



PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 9, 2021 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Commissioner Don Barnes called the Regular Commission Meeting to order at 2:00 p.m. via GoToMeeting Teleconference.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Commissioner Don Barnes, President (via telephone)
Skip Novakovich, Vice-President (via telephone)
Thomas Moak, Secretary (via telephone)

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

PLEDGE OF ALLEGIANCE

Commissioner Moak led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated February 2, 2021***
Direct Deposit and E-Payments totaling \$88,193.41.
- B. Approval of Warrant Register Dated February 9, 2021***
Expense Fund Voucher Number 102672 through 102708 for a grand total of \$113,259.48
- C. Approval of Regular Commission Meeting Minutes January 26, 2021***

MOTION: Commissioner Barnes moved to remove Item B, approval of warrant register dated February 9, 2021 to Item 8 D-1 for discussion; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 9, 2021 MINUTES

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

EMERGENCY DELEGATION UPDATE

Mr. Arntzen and Ms. Hanchette have nothing to report.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Vista Field

Mr. Peterson reported DPZ has been working on the recommendations for Vista Field Phase 1A for Commission review. Mr. Floyd of White Bluffs Consulting and Doris Goldstein continue to work on the Owners Association and refining the details related to the Articles of Incorporation.

Ms. Hanchette stated to open the main roads, staff will need to set a perimeter around Phase 1A that is aesthetically pleasing. Additionally, staff will be working on site clean-up and preparation for marketing efforts, such as clearing vegetation and removing sagebrush. Staff will establish barriers between Phase 1A and the remaining acreage, including setting ecology blocks, fencing, and using boulders to define lot boundaries.

B. Kennewick's Historic Waterfront

Mr. Peterson reported Makers Architecture and Urban Design are currently taking comments for the third open house, which is going on right now through February 16, 2021. On February 8, 2021, Makers and Mr. Peterson made a virtual, open house presentation which is available at www.Kennewickhistoricwaterfront.org. (EXHIBIT A)

The Port is partnering with City of Kennewick to enhance and improve Washington Street. The City recently awarded the bid to Ray Poland and Sons.

C. Oak Street/Verbena Auction

Ms. Hanchette stated at the November 10, 2020 Commission Meeting, it was the consensus of the Commission to surplus three parcels in east Kennewick owned by Port. Page six of the appraisal shows the potential auction value of \$890,000 for all three parcels. The Port will be retaining our water rights associated with those properties. Ms. Hanchette invited Scott Musser to answer any questions related to the auction process.

Discussion between staff and the Commission commenced regarding the three parcels.

Mr. Musser outlined the three options for auction: sale subject to seller approval, absolute method, and minimum opening bid.

PUBLIC COMMENT

No comments were made.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 9, 2021 MINUTES

MOTION: *Commissioner Novakovich moved to approve the Resolution 2021-02 authorizing the Chief Executive Officer to execute a contract with Musser Bros. Auction and Real Estate firm regarding the property at Oak Street and Verbena; Commissioner Moak seconded.*

Discussion:

Commission Barnes inquired if the motion clarified which option the Port would be utilizing, whether it is the power parcel approach without setting an opening bid or is that it is unspecified.

Ms. Hanchette stated for clarification, one Commissioner supported the power parcel method. Mr. Musser presented two other options: the absolute method or minimum bid opening. Ms. Hanchette inquired if the Commission had any preferences regarding the auction process.

Commissioner Moak believes the methodology is a staff decision based upon what staff believes is the best way to achieve the Commission's goals. Commissioner Moak is not able to say one option is better than the other and believes it is his job to set the policy to authorize staff to make those decisions.

Commissioner Barnes clarified that the motion does not specify which option the Port will utilize for the auction process.

Ms. Hanchette stated that is correct.

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

D. Citizen Complaint Decision and Investigation Cost Inquiry

Mr. Arntzen stated there has been discussion among the Commission and staff related to costs incurred by the Port related to the citizen complaint, investigation, and appeal process. The Port contracted with an outside CPA firm to prepare a report for the Commission.

Mr. Kooiker wanted to take this opportunity to respond to the recent criticism staff received about how long it has taken to compile these costs. Unfortunately, it is not as simple as running a quick report; every invoice needs to be sorted through and discretion needs to be used to determine if the costs were related to the complaint. For example, when the Commission modified the Rules of Policy and Procedure Section 5 in 2019, someone had to determine what legal fees were associated with this process. Mr. Kooiker stated the Port hired an independent CPA firm to conduct this cost review because it would have compromised his independence as a Port Auditor. Furthermore, this could have been seen by the public as a staff member taking a political position and we did not want to put the Port into that position. Mr. Kooiker received the report yesterday and shared the costs. (EXHIBIT B) *

Mr. Kooiker stated we received a letter from our insurance carrier regarding coverage and this is not covered under the Port insurance policy.

Commissioner Barnes appreciates the work on this request and offered his apologies and stated it was ignorance on his part to think it was simply adding up some numbers, which was the basis of

PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 9, 2021 MINUTES

his earlier criticism. Commissioner Barnes is astonished by the total cost and thanked Mr. Kooiker for providing the information.

Further Commission discussion commenced regarding the report. Please go to the following website: <https://www.portofkennewick.org/commission-meetings-audio/> for further review of Commission comments.

1. Approval of Warrant Register Dated February 9, 2021

Commissioner Barnes inquired about the Carney, Badley, Spellman invoice for \$21,000 on the February 9, 2021 warrant register and asked for an explanation of the charge.

Mr. Kooiker stated the invoice is for the December costs related to the December 4, 2020 Public Hearing. Mr. Kooiker stated the \$21,000 was included on the CPA report and included in the total approximate cost for the Commission request. Mr. Kooiker received the invoice last week and forwarded it on to the CPA firm for further analysis.

MOTION: Commissioner Novakovich moved to approve the Warrant Register dated February 9, 2021; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

E. Governance Audit

Mr. Arntzen discussed the memo dated February 9, 2021 (EXHIBIT C) related to the Governance Audit. In October 2020, the Commission considered adding the governance audit to the CEO Goals and Objectives and after the previous discussion on January 26, 2021, Mr. Arntzen believes it should be added to the CEO Goals and Objectives. The Commission has asked staff to proceed with the Governance Audit post haste and although there was a healthy discussion, the finer details were not determined. Mr. Arntzen would like to work with an outside consultant to define the scope of work and have them set up appointments with the Commission and staff individually for additional comments. Then move forward with a Request for Qualification (RFQ) or Request for Proposal (RFP).

Commissioner Barnes is not sure what the scope of work should include but believes the Commission Rules of Policy and Procedure should be addressed.

Commissioner Moak agrees with Commissioner Barnes and Mr. Arntzen's comments and stated a lot of it centers around how the Rules of Policy govern what the Commission does and how the Port of Kennewick needs to move forward from the last two years. Commissioner Moak believes Mr. Arntzen's suggestion is the way to move forward and stated it is never a good time, but there is never a time that it is more needed. Commissioner Moak would like to move forward with input from all three Commissioners and staff.

Commissioner Novakovich believes it is important to interview staff and the Commission to further define a scope of work.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 9, 2021 MINUTES

Mr. Arntzen stated, based on today's comments, he will move forward and will provide regular updates to the Commission. Additionally, the Commission may need to prioritize future projects for staff based on the direction of moving forward with the Governance Audit.

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

Commissioners reported on their respective committee meetings.

G. Non-Scheduled Items

Mr. Arntzen reported that the Port hired special counsel to assist staff and Ms. Luke with the water rights transfer.

The Port will be sending out notices to vendors, customers, and tenants related to the cyber incident in compliance with Washington State law. Also of interest, the State Auditor recently had a cyber incident.

Commissioner Barnes is a member of a local Kiwanis Club, and last year they asked him to make a presentation regarding the Port. Recently, Ms. Bader Inglima stated it is Port policy that any Commissioner running for re-election forgo presenting in that calendar year. Commissioner Barnes requested permission to present to his Kiwanis Club.

Mr. Arntzen does not believe Commissioner Barnes needs permission and is not sure if it is a Port policy.

Ms. Bader Inglima stated it is not a policy, but standard past practice. In previous years, if a Commissioner is up for re-election, then they would let another Commissioner or CEO make the presentation. Steve DiJulio and the Office of Public Disclosure counseled the Port on this standard practice.

Commissioner Barnes will respond to his Kiwanis Club and see what they want to do.

No further comments were made.

PUBLIC COMMENTS

No comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT


With no further business to bring before the Board; the meeting was adjourned 4:12 p.m.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

FEBRUARY 9, 2021 MINUTES

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

DocuSigned by:

7468DE9530724DC...

Don Barnes, President

ABSTAIN

Skip Novakovich, Vice President

DocuSigned by:
Thomas Moak
A35176A2D2CD413...

Thomas Moak, Secretary

The February 9, 2021 Commission Meeting Minutes were Approved by the Port of Kennewick Commissioners on February 23, 2021 at the Regular Commission Business Meeting and signed with an Electronic Signature Per Resolution 2021-01, Adoption of Electronic & Digital Signature at the Port of Kennewick.

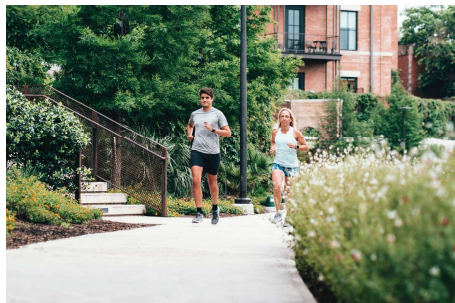
**Clerk's Note: Discussion commenced between the Commission regarding the Minutes from February 9, 2021 Commission Business Meeting. The February 9, 2021 Commission Business Meeting Minutes have been amended to reflect the Commission discussion.*

HISTORIC WATERFRONT DISTRICT

Draft Amenities and Design Features

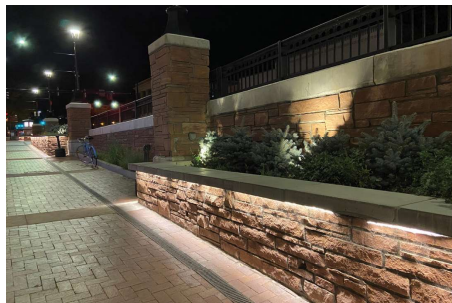
The Historic Waterfront District Master Plan intends to unify Clover Island, Columbia Gardens Wine & Artisan Village, The Willows, and Cable Greens as one amenity district, creating a cohesive vision that responds to the area's evolving context and growing community.

To help develop this plan, the Port of Kennewick engaged community members, businesses, partners, and other stakeholders in August and October. This draft design compiles stakeholder feedback and showcases the draft vision for amenities and development in the district. Let us know what you think!



ISLAND TRAIL COMPLETION

- (A) Completed trail around Clover Island allows for continuous views and connection



DISTRICT DESIGN STANDARDS

- Flexible design standards unify the district, improve comfort and safety, and add visual appeal



RECREATION

- (B) Enhanced opportunities for indoor and outdoor activities and fun for all ages



DUFFY'S POND PATHWAY

- (C) Completed trail around Duffy's Pond and link to Sacagawea Heritage Trail better connects the district and region



POND ECOLOGY

- (D) Improved ecology of Duffy's Pond enhances enjoyment of this unique environment



ACTIVITY STOPS

- (E) Periodic workout stations and active amenities along trails add interest and encourage healthy practices



CLOVER ISLAND WEST

Enhanced lighthouse plaza with covered event space and boutique hotel

- (A) Covered rentable event space
- (B) Boutique hotel



CLOVER ISLAND CENTRAL

Central hub with pop-up seasonal retail, grab 'n' go food, and vacation rentals

- (C) Unique island condominiums
- (D) Pop-up seasonal retail stores
- (E) Grab 'n' go restaurant



CLOVER ISLAND EAST

Destination with permanent performance space and viewpoint to Cable Bridge

- (F) Permanent entertainment space
- (G) River viewpoint to Cable Bridge

HISTORIC WATERFRONT DISTRICT

Draft Development Plan



THE WILLOWS

Residential community around Veterans Memorial Plaza and Duffy's Pond

- (H) Medium-scale residential neighborhood
- (I) Veterans Memorial Plaza
- (J) Condominiums



COLUMBIA GARDENS

Activity hub with brewery, restaurant, and local artisan market

- (K) Restaurant with water views
- (L) Additional shopping and local foods
- (M) Local artisan market with playground



CABLE GREENS

Future park-like setting with dog park and commercial or small-scale residential

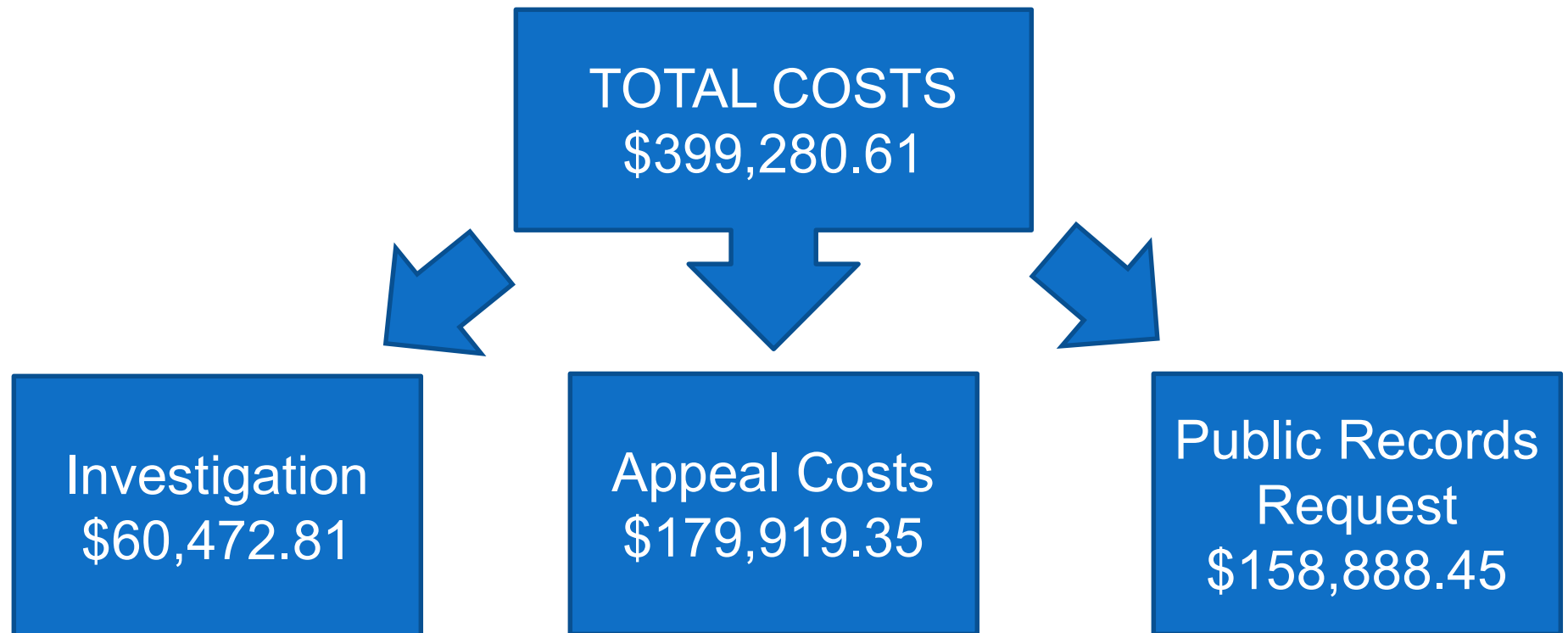
- (N) Longer term residential and/or commercial development
- (O) Picnic area, dog park, or other shared open space

Citizen Complaint Costs

2/9/2021

*Information compiled by a third-party firm following an independent review of invoices

Costs - Summarized



Memorandum

To: Commission
From: Tim Arntzen, POK CEO
Date: February 9, 2021
Re: Governance Audit

The commission has directed the CEO to prepare a governance audit. When setting CEO goals this past fall, discussion took place related to this topic and the possibility of that item being added to the list of other goals at a later date. It now appears that the commission desires to not only formalize the directive for a governance audit, but also to direct the CEO to make it a priority.

At the commission meeting of January 26th, the commission shared various thoughts related to the audit. However, no clear consensus was reached on what an audit might encompass, who might conduct it, timing of the audit, etc. However, the higher level discussion was quite helpful and follows the process used for many successful projects. Indeed, higher level conversation is usually how most of the port projects start--with unfettered discussion. Ideas are aired and notes taken. Subsequent discussion and staff work usually results in refinement of a proposed project. In my opinion, that is exactly where we are with this project. And that's not bad.

Following commission recommendation, I have discussed the audit with port directors. And based on that discussion, coupled with the commission discussion, I offer the following observations:

- Both commission and staff recognized the yet undefined nature of the task. More information needs to be formulated for staff to move the process forward
- Both commission and staff recognized the need for neutrality and transparency
- The project should be a process with a logical progression
- The process should be as straight forward as possible
- The process should be thorough
- The product delivered should be of value and useful

As a result of the discussion and feedback, I suggest the process could be divided into two main parts:

First, the creation of a quality scope of work (SOW). Second, formulation of an RFQ/RFP solicitation, and production of the work.

Most projects follow this same course. The commission identifies its objectives, staff provides insight, and a third party (consultant) provides a scope of work which forms the basis of an RFQ or RFP. The RFQ/RFP process is where the firm providing the actual project work is selected.

EXHIBIT C

Thus, I suggest that this is where we start. Identify a person or firm to develop the SOW. Perhaps, as was suggested by commission, this could be a person with some human resources experience.

I might also suggest that in defining this SOW, the consultant could follow the same process that was used to develop the Waterfront Master Plan scope, and include interviews with each commissioner. This will allow each commissioner's objectives to be identified and folded into the SOW. Staff could also be interviewed.

Once the SOW is formalized, staff will work up an acceptable RFQ/RFP to publicly solicit. From there, the commission would review firm qualifications and select the firm best suited to perform the work described in the SOW.

I hope to discuss this matter with the commission in the meeting of February 9th to determine whether this appears to be an acceptable process and a good path forward.

Thank you for your comments and input.