evolved from a Charrette member or DPZ employee into the project manager. Under this scenario DPZ Miami's role is significantly reduced or eliminated as the DPZ "disciple" is entrusted by the property owner to remain true to the principles established during the planning phases.

Another approach that staff had discussed with Senen is the "Team Approach" where DPZ Miami (*primarily Lizz & Senen*) remains involved as well as DPZ Portland (*Michael & Laurence*) to provide strategic oversight and architectural review, other DPZ acquaintances address economic and marketing considerations, mechanics of the Property Owners Association are guided by the players crafting the documents (*Doris Goldstein & Ben Floyd*) with support from those with detailed project knowledge (*David Robison, SCM; Sam Nielson, Parametrix, Gary Hall, Hall Engineering*).

The Vista Field Phase #1A project involves 11+ net acres in a few as 7 as transactions. Selecting the "right sized" project management tool for the job is crucial. The team approach involves many with intimate project knowledge and could evolve and scale up as purchase inquiries & development review increase whereas the sole project manager, unless picked from the known team members, would take an unknown period to "get up to speed" and seems to require defining all roles and boundaries before enacting.

Honestly the relatively small amount of acreage, the Commission's directive to retain the role of master developer and being a transparent public agency makes the role of a single, likely private sector engrained project manager questionable.

- o Would there be enough land/site to entice a qualified project manager?
- o Would this project manager demonstrate the patience to "get it right" or would his/her likely "Always Be Closing" mentality result in advancement of "right now" projects?

Additional interface with prospective "team" members over the next 45 days would allow the prospective roles, responsibilities and overall function of the team to be defined.

Commission Action: Discussion on January 14, 2020, and any comments whether pursuit of the team approach, the sole project manager approach or both should be considered would be helpful.

Anticipated Timeframe: Solely dependent on Commission direction however the team approach could be refined over the next 45 days. The sole project manager approach requires answering many more questions than the team approach, therefore allowing time for Commission guidance on policy matters the role, job description, advertisement & interview process could yield a project manager by September, 2020.

#3) ISSUE & TASK: PROPERTY OWNER'S ASSOCIATION

The basic mechanics of the Property Owners Association (POA) were presented to the Commission in May 2019 and the documents to enact the POA are at the 85% stage. Staff effort is needed to identify likely maintenance costs to plug into the POA equations and “run the numbers” and test various development scenarios before finalizing. Although the maintenance estimates are needed to set the initial assessment rates, the POA documents allow for those rates to be adjusted as actual expenses become known. DPZ recommended the assistance of Doris Goldstein coupled with the legal guidance of Foster Garvey (*formerly Foster Pepper*) helps to assure the POA mechanism functions both practically and legally. Testing the POA mechanisms through a combined effort of Port staff, DPZ & David Robison will help to identify potential unintended consequences or loopholes and also provide a basic understanding of the likely real world expenses a prospective developer would face.

Commission Action: None on January 14, 2020, however any questions and/or a request for a “refresher” on the POA at a future meeting would be helpful.

Anticipated Timeframe: Dependent on Commission direction as the team approach would allow for the POA to proceed on a path with a May 2020 completion date being reasonable; whereas it was suggested that under the sole project manager approach the POA should be finalized after the PM approves the details, which likely would be December, 2020 {2-3 months after the PM starts working}

#4) ISSUE & TASK: PROPERTY VALUATION & PRICING

At present the value of land within a new urbanism development has no comparable within the Tri-City region. The potential to “put more and varying stuff” on the property surely increases the potential value while at the same time the concept of new town center is being “sold” in the middle of a vacant 100+ site with 1,000+ feet of asphalt runway in either direction.

The initial offer prices and final acceptance price (for projects meeting design intent) will surely be driven by the Commission’s philosophy. The ROI factors are fundamental in nature (investment & return) and in private development a specific rate of return is expected and decisions primarily based on that factor. Previous Commission decisions (*Resolution 2015-22 Directive #3*) have indicated making the best urban space possible is more important than making the greatest initial monetary return.

(Economic Policy) Return on Investment Expectations

While fiscal considerations are important to the Commission, the Commission finds that it is more important for the Port to make the best urban place possible as opposed to making the greatest initial monetary return for the Port.

One general sentence in a 4-year old policy document provides neither the specifics needed to establish pricing nor the assurance that such a position is still shared by the current Commission. Discussion and direction on these policy concepts would be helpful.

Basing value solely upon a standard appraisal which considers location, use, sale price and other relevant factors of other “comparable” sites to then establish a per lot or per square foot value for the Vista Field site does not seem appropriate. The appraisal process looks backwards at recent sales and can show historical trends, but doesn’t translate to future value of a product not yet “experienced” in the analyzed market. Due to the lack of true “comparable” parcels in the community an appraisal likely would miss the mark to some degree. However an appraisal could prove useful when combined with input from the local real estate and construction community.

Knowing that no one Tri-City project is a direct comparable, pricing from projects that share a few similarities could be useful information. Possibly pricing both initial and current and pace of sale from the Badger Mountain development could provide insights on how a concept new to the community was received. Knowing the current pricing for commercial land in the Vista Field and Southridge areas could prove useful. Although within a wholly different market knowing the initial and current values in the Kendall Yards project (Spokane) and how those prices contrast with other developing areas in that region could yield an expected contrast between typical and new urbanism-ish projects. Finally just knowing the general pricing, development costs and time on the market for properties within the Tri-Cities would help the Port fully grasp the market trends.

Finally talking with real estate professionals (realtors, developers & bankers) within the community could provide insight that statistics would miss. Discussions with local realtors from both the commercial and residential sectors, from both those familiar and unfamiliar with Vista Field could provide insight. Talking with the construction community, possibly the Home Builders Association and a few commercial builders and representatives from the banking sector would be beneficial.

Synthesizing the information obtained from an appraisal with general market information and the input and impressions from the real estate community would likely yield reasonable land value information. These initial “values” could then be adjusted based upon the Commission adopted philosophy. The pricing could be further adjusted based upon the private sector response. Pricing surely would have an impact on private sector development as the first to build would pioneer not only the site but also the process. Knowing the Commission’s balance between desired pace and price is crucial.

Commission Action: Discussion on January 14, 2020, and any comments and suggestions would be helpful.

Anticipated Timeframe: Dependent on Commission direction the appraisal process could be initiated in January and discussion with the real estate community undertaken in spring with results presented in May 2020.

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PORT of KENNEWICK

2020-2021 COMMISSION ORGANIZATION REPRESENTATION



Port of Kennewick

NAME	MEETING SCHEDULE	MEETING TIME	MEETING PLACE	CURRENT COMMISSIONER REPRESENTING POK	COMMENTS
Benton-Franklin Council of Governments Board of Directors (BOD)	3rd Friday	10:00 AM	Benton Franklin Transit Conference Room	Commissioner Skip Novakovich	Alternate: Commissioner Don Barnes
Local Good Roads & Transportation Association	3rd Wednesday every other month	5:30 PM	Crow's Nest, Clover Island Inn	Commissioner Thomas Moak	Alternate: Commissioner Don Barnes Meets Feb, April, June, August, October, December
Confederated Tribes of the Umatilla Indian Reservation (CTUIR)	As Called			Commissioner Skip Novakovich	Alternate: Commissioner Thomas Moak
Historic Downtown Kennewick Partnership Board Meeting	4th Friday	5:30 PM	HDKP Conference Room	Commissioner Thomas Moak	Alternate: Commissioner Don Barnes
Historic Downtown Kennewick Partnership Organization Committee	2nd Friday	8:00 AM	HDKP Conference Room	Commissioner Thomas Moak	
Tri-Cities Hispanic Chamber of Commerce (Luncheon)	3rd Tuesday	11:30 AM	Pasco Red Lion	Commissioner Skip Novakovich	Alternate: Commissioner Don Barnes
Tri-City Regional Chamber Board of Directors Meeting	3rd Wednesday every other month	7:00 AM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner Don Barnes	Alternate: Commissioner Thomas Moak Meets Feb, April, June, August, October, December
Visit Tri-Cities (formerly Tri-Cities Visitor & Convention Bureau) (Full Board Meeting)	4th Wednesday	7:30 AM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner Don Barnes	Alternate: Commissioner Thomas Moak
TRIDEC Board of Directors Meeting	4th Thursday	4:00 PM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner Don Barnes	Alternate: Commissioner Skip Novakovich
TRIDEC Executive Board Meeting	2nd Thursday every other month	4:00 PM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner Don Barnes Port of Kennewick	Tri-Ports Executive Board Rep (Rotates Annually) 2019 - Port of Pasco 2020 - Port of Kennewick 2021 - Port of Benton Meets Feb, April, June, August, October, December
West Richland Area Chamber of Commerce (Luncheon)	1st Wednesday	Noon	The Mayfield Gathering Place	Commissioner Skip Novakovich	Alternate: Commissioner Don Barnes

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PORT of KENNEWICK

2020-2021 COMMISSION ORGANIZATION REPRESENTATION



Port of Kennewick

NAME	MEETING SCHEDULE	MEETING TIME	MEETING PLACE	CURRENT COMMISSIONER REPRESENTING POK	COMMENTS
WPPA Board of Trustees	As Called			Commissioner Skip Novakovich	Alternate: Tim Arntzen
WPPA Economic Development Committee	As Called			Commissioner Thomas Moak	Alternate: Tim Arntzen
WPPA Legislative Committee	As Called			Commissioner Skip Novakovich	Alternate: Tim Arntzen
WPPA Marina Committee	As Called			Commissioner Don Barnes	Alternate: Tim Arntzen
WPPA Marketing Committee	As Called			Commissioner Skip Novakovich	Alternate: Tim Arntzen