



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

## 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  
Bridgette Scott, Secretary/Special Projects  
Lucinda J. Luke, Port Attorney

## PLEDGE OF ALLEGIANCE

Kennewick City Manager Marie Mosley 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.

No public comments were made.

## CONSENT AGENDA

The consent agenda consisted of the following:

- A. *Approval of Warrant Registers Dated June 28, 2011*  
Expense Fund Voucher Numbers 32016 through 32062 totaling \$62,852.05.
- B. *Approval of Commission Meeting Minutes Dated June 14, 2011*
- C. *Accepting the West Causeway Shoreline Project completed by Big D's Construction of Tri-Cities, LLC; Resolution 2011-20*
- D. *Approval of letters to Senators Cantwell and Murray regarding the Nomination of Rebecca Wodder for Assistant Secretary for Fish, Wildlife and Parks at the Department of Interior*

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



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

## PRESENTATION

### A. 2010 Annual Financial Report

Ms. Fine stated all governments within the State of Washington are required to compile and file their annual financial reports within 150 days after their year end to the State Auditor's Office (SAO). As of May 10, 2011, the Port is in compliance with our legal filing requirement to SAO.

Ms. Fine pointed out that it is the goal of the Port to develop assets to create good long-term family wage jobs, financially and sustainable user friendly transportation systems, and quality of life enhancements for visitors and residents of the Port of Kennewick district.

Ms. Fine reviewed the annual 2010 financial report including the mission, fiscal goals, non-tax revenues, non-tax revenues vs. expenses, revenues, expenses, levy, and assets, liabilities and owners equity. The Port has increased its non-tax revenues (less operating) by 387% or \$1.6 million and operating revenues by 194% or \$720,000 since 1997. Total expenses (less depreciation) have increased by \$2.2 million since 1997; however, the Port has increased its non-tax revenues by \$2.38 million which more than offsets the increase in total expenses. Assets have increased \$35.4 million since 1997, and liabilities increased \$3.1 million since 1997; resulting in owner's equity increasing \$32.3 million since 1997. If generally accepted accounting principles used fair market value instead of historical cost, the owner's equity would be substantially higher.

The Commission has done a great job decreasing the tax levy rate by 22.7% over the last ten years. A \$200,000 house in 2001 cost a taxpayer \$88.00 a year in taxes to the Port. A \$200,000 house in 2011 cost a taxpayer \$68.00 a year in taxes to the Port.

Ms. Fine reported that the Port's Comprehensive Scheme & Return on Investment Analysis (ROI) will be complete in a few months. The Comprehensive Scheme and Return on Investment Analysis (ROI) will:

1. Review entire Port's holdings.
2. Determine which properties are no longer beneficial to the Port, tenants, taxpayers or future development.
3. Determine which properties are creating losses to the Port, tenants, taxpayers or future development.
4. Provide information to Commission on which holdings it may choose to divest itself of, which provides no or little economic benefit to the taxpayers at large.
5. Provide information to Commission on which holdings it may choose to divest itself of, which create a loss for the Port and have no or little economic benefit to the taxpayers at large.
6. Focus on greater ROI, sound economic development, job creation, great community impact, and good revenue generating projects!

The Port Commission is focused on closing the operating gap. Currently, the Port has \$1,092,502 in operating revenues, and \$2,078,568 operating expenses, creating a gap of -\$986,066. Ms. Fine explained the projected future trend analysis. If our focus is on return





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

on investment projects... the Port is projected to be able to reduce our gap and pursue additional capital projects.

## Return on Investment Assumptions:

- Assumption 1: Lease out top of CI Multi-Tenant Building \$63k revenue 2011 and no more than 25% operating cost to Port
- Assumption 2: Lease out DB1 and DB2 \$135k revenue 2012 and no more than 25% operating cost to Port
- Assumption 3: Add a good ROI project which generates \$90k revenue and no more than 25% operating cost to Port
- Assumption 4: Add a second good ROI project which generates \$90k revenue and no more than 25% operating cost to Port

If the ROI Assumptions were accomplished and there are no other changes to the Port's financial condition, the Port could potentially reduce the gap by \$1.6 million by 2016. This would require Commission directive to work on projects that will close the gap, direct staff to obtain grants, pursue revenue generating projects, and gain partnerships.

As a practical matter, the Port would also need to identify holdings that create little or no economic benefit to the taxpayers at large and redirect staff time to more meaningful projects; identify holdings that create a loss for the Port with no or little economic benefit to the taxpayers at large to divest of to reduce our future losses; and focus our future on good ROI, sound economic development projects with great job creation that benefit the community at large and have good revenue producing abilities. Ms. Fine recommends pursuing revenue producing projects first and then pursuing a few meaningful subsidized projects that benefit taxpayers/community and Port-at-large.

Ms. Fine is hoping the ROI analysis will be complete by the end of August. Ms. Fine is in the process of developing a methodology for creating cost allocation plan which will be reviewed by an outside firm to present to the Commission for input. The goal of the cost allocation plan is to identify the true cost of each of our properties, projects and operational units where all cost to the Port are considered not just direct cost associated with our properties, projects, and operational units.

Mr. Arntzen pointed out the Port Financial Outlook slide indicates how important it is to do projects that bring in revenue before the subsidized projects, like boardwalks and pathways. Mr. Arntzen stated if we do not initiate revenue generating projects and instead pursue subsidized projects, the Port will be -\$2,379,638 by 2016. Ms. Fine has given us a snapshot of where the Port will be in five years which gives the Port a proactive approach and five years to react. Mr. Arntzen suggests staff present revenue generating projects to the Commission while not attempting to invade the province of the Commission.

Mr. Novakovich asked if most ports have an operating gap. Ms. Fine stated more than half make a profit. Ms. Fine will investigate similar size ports to see if they have an operating gap.



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

Mr. Novakovich recessed the meeting at 2:27 p.m. for approximately 3 minutes.

Mr. Novakovich anticipates this Executive Session to last approximately 20 minutes, with action expected. Mr. Novakovich asked the public to notify staff if they will return for the results of the Executive Session. The public will return.

Mr. Novakovich reconvened the meeting into Executive Session at 2:30 p.m.

## EXECUTIVE SESSION

Real Estate, per RCW 42.30.110(1)(i)

Executive Session adjourned at 2:46 p.m. with action taken. The regular meeting reconvened at 2:46 p.m.

**MOTION:** *Commissioner Hanson moved to add a real estate matter under "VII. New Business" on the Regular Agenda; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

## NEW BUSINESS

### A. *Columbia Drive Mejia Property*

Mr. Peterson stated the Port owns 14 acres of the 28 acres located between the Causeway and the Cable Bridge. An opportunity to option for one year, five parcels owned by Jose Mejia, containing the Labor Ready building, pawn shop and Chieftain Motel, the Port has opportunity to secure an option on the site and the cost would be \$15,000 for the option and \$800,000 purchase price, with due diligence periods of 90 days for survey review, 120 days for environmental compliance and a total of 180 days for market and zoning analysis. Basically, six months to see if the property will meet our needs, or if there is a fatal flaw. At the end of the year option period, the Port will have the opportunity to move forward with closing, or let the property go.

**MOTION:** *Commissioner Wagner moved approval of Resolution 2011-24; authorizing the Port Executive Director to execute an option agreement on the Mejia property; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

Ms. Marie Mosley, City of Kennewick, 210 W. 6<sup>th</sup> Avenue, thanked the Commission, Mr. Arntzen and the Port staff for their partnership. It has been great to work with the Port on many projects. The improvements made to Clover Island are appreciated and she stated the City Council has been very clear that they want City staff to work in partnership with the Port on the Bridge to Bridge area. We are working in partnership to develop a project and plan to move forward and the resolution just adopted helps along with the many other things done in the Bridge to Bridge area and Clover Island, with all of the purchases in the Bridge to Bridge area, there is tremendous opportunity to connect the island to downtown and start working in partnership to re-develop the Bridge to Bridge area. The City is committed to continue to work in partnership with the Port and help in any manner that they can. Ms. Mosley is anxious to bring a project and potential Bridge to Bridge plan to the City Council.





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

In conjunction with the resolution just passed, Ms. Mosley views the next two items on the agenda as a continuation of making our partnership work and making the Bridge to Bridge area connection between Clover Island and the downtown a reality.

Mr. Arntzen stated he and Ms. Mosley meet monthly, and email and communicate over the phone often regarding potential opportunities. He feels there is a new level of communication between the Port and City and feels the City Council is looking for a project, more than just a plan or idea.

**B. *Herath & Associates, The Village at Island Harbor; Resolution 2011-21***

Mr. Arntzen stated the architectural and engineering (A&E) contract with Herath & Associates for a development building on Clover Island. The proposed building would be about 2,600 square feet and located between the Port's parking lot and the Yacht Club building. It would be one of three potential buildings in the Village at Island Harbor and would provide commercial retail space and amenities for Clover Island. If this contract is authorized, and as funding permits in the future, the opportunity may present itself to build the building. The A&E contract fee is just under 10% of the proposed construction costs. The Port is hopeful the private sector will come in and build next two buildings.

**MOTION:** *Commissioner Wagner moved approval of Resolution 2011-21; authorizing the Port's Executive Director to enter into a contract with Herath & Associates; Commissioner Novakovich seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

**C. *Integrated Structures (Gary Black); Resolution 2011-22***

Mr. Arntzen met Professor Gary Black at a Wine Expo in Sacramento. Last year Commissioner Novakovich and Mr. Arntzen went to Amador County to see a wine incubator building designed and built by Professor Black. The wine incubator is almost energy neutral. Professor Black shared his commitment to the wine industry and his desire to be involved in a project in the Quad-Cities area. Professor Black would like to see a series of buildings using green technology and feels we offer the perfect environment for the first building in the nation or world, that is completely energy neutral. Mr. Arntzen suggests using Professor Black's Pattern Language plan, which is the first step of a community gathering. Professor Black would like to meet with 30 stakeholders, city managers, and city council members, to find out if and what the community wants on some of the properties on Columbia Drive. Professor Black showed us through this outreach, the people in the community will let him know what they want. Professor Black used this process on a large building at Boise State University; it was impressive to see the award winning building. The process confounds people who want to be intricately involved, as the project and process is handed to the stakeholders. Mr. Arntzen feels it will be a rewarding process. The contract is for \$45,000 for community outreach. Mr. Hanson asked if the project will be pre-disposed toward the wine industry. Mr. Arntzen does not believe so, as the process will bring many ideas to the surface. If approved, Professor Black has requested the Port provide a list of 30-35 names. The Port and the City of Kennewick will have input on the names. Mr. Hanson asked if this will be viewed as another Bridge to Bridge study. Mr. Novakovich feels this process will be deeper and refining something more specific by identifying a project in the Bridge to Bridge area and what the public would like to see that project be.



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

Mr. Arntzen stated when the Port worked with Arculus, it was meant to be a conceptual plan. The Arculus plan brought forward an outpouring of comments and public interest in this area. The Arculus plan is at the 40,000 foot level, whereas the contract with Integrated Structures will build on the Arculus plan. If this document is approved, the Port will acknowledge Peter Batchelor and all the efforts made since 2003. The connection should be made to the community that all of the time and effort has not been forgotten.

Mr. Arntzen believes the Port has demonstrated the ability to plan and construct projects. He feels this process might be "the end of the beginning" for the Willows property.

***MOTION:*** Commissioner Hanson moved approval of Resolution 2011-22; authorizing the contract with Integrated Structures; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.

Mr. Novakovich commented the last three agenda items all focus on greater ROI. Ms. Fine commented that Professor Black assured her that he is very cautious about return on investment and will be conscientious of ROI when making recommendations.

**D. Clover Island Yacht Club Professional Building Lease; Resolution 2011-23**

Mr. Peterson stated the resolution approves leasing 1,300 square feet of the second floor in the Clover Island Yacht Club Professional building to Pixelsoft Films LLC. It is a two-year lease, with tenant improvements made at the tenant's expense. Pixelsoft Films LLC will provide furniture for common space area. The lease is approximately \$1,800 per month for the first year and approximately \$1,900 per month for the second year. This lease brings a tenant to the island that will not conflict with the Yacht Club's use of the building. This business will also build daytime population on the island.

***MOTION:*** Commissioner Wagner moved approval of Resolution 2011-23; approving a new two-year lease with Gary and Stephanie Hansen, DBA: Pixelsoft Films LLC, and authorizing the Executive Director to execute the contract; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

## REPORTS COMMENTS AND DISCUSSION ITEMS

### A. *Vista Field*

#### 1. Rules and Regulations

Mr. Arntzen received the proposed draft rules and regulations from the review committee, consisting of Marjy Leggett, Ian Smellie, Teresa Hancock and Gene Wagner. There has been a little confusion on the rules. Mr. Arntzen presented a draft to the committee; however, the committee preferred working from a draft from the Port of Shelton. Mr. Arntzen has not had the opportunity to get the rules into final form. Mr. Arntzen would like to make final changes, give them back to the committee for an expedited review, and schedule the adoption of the rules during a July Commission Meeting. Mr. Arntzen asked Ben Floyd to provide a minor review of fees charged by comparable airports to include in the fees section of the rules. It might be difficult to find comparable airports, because they receive FAA funding. Mr. Arntzen feels the fees may be a policy decision; he will respond to the mandates and policy directives given. Mr. Arntzen will try to close some of the operating gap with the fee schedule. Mr. Hanson suggested presenting the rules separately from the rates. Mr. Novakovich commented one of the reasons we are implementing rules is because staff have found beer cans and other vandalism concerns. It is unacceptable to treat a facility in this manner. The Port has too many liability issues and is spending too much staff time dealing with issues. If the rules are not enforced, we could have much more serious repercussions.

Mr. Arntzen stated he will present the final rules to the Commission and give the committee an opportunity to make comments before adoption. Mr. Arntzen stated one item the committee and he differed on was dogs at the airport. Mr. Arntzen's draft was more lenient towards allowing animals at the airport than the version received back from the committee.

#### 2. Request for Proposals (RFP) Fixed Base Operator (FBO)

Mr. Arntzen would like to get the RFP for a FBO advertised. The FBO can do mechanic work, administer the courtesy car, and handle the fuel system. At the last Commission Meeting, Mr. Arntzen presented an innovative approach asking the FBO to perform all airport related tasks in exchange for the revenues received from airport hangars, the FBO building and corporate hangars. Mr. Arntzen asked for clarification from the Commission how to proceed with the FBO RFP.

Mr. Novakovich reviewed three different versions of the RFP. Mr. Novakovich supports the June 9, 2011, innovative version. The Port is not in the same ball game as we were four years ago. All government entities are being pushed to the limits, to provide services and resources and are more limited. Mr. Novakovich feels the Port should review what services are provided, for whom, and what kind of return the Port receives; and prioritize for the benefit of all the constituents. Personally, Mr. Novakovich still wants to keep Vista Field open and he feels it is a viable asset for the City of Kennewick. He feels if Vista Field is closed, the community would regret it twenty years from now. He commented the Commission was told that if the airport was kept





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

open, that there would be private sector investment. However, the private sector has not invested and the Port continually receives additional requests. The Port does not have the financial or personnel resources to accommodate all the requests. He feels staff is becoming disillusioned as to what their real jobs are. As the Financial Report illustrated, the Port could gain \$135,000 from DB1 and DB2, and yet staff does not have the time to renovate and lease them because they are trying to fulfill the needs of people at the airport, which is a limited amount of users compared to the number of people in the Port district. Abraham Lincoln said "we must think anew." Mr. Novakovich agrees and feels we are in times where we need to think anew. The Port cannot give everything to everyone anymore. He does not feel the Port should be making crisis management decisions that could affect our long-term viability. If the Port spends money in places that do not provide ROI, we will not have the resources to support any assets in the future. Mr. Novakovich feels the Port needs to prioritize, but we need help from the private sector. He would like to see the Friends of Vista Field come together and put together a realistic proposal to make Vista Field viable. The people who wanted Vista Field to stay open were going to partner with the Port to make it happen; instead the Port is asked for more and more. Mr. Novakovich is concerned about staff burnout because of Vista Field. He stated staff is asked to work on the weekend and provide after hour services. Mr. Novakovich directed staff to not work on the weekend or after hours effective July 15, 2011. He would like to see staff work on the properties that will bring income to the Port. He feels we need to maintain the airport during normal business hours, as long as it does not take away from other duties. Mr. Hanson agreed and is in favor of volunteers. Mr. Novakovich stated volunteers would be good if rules and liability issues are addressed.

Mr. Wagner feels the Port is miles apart from the airport users. The users do not feel the FBO would be willing to take on the responsibilities of operating the airport. They feel it is the Port's responsibility to maintain the airport. The list of mandatory services the Port would like the FBO to perform is not, in the opinion of the pilots, reasonable.

Mr. Hanson is not totally in favor of giving everything to a FBO. When we receive the responses, we will know how to proceed. We may need to try something else. Mr. Hanson is in favor of sending out June 9, 2011 version of the FBO RFP. The Commission authorizes the Executive Director to send out the June 9, 2011, innovative version. Mr. Arntzen will make final revisions and send out the RFP by Friday, July 8, 2011.

Mr. Arntzen stated staff will use the rule of reason for airport issues to determine what substantiates an emergency. Policy and state laws require hourly employees to be paid overtime.

**MOTION:** *Commissioner Wagner moved approval of Resolution 2011-25; adopting the 2011 Vista Field Airport Fixed Based Operator Solicitation; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.*





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

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

Mr. Hanson attended the Pasco Chamber Board meeting and a tour of the Hanford area; he met with Sharon Brown, and attended a Chamber luncheon.

Mr. Wagner attended a couple meetings at the airport with the pilots and attended the Richland Airport fly-in event. The event was well attended and provided 345 rides to children.

Mr. Novakovich met with Rob McKenna, attended the Walla Walla Good Roads meeting at the Walla Walla airport; made a presentation at the joint transportation commission in Benton City; met with Don Clayhold and Ed Frost regarding Vista Field airport rules; met with Sharon Brown regarding various items; and attended the pre-conference meeting to break ground on the new humane shelter.

**C. *Non-Scheduled Items***

1. Ms. Bader Inglima, Washington State is disbanding its tourism office. The Washington Tourism Alliance has already been formed from the private industry and they are encouraging folks to get involved to help sustain some promotion level for the State. Tourism is the 4<sup>th</sup> largest industry in the State. Ports are authorized by legislature to support tourism activities and support business. Most of the businesses in the tourism industry are small businesses. The Port of Kennewick has joined the Washington Tourism Alliance as a supporting member and Mr. Arntzen has indicated an interest in being involved in some of the committees to make sure Eastern Washington is well-represented. Ms. Bader Inglima stated California State government pays for a fraction of a tourism budget that relies on assessments paid by hotels, restaurants, rental car companies, and other tourism related companies. The annual budget for promoting travel to California is \$50 million, with \$200,000 coming from the State in the fiscal year beginning July 1<sup>st</sup>. Mr. Novakovich stated this is another reason we need to think anew. Ms. Bader Inglima commented a lot of states are continuing to more than adequately fund their tourism departments. A large portion of the hotel/motel taxes generated were to be reinvested in the community for continued promotion. Ms. Bader Inglima feels eliminating the tourism department is a short-term fix that will create a long-term problem. Mr. Wagner commented the Port of Seattle discussed this issue at a roundtable at the WPPA spring conference. Mr. Arntzen feels it is interesting that a port stepped up in a role that was formerly occupied by the State. He feels the public entities in Washington work together, whether it is PUD's, cities, ports, etc.
2. Ms. Bader Inglima is trying to set up a joint meeting with the Confederated Tribes of the Umatilla Indian Nation, between their Board and our Commission. The Port has been working to establish a relationship by attending the Salmon Walk event, inviting them to our dedication events, and consulting with them on the shoreline permitting. We have also talked with them about the potential for a tribal artwork on or adjacent to the island. Barb Carter, as our liaison, has been working with the tribes. The tribes suggested a lunch meeting at the Tamastlikt Cultural Center. The meeting will most likely be advertised as a special meeting because the tribes are looking at dates that are different than the Port's regular meeting dates. Mr. Arntzen commented one of the ideas for the Village at Clover Island is to include a space for an off shoot of the Cultural Center, for an educational resource.
3. Mr. Peterson stated Ice Harbor Brewery will be having an outdoor concert this Saturday. They requested and received approval from the State Liquor Control Board.





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

4. Mr. Peterson stated the Port has rail lines in the area near Lieb Foods. Lieb Foods wants to expand and add an additional business line, but the Port's inactive rail lines pose a hindrance to their expansion. Lieb Foods requests the ability to pave over the rail lines as they are dead ended. Mr. Peterson suggests a letter from the Executive Director stating the acceptance to pave over the tracks. Mr. Peterson spoke to Jeff Kossow, Economic Development Director for the City of Kennewick, about the idea of the Port deeding a section of track to the City of Kennewick because it falls in the City's right of way. The Commission is in consensus for the Executive Director to send a letter to Lieb Foods.
5. Ms. Luke has attended a few staff meetings, and appreciates the staff introducing her to projects and making her feel welcome.
6. Mr. Arntzen, no unscheduled items.

## PUBLIC COMMENTS

Brent Gerry, 5401 Kalakaua Court, West Richland, citizen and tenant at Clover Island. Mr. Gerry said the courtesy vehicle at Vista Field was purchased by the Port, which is a public entity. He asked if this falls into the category of gifting public funds as the vehicle is used with no charge or subsidy. He would also like to know if this poses a liability to the Port. Mr. Novakovich asked staff to research and provide a response to Mr. Gerry and the Commission at the next meeting.

Cal Coie, 2402 S. Dennis Street, Kennewick. Mr. Coie asked how many people Pixelsoft employs. And what kind of traffic will the office receive? Mr. Peterson stated they have 4-6 employees. Pixelsoft produces films for the internet or presented at conferences. The pedestrian traffic is light as most of the work is done electronically. Pixelsoft wanted to move to a spot where local traffic is not an issue. They are not in the business of converting home movies. They work with corporate clients and produce videos for Northwest Travels. Mr. Coie stated in Resolution 2011-22 for Integrated Structures, as a citizen of the Port, he would be thrilled to make sure that money is spent with nothing accomplished, and when they interview the citizens that they are not pre-disposed. Mr. Novakovich asked Mr. Arntzen to meet with Mr. Coie to address his concerns. Mr. Arntzen stated he understands the necessity for him not to influence the process; we will not do that. Mr. Peterson commented Mr. Black referenced a 3-D phrase "Most projects are decide, design and defend." This process is the complete opposite; it is looking for the qualities desired for The Willows.

No further public comments were made.

Mr. Novakovich anticipates the Executive Session to last approximately 10 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 4:10 p.m. for approximately 5 minutes.

Mr. Novakovich reconvened the meeting into Executive Session at 4:16 p.m.

## EXECUTIVE SESSION

Real Estate, per RCW 42.30.110(1)(i)

Executive Session adjourned at 4:26 p.m. with no action taken. The regular meeting reconvened at 4:26 p.m.





# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JUNE 28, 2011 MINUTES

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## ADJOURNMENT

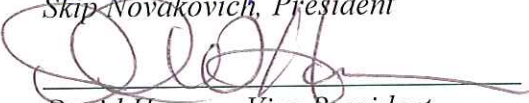
With no further business to bring before the Board; the meeting was adjourned at 4:26 p.m.

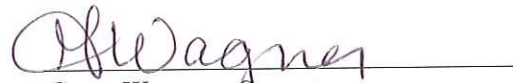
## APPROVED:

PORT of KENNEWICK

BOARD of COMMISSIONERS

  
Skip Novakovich, President

  
David Hanson, Vice President

  
Gene Wagner, Secretary

# ***PORT OF KENNEWICK***

## ***Resolution No. 2011-20***

### **A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK ACCEPTING THE SHORELINE ENHANCEMENT-WEST CAUSEWAY PROJECT COMPLETED BY BIG D'S CONSTRUCTION OF TRI-CITIES**

**WHEREAS**, upon notification by Big D's Construction of Tri-Cities, LLC that the Clover Island Shoreline Enhancement – (West Causeway) Phase #1 project has been substantially completed in accordance with the plans and specifications prepared by HDJ Design Group and the Port of Kennewick; and

**WHEREAS**, HDJ Design Group, the City of Kennewick and the Port of Kennewick staff have inspected the work and certified that it has been completed in accordance with the plans and specifications;

**NOW THEREFORE, BE IT RESOLVED** that the Board of Commissioners of the Port of Kennewick hereby accepts the work of Big D's Construction of Tri-Cities, LLC in accordance with the contract documents; and

**BE IT FURTHER RESOLVED** that upon completion of all required documentation for the project, the Executive Director is authorized to proceed with the necessary requirements to finalize the project account.

**ADOPTED** by the Board of Commissioners of Port of Kennewick on the 28th day of June, 2011.

#### ***PORT OF KENNEWICK BOARD OF COMMISSIONERS***

By:   
SKIP NOVAKOVICH, *President*

By:   
DAVID HANSON, *Vice President*

By:   
GENE WAGNER, *Secretary*



# PORT OF KENNEWICK

## Resolution No. 2011-21

### A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK SELECTING HERATH & ASSOCIATES PC TO PROVIDE ARCHITECTURAL AND ENGINEERING SERVICES FOR THE VILLAGE AT ISLAND HARBOR

**WHEREAS**, the Port desires to contract with Herath & Associates PC for architectural and engineering services relating to The Village at Island Harbor; and

**WHEREAS**, Herath & Associates PC will develop a Conceptual Site Plan for the proposed Village at Island Harbor; and

**WHEREAS**, the fee for said services is 9.89% of the estimated construction costs, plus \$10,000 for civil engineering and landscape design; and

**WHEREAS**, the Port has recently employed the professional services of Herath & Associates PC and found their work professional and accurate.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners of the Port of Kennewick does hereby select Herath & Associates PC to develop a Conceptual Site Plan for the proposed Village at Island Harbor.

**BE IT FURTHER RESOLVED** that the Board of Commissioners hereby approves the Fee Proposal and authorizes the Executive Director to sign the agreement on behalf of the Board.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 28th day of June, 2011.

#### **PORT OF KENNEWICK BOARD OF COMMISSIONERS**

By:   
SKIP NOVAKOVICH, *President*

By:   
DAVID HANSON, *Vice President*

By:   
GENE WAGNER, *Secretary*

# PORT OF KENNEWICK

## Resolution No. 2011-22

### A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK SELECTING INTEGRATED STRUCTURES INC. TO PREPARE A PATTERN LANGUAGE PLANNING DOCUMENT FOR A WINERY VILLAGE

**WHEREAS**, the Port desires to contract with Integrated Structures Inc. for preparation of a pattern language planning document for a winery village; and

**WHEREAS**, the fee for said services is \$45,000, plus reimbursable costs; and

**WHEREAS**, the Port has interviewed and evaluated the professional services of Integrated Structures Inc. and found their work professional and accurate.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners of the Port of Kennewick does hereby select Integrated Structures Inc. to prepare a pattern language planning document for a winery village.

**BE IT FURTHER RESOLVED** that the Board of Commissioners hereby approves the Design Agreement and authorizes the Executive Director to sign the agreement on behalf of the Board.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 28th day of June, 2011.

**PORT OF KENNEWICK  
BOARD OF COMMISSIONERS**

By:

  
SKIP NOVAKOVICH, *President*

By:

  
DAVID HANSON, *Vice President*

By:

  
GENE WAGNER, *Secretary*



## DESIGN AGREEMENT

THIS AGREEMENT is made on this 28<sup>th</sup> day of ~~May~~ <sup>June</sup> 2011, between The Port of Kennewick (henceforth known as the Owner) and Integrated Structures Inc. (henceforth known as ISI), according to which ISI will prepare a Pattern Language planning document for a winery village that will be designed and constructed in later phases on the Owner's properties located along North Washington Street between Columbia Drive and the Columbia River, Kennewick, Washington upon the terms and conditions hereinafter set forth.

### ARTICLE 1. BACKGROUND AND DEFINITION OF PROJECT

Significant planning studies have been undertaken for revitalizing the stretch of land adjacent to East Columbia Drive (See UDAT's "Bridge to Bridge, River to River," document dated December 2003, "The Port of Kennewick Columbia Drive Revitalization Plan," prepared by the Arculus Design group, not dated, and the "Columbia Drive Revitalization Plan," prepared by the Port of Kennewick, dated July 23, 2009). These documents contain useful information about the area and contain proposed planning and development strategies, however, they are too general to provide the Owner with actionable direction. The purpose of this agreement is to focus the development plan toward a specific development strategy (a wine village), which will be constructed on specific properties (those currently owned by the Owner) with actionable input from the stake holders (via a Project Pattern Language process).

### ARTICLE 2. SCOPE OF WORK

#### Phase 1 - Project Pattern Language

In this phase, the Owner, with input from ISI, will prepare a list of approximately 30 stake holders and community participants, thereafter referred to as "the user group," and will arrange for an assembly space for the group to meet with ISI on three separate occasions.

Meeting one will last approximately 6 hours. During this meeting, ISI will interview the group, asking questions and facilitating discussion in order to gather information. ISI will ascertain the functional and emotional qualities that will make local residents and businesses eager to visit the wine village on a regular basis. With the gathered information, ISI will prepare a Project Pattern Language - "Draft Version," which will be reviewed and approved by the Owner prior to disbursement to the user group for review and discussion.

Following disbursement and review time, meeting two will be held. This meeting will last approximately 6 hours and ISI will review each pattern in the Draft Pattern Language with the user group. During this review it is typical and expected that some patterns will be deleted, some new ones will

emerge to be added, and those that remain will be modified in part or whole. Following this meeting ISI will prepare the final Project Pattern Language and disburse it to the Owner and upon Owner's approval disburse it to the user group. This document, which will have been reviewed and approved by both the Owner, and the user group, through an open and inclusive process will have captured the emotional, social and functional aspects of the project. At this point the language will be complete and the process closed. It will become a key reference document for subsequent design phases to provide direction to the design team and provide the user group with criteria for evaluating the designs.

### ARTICLE 3. DESIGN FEE AND SCHEDULE OF PAYMENTS.

The design fee for Phase 1 will be a lump sum of \$45,000.00 to be paid in the following installments:

- (a) Retainer of 10% (\$4,500.00) to be paid upon signing of this agreement;
- (b) Payment of 20% (\$9,000.00) upon completion of the first "user group" meeting described in article 2.
- (c) Payment of 20% (\$9,000.00) upon delivery of the "draft version" of the pattern language to the Owner.
- (d) Payment of 20% (\$9,000.00) upon completion of the second user group meeting described in article 2.
- (e) Payment of 30% (\$13,500.00) upon delivery of the "final Project Pattern Language" described in article 2.
- (f) The following items are to be reimbursed at cost.

Travel, meals and accommodations for ISI staff traveling and staying in Kennewick, Washington.

- (g) The following items are to be reimbursed at cost plus 15%.

Reproductions, prints of drawings or documents, FedEx, mailing, and other office expenses directly attributable to the project.



#### ARTICLE 4. CHANGE OF SCOPE

If the Owner requires additional services ISI will undertake the additional work either on the basis of a fixed sum or by the hour at the hourly rates then in effect. ISI will not engage in any additional services until the financial arrangement and scope for those services is agreed to in writing between ISI and the Owner.

To execute the work described in this agreement ISI will allocate its resources in advance of its completion. Therefore, if the Owner decides to terminate the project before its completion, ISI will be compensated for (i) all work completed, (ii) all work in progress and (iii) will receive one half of the remaining design fee after the work in (i) and (ii) is accounted for.

#### ARTICLE 5. SPECIAL SERVICES

The following services, if called for, will require special work by ISI to direct and manage consultants. The Owner will pay consultant fee directly upon approval of invoices by ISI.

(a) Site investigations requiring qualified expert consultants including but not limited to; zoning, archeological, biological, zoological, environmental, geotechnical and hydrological.

(b) Models if required by the Client for presentation purposes.

(c) Special visits, meetings, drawing plans, design reviews, or presentations to the City/County, or other jurisdiction having authority, or other arrangements beyond the normal process of preparing a Project Pattern Language.

#### ARTICLE 6. DISPUTE RESOLUTION

Any controversy between the parties arising out of this Agreement, or breach thereof, shall be subject to the procedure described below prior to pursuing other legal remedies.

a) Notice of Dispute and Meeting. If any party asserts that a breach of this Agreement has occurred resulting in a claim, then such party shall give written notice to the other party, citing the provision of this Agreement that has been breached and the relevant facts supporting such claim. A meeting shall be held promptly between the parties, attended by individuals with decision-making authority, to attempt in good faith to negotiate a final resolution of the dispute.

b) If within thirty (30) days after serving a notice under Section 6a, above, the

parties have not succeeded in resolving the dispute, they shall submit the dispute to a mutually acceptable third-party mediator. Owner and ISI will participate in good faith in the mediation and the mediation process.

The mediation shall be non-binding. If the dispute is not resolved by mediation, then either party shall submit the matter to binding arbitration within thirty (30) days after the termination of the mediation process. If neither party submits the dispute to arbitration as aforesaid, then neither party shall be entitled to pursue any litigation remedy. Neither party shall be entitled to seek or recover punitive damages in considering or fixing any award under these proceedings.

c) If within thirty (30) days following the submission of a matter to binding arbitration, the parties cannot agree on an arbitrator, then an arbitrator shall be selected by the American Arbitration Association ("AAA"). If the parties cannot agree on arbitration rules then the arbitrator shall set the arbitration rules, including discovery rules. The costs of the mediation and arbitration, including any mediator's fees, administration fees, the arbitrator's fee, and costs for the use of facilities during the hearings, shall be borne equally by the parties.

d) Attorneys' fees may be awarded to the prevailing or most prevailing party at the discretion of the arbitrator. The terms of this ARTICLE 6 shall survive the termination of this agreement.

#### ARTICLE 7. OWNERSHIP OF PLANS.

All design documents, and other materials prepared in connection with this agreement are the property of ISI. Upon payment in full of all amounts due under this contract the Owner will have a license to use these documents. As the author of said documents, ISI shall have all rights to use photographs or copies of any of these documents in any promotional materials, publications, books or articles.

#### ARTICLE 8. PHOTOGRAPHS.

~~It is understood that one of the reasons that ISI has undertaken the design of this project is for its architectural significance. The Owner agrees to grant ISI, upon reasonable notice, access to the site and building(s) for a period of five years from the date of completion of the project for purposes of photographing and publicizing the work. In general it is sufficient to reference the house by town, county, or region (i.e. Northern California). ISI agrees that the Owners address will not be provided on any photograph or publication~~



without the written consent of the Owner.

#### ARTICLE 9. INSURANCE

ISI and each of its consultants shall maintain insurance coverage as set forth in this article. And shall provide satisfactory certificates of insurance evidencing all such coverage. The commercial general liability policy shall be endorsed as Primary and Non-Contributory, and shall name the Client and the Client's Designated Representatives, officers, employees, and agents as additionally insured. All policies except professional liability, shall waive subrogation against the Client and the Client's Designated Representatives, officers, employees, and agents.

Commercial General Liability Insurance with a combined single limit of not less than \$1,000,000 for each occurrence and not less than \$1,000,000 in the aggregate.

Worker's Compensation Insurance, with a combined single limit of not less than \$1,000,000 for each person and not less than \$1,000,000 for each accident.

Professional Liability Insurance with limits of not less than \$2,000,000 annual aggregate.

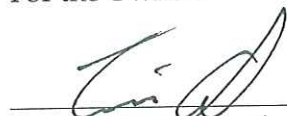
#### ARTICLE 10. SIGNATURES

For Integrated Structures Inc:

  
R. Gary Black, President

7/25/11  
(date)

For the Owner:

  
Tim Arntzen, President Executive Dir  
Kennewick Port Authority

6/28/11

(date)

***PORT OF KENNEWICK***

**RESOLUTION No. 2011-23**

***A RESOLUTION OF THE PORT OF KENNEWICK BOARD OF  
COMMISSIONERS APPROVING A LEASE AT THE  
CLOVER ISLAND YACHT CLUB PROFESSIONAL BUILDING***

**WHEREAS**, The Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

**WHEREAS**, a 2-year lease with one 3-year option with annual 3.5% base rent increases has been negotiated between the Port and PixelSoft Films LLC.; and

**WHEREAS**, the terms and conditions of said lease agreement have been reviewed by the Port Commission and deemed proper and acceptable; and


**WHEREAS**, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper; and

**NOW, THEREFORE, BE IT RESOLVED** that the Port of Kennewick Board of Commissioners agrees to enter into a lease with PixelSoft Films LLC. as presented and hereby authorize the Port's Executive Director to execute all documents and agreement on behalf of the Port to complete the transaction as specified above.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 28<sup>th</sup> day of June, 2011.

***PORT OF KENNEWICK  
BOARD OF COMMISSIONERS***

  
SKIP NOVAKOVICH, *President*

  
DAVID HANSON, *Vice President*

  
GENE WAGNER, *Secretary*



# ***PORT OF KENNEWICK***

## ***Resolution No. 2011-24***

### ***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PORT OF KENNEWICK AUTHORIZING AN OPTION AGREEMENT FOR THE PURCHASE OF CERTAIN PROPERTY ON COLUMBIA DRIVE IN KENNEWICK***

**WHEREAS**, Columbia Drive is in need of additional visual and economic enhancement; and

**WHEREAS**, the Mejia property is for sale; and

**WHEREAS**, acquisition of this property by the Port would allow further enhancement of the area and is in the best interest of the public; and

**WHEREAS**, staff has negotiated an Option Agreement for the purchase of five (5) parcels owned by Jose Mejia in the sum of \$800,000.00; and

**WHEREAS**, an option to purchase the Port would allow the Port additional time to determine if the market conditions and community support warrant exercising the right to complete purchase of the property.

**NOW, THEREFORE; BE IT HEREBY RESOLVED** that the Board of Commissioners of Port of Kennewick hereby approve Resolution 2011-XX authorizing the Port's Executive Director to execute an Option Agreement with a fee of \$15,000 for the Purchase of the five (5) Jose Mejia parcels on Columbia Drive for the sum of \$800,000.00, plus customary closing costs.

**BE IT FURTHER RESOLVED** that the Port Executive Director is hereby authorized to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 28th day of June, 2011.

#### ***PORT OF KENNEWICK BOARD OF COMMISSIONERS***

By:   
SKIP NOVAKOVICH, President

By:   
DAVID HANSON, Vice President

By:   
GENE WAGNER, Secretary

*PORT OF KENNEWICK*

**Resolution No. 2011- 25**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE PORT OF KENNEWICK  
ADOPTING THE 2011 VISTA FIELD AIRPORT FIXED BASE OPERATOR  
SOLICITATION**

**WHEREAS**, Port staff, working with substantial public input, has prepared a solicitation for Fixed Base Operator (FBO) services at the Vista Field airport (dated June 9, 2011); and

**WHEREAS**, the Port Commission finds that the solicitation will foster revitalization of the airport by the Port and the private sector; and

**WHEREAS**, the Port Commission finds that adoption of the solicitation is in the best interest of the public;

**NOW, THEREFORE;**


**BE IT HEREBY RESOLVED** that the Board of Commissioners of the Port of Kennewick approve Resolution 2011-\*\*, adopting the 2011 Vista Field Airport FBO Solicitation and further authorize the Port's Executive Director to take all action necessary to implement the solicitation in substantially the same form as presented in the June 9, 2011 version of the solicitation.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 28<sup>th</sup> day of June 2011.

***PORT OF KENNEWICK  
BOARD OF COMMISSIONERS***

By:   
SKIP NOVOKAVICH, President

By:   
DAVID HANSON, Vice President

By:   
GENE WAGNER, Secretary