



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

APRIL 12, 2011 MINUTES

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## CALL TO ORDER

Commission President Skip Novakovich called the Commission meeting to order at 2:00 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

### The following were present:

**Board Members:** Skip Novakovich, President  
David Hanson, Vice-President  
Gene Wagner, Secretary

**Staff Members:** Tim Arntzen, Executive Director  
Tana Bader Inglima, Director of Governmental Relations & Marketing  
Larry Peterson, Director of Planning & Development  
Tammy Fine, Director of Finance/Auditor  
Teresa Hancock, Real Estate Analyst & Project Specialist  
Mike Boehnke, Maintenance Supervisor  
Bridgette Scott, Secretary/Special Projects  
Steve M. Lowe, Acting Port Counsel

## PLEDGE OF ALLEGIANCE

Mike White, audience member, led the Pledge of Allegiance.

## PUBLIC COMMENTS

Mr. Novakovich requested anyone wishing to address the Commission speak from the podium and state their name and address for the record.

Marjy Leggett, 4019 Horizon, Pasco; and Vista Field Airport Support Network Volunteer. Ms. Leggett stated she received phone calls from five different pilots during the last week. Three pilots called regarding lack of access to the courtesy vehicle. On April 9, 2011, she was informed there was a problem with the fuel pump the previous week. The pilot was unsure who he should call to get help. Ms. Leggett suggested posting a list of contact names, agencies and phone numbers. She also suggested posting the fuel prices so they are visible from the ramp. She commented that pilots do not know the price for fuel until after the credit card number is taken. Ms. Leggett provided a list of suggestions for the Commission's review.

Ms. Leggett voiced several concerns regarding Jackson Aviation, including the lack of presence at Vista Field, irregular operating office hours, lack of a maintenance facility and rental aircraft.

Ms. Leggett volunteered to be on the review committee regarding the rules for Vista Field and suggested Teresa Hancock, a hangar tenant and a Commissioner be on the committee.

Mr. Arntzen thanked Ms. Leggett for bringing these issues to the Port's attention. Traditionally, the FBO operator facilitates the use of the courtesy vehicle. Although we have an agreement with



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Jackson Aviation to oversee the vehicle; they are not the official "FBO Operator" and do not have regular hours. Mr. Arntzen has drafted a Request For Proposals (RFP) for a FBO operator and will discuss the item further under Item VIII.B.2 on the agenda. Mr. Arntzen feels an FBO operator would address many of the issues Ms. Leggett presented. Mr. Arntzen commented when staff is called out after hours, overtime becomes an issue as the budget for overtime is limited.

Mr. Hanson suggested the phone number for Connell Oil be posted at the fuel dock.

No further public comments were made.

## CONSENT AGENDA

The consent agenda consisted of the following:

- A. ***Approval of Direct Deposits and Warrant Registers Dated March 31, 2011***  
Direct Deposit totaling \$22,022.50 and Expense Fund Voucher Numbers 31746 through 31749 totaling \$8,446.87; for a grand total of \$30,469.37.
- B. ***Approval of Warrant Registers Dated April 13, 2011***  
Expense Fund Voucher Numbers 31750 through 31797 totaling \$86,506.79. Construction Fund Voucher Numbers 3162 through 3166 totaling \$179,536.33.
- C. ***Approval of Commission Meeting Minutes Dated March 22, 2011***
- D. ***Approval of Branding Initiative; Resolution 2011-09***
- E. ***Amendment of Local Revitalization Financing of the Southridge Revitalization Area; Resolution 2011-10***

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

## PRESENTATIONS

### A. ***Small Business Development Center, Bruce Davis***

The Washington Small Business Development Centers (SBDC) promote economic vitality by providing advice, training and research to entrepreneurs and existing businesses statewide. Most SBDC services are free, but business owners are responsible for having an active role in the process. Research shows that most new businesses fail within 8-10 years; the SBDC can help reduce this rate by providing one-on-one counseling, projecting cash flow, finance, marketing, market research, and other miscellaneous services. SBDC does not loan funds; however, they will help identify loan sources and help organize the required information. The Port will include information on SBDC in the fall newsletter.

### B. ***ShareFest Tri-Cities***

Ms. Bader Inglima shared before and after photographs from the ShareFest cleanup project at Duffy's Pond. The Corps of Engineers removed seven vehicle hulls from the pond before the ShareFest event. The Columbia Community Church adopted the project and brought 30 volunteers. Mayor Steve Young, Mayor Pro Tem Sharon Brown, Terry Walsh, Port Commissioners, A-Z Towing and Roger Golladay from the Corps of Engineers all participated at the event. The Port appreciates everyone that participated, and the Corps and the City for their partnership in getting Duffy's Pond cleaned up. Mr. Novakovich thanked





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Ms. Bader Inglima for her efforts and stated the project was well-run. He feels the project also solidified development partnerships.

## C. *Chile Report*

Mr. Arntzen shared photographs from his trip to Chile. He stated that Eastern Washington has 600 wineries; whereas Chile is the fourth largest, world-wide, wine producer with 75 wineries. Ninety percent of the wine is shipped out of the country. Wine is looked down upon as a drink of the lower-class people, although they are trying to change that image. Chilean wineries are large and go back many generations, including the Grand Marnier family and Robert Mondavi. The idea of small wineries is foreign to them. Their wine tourism routes are better marked than Washington's and horse-drawn tours are given of some wineries. Chilean's are small business entrepreneurs. Mr. Arntzen commented that half of the city of Constitution was destroyed after the 2010 earthquake and the city was rebuilt within eighteen months.

## NEW BUSINESS

### A. *Commission Protocol Follow Up*

Mr. Arntzen stated the Commission passed the Commission Protocol on March 22, 2011. He reminded the Commission that they need to submit their public disclosure information by April 15, 2011. In accordance with the new protocol, the Commissioners also need to do the following items by April 15, 2011:

1. On an annual basis, and in a public forum, acknowledge your obligation to disclose conflicts of interest. Mr. Novakovich, Mr. Wagner and Mr. Hanson acknowledged their obligation and have submitted their information to the Port.
2. Submit Statement of Financial Affairs (PDC form). Mr. Novakovich, Mr. Wagner and Mr. Hanson have submitted their PDC forms.
3. Economic Written Statement. Commissioners are to provide a written statement detailing any economic relationship that either presents a conflict of interest, or could present a conflict of interest to the Port. Mr. Wagner did not submit an Economic Written Statement because he does not have any business interests or contract with anyone. Mr. Novakovich, with his printing business, outlined issues that are not a conflict of interest, but a disclosure of potential items. Mr. Hanson submitted his Economic Written Statement.

Mr. Novakovich thanked staff for creating the policy and feels it is the most transparent in the State.

### B. *Agreement with Clover Island Yacht Club*

Mr. Arntzen stated Commodore Wayne Shafer and Port Liaison Larry Salsberry are in the audience. An agreement was created for repairs and additional improvements to the building. The agreement requires the Port to go out for bid on a few projects and details the cost sharing formula. However, if the low bid exceeds the engineer's estimate, the parties may, by mutual consent, agree to perform said improvements and share all costs, in proportion to the cost sharing formula.





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## REPORTS COMMENTS AND DISCUSSION ITEMS

### A. *Clover Island Update*

1. West Causeway Improvements. Mr. Peterson shared pictures illustrating the progress of the project. The turbidity curtain is being removed today. The stamped and colored concrete will begin to be poured tomorrow. The State Fish & Wildlife Department is using this project as a demonstration of how to create a functioning shoreline. The Celebration Event will be held Thursday, May 12, 2011 at 3:30 p.m.
2. Milfoil Update. Mr. Boehnke is moving forward with the treatment of the noxious weeds for the entire marina basin. The Department of Ecology is processing our permit and it should be received by the end of April. The bid process will be utilized next month to select an applicator and the chemical application will be applied late spring/early summer. Mr. Arntzen asked Mr. Boehnke to visit with the Club members for any areas of concern.
3. Corner Parcel Deed Restriction. Ms. Bader Inglima stated there are some deed restrictions with the corner portion of the property on Clover Island, where the Port's old office building is located. The deed restrictions came when the property was purchase from the Corps of Engineers and was transferred under the Congressional Delegation of Authority that the Corps of Engineers has under the Water Resources Development Act (WRDA) of 1986. In order to remove the restrictions and allow the Port to develop the property, as envisioned in the Comp Scheme and Master Plan for the island, the deed restrictions would need to be removed. The restrictions indicate only industrial use can be developed on the island; the Port cannot do any human habitation. In addition, the District Engineer, at their discretion, can approve or deny any projects. The Corps of Engineers is agreeable at the district level to removing the deed restrictions. However, we need to go through the Congressional Authorization to have the Corps remove those restrictions from our deed. Ms. Bader Inglima was told the next WRDA bill would be the best place to insert the language for the Corps to make that change. The Corps has approved and included the language for the last three or four years in the proposed WRDA bill, should it be approved. The Port also has the support of Murray, Hastings and Cantwell's offices for the changes. However, a WRDA bill is not passed every year. The Port lobbyist has been working with Patty Murray and Maria Cantwell's office to make sure they know if a WRDA bill goes forward, that it is a priority for our community. However, it is not expected for a WRDA to move forward this year. Our lobbyist is working to find any other appropriation language where they might be able to include the removal of the deed restrictions. The Corps of Engineers at the district level and in Washington, D.C. are fully supportive and understand that traditional industrial development is not the best use of our waterfront. The Port is trying to make sure the corner property is as flexible as possible for development.
4. Cedars Parking Lot Letter. Mr. Arntzen sent a letter to Mr. Dave Mitcham regarding the schedule for the completion of the parking lot project. Mr. Peterson has been working with an engineer to reengineer the parking lot to repair the drainage issues and re-surface the parking lot. This project will also include new landscaping and will begin after Labor Day. Cedars is the longest operating business on the island, other than Metz Marina.





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## B. *Vista Field*

1. Airport Rules. Mr. Arntzen, Ms. Hancock and Ms. Fine have developed draft rules and regulations for Vista Field. Mr. Arntzen would like the community to critique and make suggestions to the rules. He will advise the Commission of any comments received. The public may also address the Commission at a Board meeting or can contact Ms. Hancock with comments. Public Comments will be received on April 26, 2011.
2. FBO Operations Contract Update. Mr. Arntzen prepared a draft RFP for an FBO operator. The RFP will be circulated to people who have expressed interest in Vista Field. He feels there may be several companies that may be interested in becoming the FBO operator. As the FBO operator, they will provide reliable repair services, administer the courtesy vehicle, etc. Mr. Hanson would like priority placed on the RFP. Mr. Novakovich appointed Commission Wagner, Teresa Hancock and Marjy Leggett to form a committee to review the three documents and provide a status report. Commission Wagner, Teresa Hancock and Marjy Leggett accepted the appointment. The committee will select one additional member.
3. HAEIFC Report. Mr. Novakovich discussed the possibility of obtaining a HAEIFC Grant for upgrading the existing FBO building at Vista Field. Benton Franklin Council of Governments (BFCOG) has increased the limit of the grant from \$50,000 to \$100,000. Mr. Novakovich commented that due to Port's reduced staff, it may be necessary to hire a consultant to complete the application. Ms. Bader Inglema inquired if there are grant restrictions as to the length of time the building will be in use. Mr. Novakovich will discuss the issue with BFCOG.

## C. *Real Estate Policy Update*

Mr. Peterson stated the Port has three different real estate policies. Most of them work together nicely; however, he would like to consolidate the policies and present an updated, revised single policy in a couple months.

## D. *Columbia River Bridge Crossing*

Mr. Novakovich was appointed to the BFCOG committee to help determine the location of a new bridge. The possibilities were narrowed down to three locations. BFCOG would like the same group of people to conduct an Environmental Impact Study. Mr. Arntzen originally believed the Port's involvement would be limited to providing a Commissioner to help select the bridge location. He feels the recent request for the Commissioner's continued involvement will be a drawn-out process and anticipates a request for funding. Over the last few years, the Port has withdrawn from several agencies as a cost savings measure. If the Commission would like to continue with this project, we should expect to see requests for staff time and funding. The Commission agreed not to be involved further in the process.

## E. *Staff Retreat*

Mr. Arntzen stated a staff retreat will be held in Spokane in June during the work week, with one commissioner in attendance. The President of the Washington Wine Commission will present a seminar on the wine outlook for the State; and the need, or lack thereof, for government involvement in the wine industry. Mr. Arntzen invited the President of the





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Washington Public Ports Association to speak about the background of what port districts do and provide examples. Team building activities will also be included. Mr. Arntzen feels the retreat will be a valuable experience and worthwhile investment of public funds. Mr. Arntzen hopes to plan a staff retreat once every three to four years.

## F. *Lighthouse Upgrades*

Mr. Arntzen stated several "Letters to the Editor" have been in the Tri-City Herald regarding the light in the lighthouse. People are complaining about the lack of intensity of the light. Mr. Arntzen found options ranging from zero (leave it the way it is) to hundreds of thousands of dollars for a rotating lenses. Mr. Arntzen suggests purchasing a light with a solar package for approximately \$3,000. The Coast Guard uses similar lights on their buoys. The light is 33" tall and has a range of 13 miles. The current range is 3.5 miles. The light intensity would be much more noticeable but will not bother nearby homeowners. Mr. Novakovich asked if there are any issues with City codes. Mr. Peterson stated the City's lighting ordinance exempts state and federally regulated lights.

Mr. Arntzen suggested repainting the bollards, gates and a portion of the lighthouse black because the color used does not match. He anticipates the cost to be under \$10,000. Mr. Hanson inquired about the ADA standards at the lighthouse. Mr. Arntzen will discuss this with City Manager Marie Mosley. Mr. Peterson said the State Building Code gives an exemption for "attractions;" it is just a question of whether the lighthouse meets the criteria of an attraction. If it is classified as an attraction, the Port could possibly offer limited tours. Mr. Peterson will pose the question to the State Building Code Council. Larry Salsberry offered the Clover Island Yacht Club could volunteer to provide tours. The Commission gave consensus to proceed with the painting project.

## G. *2012 Staffing, Work Plan, and Budget*

Mr. Arntzen stated the Planning Workshop is held in September and the budget process begins in July. The budget and work plan need to be completed simultaneously, while being cognizant of current staffing levels.

Mr. Ed Frost requested the Port consider including the dredging of Duffy's Pond in the 2012 Work Plan. Ms. Bader Inglima commented that she found out through the Duffy's Pond clean-up project, that the City leases the levy. The Corps of Engineers still owns and maintains, and is not sub-leasing, the pond, and it would be difficult to permit a project on property that we do not control. The Port will continue to work with the Corps and City on improvements in the Duffy's Pond area.

## H. *Staff Organization Analysis*

Mr. Arntzen stated a consultant has been hired to review staff's current responsibilities and make suggestions for a re-organization of responsibilities. Mr. Arntzen will review the recommendations with staff and decide how to cover the gaps and the reshuffling staffing.





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## I. *Branding Development Update*

Mr. Novakovich stated a branding committee was formed to help rebrand the Port and determine if we should keep our name. A representative from each economic partner is participating in the process. Brand development is not just about a logo design. It will encompass the Port's history, marketing, who we are, what we are, what do we mean to other people, etc. The first meeting was held March 23, 2011. Ms. Bader Inglima placed a RFP and received five proposals. Some proposals only offered to design a logo. Other proposals stated the amount of money proposed in the budget is a limiting factor. Resolution 2011-09, approved on the Consent Agenda, approves additional funding for the project. At this time, the process will be postponed until after the Spring WPPA meeting, as the featured speaker specializes in port branding. The RFP will be revised and sent out again.

Ms. Bader Inglima stated in order to do a thorough assessment it is more than just designing a new graphic element. The Port wants to include all stakeholders across the jurisdiction and research and assess if we need to change our name. And if so, what the new brand is and how it represents our area district-wide. The Port has had the same name and brand since 1915. The original RFP included the right for the Port to reject all proposals and re-issue the RFP.

Mr. Wagner requested that everyone who received the initial RFP will receive the revised RFP.

## J. *Newsletter Contract (Public Disclosure)*

Mr. Arntzen stated the Port produces a newsletter twice a year. The objective is to communicate the Port's activities to the public. The newsletter was re-bid, and three quotes were received ranging from \$12,000 - \$15,000; all three firms are high-caliber. This project falls under Mr. Arntzen's delegation of authority. He will award the contract to the lowest bid, which is PS Media, at just under \$12,000. PS Media also produced commercials for the Port previously. PS Media sub-contracted with Esprit Printing and Graphics. Mr. Arntzen has discussed the matter with legal counsel and was advised to make a public disclosure of this fact. There is no conflict of interest; however, Commissioner Novakovich will not be permitted to vote on issues relating to this contract. A separate document will be produced for PS Media invoices to be approved without Mr. Novakovich's participation. Mr. Novakovich stated that before he was elected a Port Commissioner, his company Esprit, has done printing for the Port of Kennewick since the mid 1990's. Esprit did not bid on the RFP. PS Media contacted Esprit because there are very few places in the region can do the work. Mr. Novakovich stated he will not be working on this project at Esprit and he has arranged for others to work on the project. Foster Pepper has researched this issue and verified that it is a legitimate situation.

## K. *Joint Meeting with West Richland*

Ms. Scott is working with Ruth Swain to arrange a joint meeting. The meeting is scheduled for Monday, May 9, 2011, the meeting location will be determined later. Mr. Arntzen stated it is an honor to be invited and feels it will be beneficial to both entities.





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

Mr. Wagner attended the clean-up of Duffy's Pond.

Mr. Hanson attended the Tri-Cities Visitor and Convention Bureau (TCVCB) full board meeting, Tri-City Development Council (TRIDEC) Board meeting; breakfast meeting with Gary Long and Don Clayhold, not Port related; Retired Public Employees luncheon; and the Regional Chamber Award luncheon. Mr. Hanson stated he will not be available on April 28, 2011 for the TCVCB and TRIDEC meetings. Mr. Wagner is the alternate and will attend the meetings.

Mr. Novakovich attended the Port Branding Committee meeting; several meetings with the Badger Club; several meetings with the Columbia Basin Veteran's Coalition; Baker Boyer Bank Community Leader Forum, Columbia Basin Badger Forum; clean-up of Duffy's Pond; meeting with Paula Butterworth at TR Masterson's office regarding the potential building for the Benton Franklin Human Society on land that the Port sold the Humane Society; meeting with Ag Management; attended Fan's Night Out; the West Richland Chamber lunch, met with a gentleman who wants to run for the State Legislature in 2012; met with Kathy Balcom about the gentleman; became a member of the Washington State Amory Advisory Board; made a presentation regarding receiving Benton County 2060 funds for affordable housing for the veteran's transitional house; and attended a pre-meeting with West Richland regarding the joint meeting.

**M. *Non-Scheduled Items***

1. Mr. Peterson stated part of the land sale agreement with Fred Durfey was to demolish and remove the buildings on the Beaver site. Mr. Durfey has taken down the steel warehouse building, but the front building contained asbestos. The Port used the small works roster process and obtained five bids for removing the asbestos. Bids will be opened on Monday, April 18, 2011 and is expected to cost approximately \$7,500. Mr. Durfey will continue demolishing the building after the asbestos is removed. Mr. Peterson commented an asbestos survey will be completed on the Cochran Road house in Finley and it will also be demolished.
2. WPPA Spring Conference. The conference will be May 18-20, 2011.
3. The Commissioners are invited to attend a roundtable with Port of Seattle Commissioner Bill Bryant on April 28, 2011.

## PUBLIC COMMENTS

Don Clayhold, 3100 South Everett Place, Kennewick. Mr. Clayhold pointed out the exchanges during the meeting were productive, timely and a good exchange. As a tenant of the airport, he fully supports initiating rules at the airport and feels the Port is doing the right thing. He stated until the Port took over, there were no rules at the airport. Mr. Clayhold strongly recommends mailing the airport rules to the tenants individually with a letter explaining the history and efforts made to change the airport. He stated it is important to make sure the fuel pump is working. If the fuel pump is broke, the airplane is stuck. He commented if a plane flies in with a ¼ tank of fuel, they will not be able to take off because the fuel uncorks from the carburetor intake.





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Mr. Hanson may know of an on-call individual that manages fuel pumps. He will investigate and report his findings.

Ruth Swain, City of West Richland, 3801 Van Giesen. Ms. Swain thanked the Commission for their willingness to have a joint meeting and educate the staff, council and community about the Port of Kennewick. Ms. Swain expressed her gratefulness for the economic development investments the Port has made in West Richland. The investments improve the quality of life for tax payers in West Richland. West Richland is 3 ½ years into their economic strategy and they appreciate the guidance and assistance from the Port.

No further public comments were made.

Mr. Novakovich anticipates the Executive Session to last approximately 45 minutes, with no action expected. Mr. Novakovich asked the public to notify staff if they will return for the results of the Executive Session. The public will not return.

Mr. Novakovich recessed the meeting at 4:22 p.m. for approximately 10 minutes.

Mr. Novakovich reconvened the meeting into Executive Session at 4:34 p.m.

## EXECUTIVE SESSION

Potential Litigation, per RCW 42.30.110(1)(i)

Real Estate Matter, per RCW 42.30.110(1)(c)

Ms. Scott entered the Commission Chambers at 5:19 p.m. and was instructed to extend the Executive Session five minutes.

Executive Session adjourned at 5:24 p.m. with no action taken. The regular meeting reconvened at 5:24 p.m.

## ADJOURNMENT

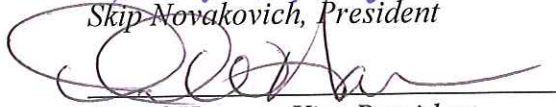
With no further business to bring before the Board; the meeting was adjourned at 5:24 p.m.

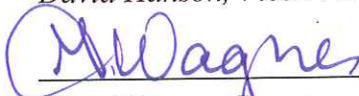
**APPROVED:**

**PORT of KENNEWICK**

**BOARD of COMMISSIONERS**

  
Skip Novakovich, President

  
David Hanson, Vice President

  
Gene Wagner, Secretary

# PORT OF KENNEWICK

## Resolution No. 2011-09

### A RESOLUTION OF THE PORT OF KENNEWICK SUPPORTING A COMPREHENSIVE BRAND INITIATIVE

**WHEREAS**, The Port of Kennewick was originally formed in 1915 as the prestigious Kennewick Commercial Club, representing a five-mile district in downtown Kennewick; and

**WHEREAS**, The Port of Kennewick's district has since expanded to include a 485-square mile area which encompasses the cities of Kennewick, Richland (south of the Yakima River), West Richland, Finley, Plymouth, a small portion of Benton City, and unincorporated areas of Benton County; and

**WHEREAS**, The Port of Kennewick is working to grow jobs, build infrastructure, and improve the economy throughout the Port District; and

**WHEREAS**, Community citizens, stakeholders, taxpayers, tenants, potential customers and developers have expressed confusion caused by the name "Port of Kennewick" when the port is involved with purchasing, selling, leasing, or holding property, or partnering on economic development projects outside of Kennewick; and

**WHEREAS**, The Port of Kennewick wishes to ensure its brand adequately and effectively represents its role, responsibilities, and investments throughout the entire District, and

**WHEREAS**, The Port of Kennewick has an interest in assessing its current brand and in exploring the need for, or opportunities associated with, rebranding the organization;

**NOW THEREFORE BE IT HEREBY RESOLVED**, That the Port of Kennewick Board of Commissioners hereby adopts this resolution approving an additional \$25,000 for the Port of Kennewick Brand Initiative and further authorizing the Port's Executive Director to execute all documents necessary for implementation of the port branding initiative.

**ADOPTED** by the Board of Commissioners on the 12<sup>th</sup> day of April, 2011.

**PORT OF KENNEWICK  
BOARD OF COMMISSIONERS**

By:



SKIP NOVAKOVICH, President

By:



DAVID HANSON, Vice President

By:



GENE WAGNER, Secretary



**PORT OF KENNEWICK**  
**Resolution 2011-10**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF PORT OF KENNEWICK AUTHORIZING AN INTERLOCAL COOPERATIVE AGREEMENT  
WITH CITY OF KENNEWICK TO AMEND THE LOCAL REVITALIZATION FINANCING OF  
THE SOUTHRIDGE REVITALIZATION AREA**

**WHEREAS**, City and the Port entered into an agreement on the 25<sup>th</sup> day of August 2009 to establish "revitalization areas" and to use "local revitalization financing" therein to finance "public improvements" that are reasonably likely to increase private investment and employment within such revitalization areas and generate increases in state and local property, sales, and use tax revenues;

**WHEREAS**, the County has created a supplement to the Interlocal Agreement to establish the distribution periods for the applicable property taxes from the Port to the City at the maximum amount of \$14,000 for a period of 25 years as outlined in the Interlocal Cooperative Agreement between the City and Port;

**WHEREAS**, the County has created a obligation for the Port to report to the County the termination period of the Interlocal Cooperative Agreement between the City and Port;

**WHEREAS**, the County's proposed supplement to the Interlocal has no other direct impacts to the Port other than the items stated above;


**NOW, THEREFORE;**

**BE IT HEREBY RESOLVED** that the Board of Commissioners of Port of Kennewick hereby approve Resolution 2011-10 authorizing the Port's Executive Director to execute all necessary documentation associated with the amendment to the Interlocal Cooperative Agreement (also known as a Supplemental Interlocal Agreement Regarding Southridge Revitalization Area) with Benton County, City of Kennewick, and Kennewick Public Hospital District No 1.

**ADOPTED** by the Board of Commissioners of Port of Kennewick on the 12<sup>th</sup> day of April 2011.

**PORT OF KENNEWICK  
BOARD OF COMMISSIONERS**

By:   
SKIP NOVAKOVICH, President

By:   
GENE WAGNER, Vice President

By:   
DAVID HANSON, Secretary

## **-SUPPLEMENTAL INTERLOCAL AGREEMENT REGARDING SOUTHRIDGE REVITALIZATION AREA**

This Supplemental Interlocal Cooperative Agreement among the Benton County Treasurer's Office ("Treasurer"), Benton County, a political subdivision of the State of Washington ("County"), the City of Kennewick, a municipal corporation and code city of the State of Washington ("City"), the Port of Kennewick, a municipal corporation of the State of Washington ("Port"), and the Kennewick Public Hospital District No. 1 ("Hospital") is effective April 1, 2011.

### **RECITALS**

WHEREAS, within the City an area was designated as the "Southridge Revitalization Area" pursuant to Chapter 39.104 RCW. To facilitate this endeavor, the City entered into Interlocal Cooperative Agreements with the County (dated July 28, 2009), the Hospital (dated August 25, 2009), and the Port (dated July 28, 2009) (collectively, "the Underlying Interlocal Agreements");

WHEREAS, the Underlying Interlocal Agreements contain provisions relating to the transfer of "local property tax allocation revenues" derived from property taxes imposed by the County, the Port and the Hospital on property within the Southridge Revitalization Area of the City as defined in City Ordinance 5265, and the Interlocal Agreement between the City and the County expressly requires that a billing and payment process be agreed to in writing by the Treasurer and the City regarding the distribution of County property taxes to the City;

WHEREAS, the Treasurer desires to develop common practices and uniformity regarding how and when the various property taxes imposed by the other parties will be transferred to the City by the Treasurer's Office, and the parties agree that the billing and payment process for property taxes transferred from the Port and the Hospital to the City should also be set forth in writing;

WHEREAS, the Underlying Interlocal Agreements do not clearly identify the property tax levies that are applicable to the revenue sharing and transfers agreed to by the County, the Port and the Hospital;

WHEREAS, the County, the Port and the Hospital routinely assess earmarked levies in addition to their regular property tax levies, otherwise known as their current expense levies, and the intent of all parties hereto is that the transfer of property taxes under the Underlying Interlocal Agreements only applies to "local property tax allocation revenues" generated by the current expense levies of the County, the Port and the Hospital in the Southridge Revitalization Area and not to the entities' earmarked levies such as administrative refund levies, indigent soldier levies, mental health levies or construction fund levies.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and the benefits to be realized by each party and by the general public from the implementation of the Southridge Revitalization Area, the County, the City, the Port and the Hospital agree as follows:

#### **1. Timing and Manner of Payment of Property Tax Distributions.**

- A. The Treasurer agrees to distribute the applicable property taxes due from the County, Hospital and Port under the Underlying Interlocal Agreements to the City



twice per year, once on or before May 15<sup>th</sup> and once on or before November 15<sup>th</sup>. The May 15<sup>th</sup> distribution in 2011 will consist of transferable property taxes collected on 2011 regular property tax levies paid by taxpayers on or before April 30, 2011. The May 15<sup>th</sup> distribution thereafter will consist of transferable taxes collected between the preceding November 1 and April 30. The distribution due by November 15<sup>th</sup> of each year will consist of transferable property taxes collected between May 1<sup>st</sup> and October 31<sup>st</sup>. The parties acknowledge and agree that in order to implement this subsection, only with respect to property taxes collected in the first fifteen days of May and November of each year the Treasurer may exercise his discretion to distribute property taxes to the Hospital and the Port according to RCW 84.56.230 and that no interest on such amounts shall be owed to them so long as those funds are distributed by the deadlines set forth in that statute.

- B. The transferable property taxes will be distributed by the Treasurer to the City by the same means that the Treasurer distributes the City levied property taxes to the City. The Treasurer agrees to promptly send individual written notices of transmittal to each of the parties to this agreement to the persons set forth below, and the City shall independently acknowledge to the Treasurer, in writing, receipt of the funds from the Treasurer on behalf of each jurisdiction.

Benton County  
Attn: Benton County Administrator  
P.O. Box 190  
Prosser, WA 99350

City of Kennewick  
Attn: City Manager  
P.O. Box 6108  
Kennewick, WA 99336

Port of Kennewick  
Attn: Executive Director  
350 Clover Island Dr., Ste. 200  
Kennewick, WA 99336

Kennewick Public Hospital  
Attn: Chair, Board of Commissioners  
900 S. Auburn Street  
Kennewick, WA 99336

Any party desiring to change the person or address designated above shall notify the Treasurer in writing of such change, with such change being effective fourteen (14) days from the date of delivery.

2. Objection Period. Any disagreement by the County, the City, the Port or the Hospital as to the Treasurer's compliance with its obligations under this agreement or with respect to his or her calculations as to the amount of property taxes transferred to the City pursuant to the Underlying Interlocal Agreements shall be promptly raised by the County, the City, the Port and/or the Hospital by sending written notice to the Treasurer. Such notice shall specify the basis for the County, the City, the Port and/or the Hospital's position that the Treasurer has not complied with his or her obligations under this agreement or has erred in computing the amount of property taxes to be transferred to the City under the Underlying Interlocal Agreement(s). The County, the City, the Port and the Hospital agree that if no such notice is provided by them to the Treasurer within ninety (90) days of the date of the Treasurer's written notice of the applicable transfer, then the entity failing to so object shall be deemed to have waived all right to assert any non-compliance with this agreement with respect to such transfer or to assert non-compliance with the Underlying Interlocal Agreement mandating the transfer in question, notwithstanding any longer applicable statute of limitations or other Washington law.



3. Termination of Property Tax Distributions. It is the responsibility of the Port and the Hospital to notify the Treasurer in writing if either of their obligations to transfer property tax revenues to the City pursuant to one of the Underlying Interlocal Agreements terminates prior to December 31, 2035, and they agree to hold the Treasurer and the County harmless to the extent that they fail to do so and transfers are made to the City of property taxes that otherwise would be distributed to them, except that this hold harmless shall not apply with respect to any transfers to which the Port or the Hospital timely object to under section 2 above.
4. Calculation of "Local Property Tax Allocation Revenues" Under RCW 39.104.020. The County, the City, the Port and the Hospital each agree that for the purposes of the Underlying Interlocal Agreements, only their current expense levies constitute regular property tax levies with respect to the definition of "local property tax allocation revenues" as that term is used in the Underlying Interlocal Agreements and that tax revenues derived from earmarked levies imposed by them for specific purposes, including but not limited to refund levies, indigent soldier levies, mental health levies and construction fund levies are not subject to distribution to the City.
5. Effect on Underlying Interlocal Agreements. The parties agree that this agreement supplements the Underlying Interlocal Agreements and except as terms of the Underlying Interlocal Agreements are expressly clarified or supplemented herein, the Underlying Interlocal Agreements shall not be affected by this agreement.
6. Severability/Counterparts/Binding Effect. If any provision of this agreement shall be held to be invalid, illegal or unenforceable, such shall not affect any other provisions of this agreement. This agreement shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

The parties may sign this agreement in one or more counterparts and each counterpart shall be treated as an original.


All parties hereto have full power and authority to execute and deliver this agreement and to perform their respective obligations under this agreement. This agreement constitutes a valid and binding obligation of the Treasurer, the County, the City, the Port and the Hospital and is enforceable according with its provisions.

7. Governing Law. This agreement shall be construed in accordance with and is governed by the laws of the State of Washington.
8. Entire Agreement. The parties agree that this agreement and the Underlying Interlocal Agreements are the complete expression of the parties on the subject of the transfer of property taxes levied within the Southridge Revitalization Area. Any oral or written representations or understandings on that subject not incorporated into this agreement or the Underlying Interlocal Agreements are specifically excluded. This agreement may only be amended in writing and if signed by all parties.


IN WITNESS WHEREOF, the undersigned, being duly authorized, execute this agreement on behalf of the parties effective as of April 1, 2011.



**BENTON COUNTY TREASURER'S OFFICE**

  
Duane Davidson, Treasurer  
**CITY OF KENNEWICK**

Date 4/11/11

  
Marie Mosley, City Manager

Date 4/11/11

**PORT OF KENNEWICK**

  
Port of Kennewick Executive Director

Date 4/12/11

**KENNEWICK PUBLIC HOSPITAL**

  
Chair, Board of Commissioners

Date 4/12/11

**BOARD OF BENTON COUNTY  
COMMISSIONERS**

\_\_\_\_\_  
Chairman  
Date: \_\_\_\_\_

\_\_\_\_\_  
Member

\_\_\_\_\_  
Member

Attest:

Constituting the Board of  
Benton County Commissioners

\_\_\_\_\_  
Clerk to the Board

Approved as to form:

Ryan K. Brown  
Ryan K. Brown, Deputy  
Prosecuting Attorney