



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 8, 2014 MINUTES

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## CALL TO ORDER

Commission President Don Barnes called the Commission meeting to order at 2:01 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:** Don Barnes, President  
Skip Novakovich, Vice-President  
Thomas Moak, Secretary

**Staff Members:** Tana Bader Inglima, Director of Governmental Relations & Marketing  
Michael Boehnke, Facilities Manager  
Tammy Fine, Director of Finance/Auditor  
Amber Hanchette, Director of Real Estate & Operations  
Larry Peterson, Director of Planning & Development  
Bridgette Scott, Executive Assistant  
Lisa Schumacher, Special Projects Coordinator  
Lucinda Luke, Port Counsel

## PLEDGE OF ALLEGIANCE

Randy Hayden led the Pledge of Allegiance.

## PUBLIC COMMENT

No comments were made.

## CONSENT AGENDA

The consent agenda consisted of the following:

- A. *Approval of Direct Deposit and Warrants Dated June 24, 2014***  
Direct Deposit totaling \$4,728.10 and Expense Fund Voucher Number 35812 totaling \$34,138.40; for a grand total of \$38,866.50
- B. *Approval of Direct Deposit and Warrants Dated July 2, 2014***  
Direct Deposit and Epayment totaling \$42,735.75 and Expense Fund Voucher Numbers 35813 and 35814 totaling \$1,368.85; for a grand total of \$44,104.60
- C. *Approval of Warrant Register Dated July 9, 2014***  
Expense Fund Voucher Numbers 35815 through 35849 for a grand total of \$65,316.21
- D. *Approval of Commission Meeting Minutes dated June 24, 2014***
- E. *Approval to Replace the Rooftop HVAC unit at Oak Street Industrial Park, Development Building A, Warehouse A130; Resolution 2014-17***
- F. *Approval to Waive the One-Year Rental Security Requirement for the Clover Island Development Company LLC; Resolution 2014-18***



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## PUBLIC COMMENT

No comments were made.

***MOTION:*** *Commissioner Novakovich moved for approval of the Consent Agenda, as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

## PRESENTATION

### ***A. Port of Pasco Airport Terminal Project Update, Executive Director, Randy Hayden***

Mr. Peterson introduced Mr. Hayden, the Executive Director of the Port of Pasco, who updated the Commission on the Tri-Cities Regional Airport Expansion.

Mr. Hayden thanked the Commission for the opportunity to speak today. After several years of planning, the Port of Pasco is excited to break ground on the airport terminal expansion in August. Since 2008, there has been over a 50% increase in the number of passengers flying out of the Tri-Cities Regional Airport. The expansion will create a larger capacity for air service and accommodating the number of passengers flying in and out of Pasco. The Port of Pasco will begin selling bonds on July 17, 2014, and hopes to fund \$24,000,000. Mr. Hayden extended an invitation to the Board for the airport groundbreaking, which will be August 1, 2014.

Mr. Hayden stated that TRIDEC and the Port of Pasco will be submitting an application for an FAA Small Community Air Service Development (SCASD) grant this month, in an effort to attract new direct flights between the Tri-Cities (PSC) and Los Angeles (LAX). The Port of Pasco will be proposing two flights per day, seven days a week for new non-stop service between PSC and LAX airports. LAX is the top destination for the Tri-Cities Airport, with approximately 145 people per day flying to LAX. By adding LAX to the daily flight schedule, the airport will be able to provide new business opportunities as well as sharpening the airfare competition with the existing routes.

As a jurisdictional partner, the Port of Pasco, is asking for financial support to help meet the local match requirement for the \$750,000 SCASD grant. This is a very good opportunity for our community and their consultant recommends a 20% local match; however, the Port of Pasco believes this may be a hard number to attain, so they are looking for a 10% or more match. The Port of Pasco inquired if the Port of Kennewick would contribute \$3,000 towards the total local match of \$90,000. Mr. Hayden relayed another factor the FAA is looking for is broad community support, and Mr. Hayden is hopeful that other community partners, such as TRIDEC Air Service Task Force, Port of Benton, the business community and other regional organizations will help fund the remainder of the match. The Port of Pasco will be contributing \$35,000 towards the match. Mr. Hayden also reported that the Spokane Airport applied for the grant in 2013 and received \$950,000 and has been very successful.

Although the airport is located in Pasco, with smaller airports such as Walla Walla and Moses Lake losing service due to airline consolidation, it is has become a truly a regional airport. Mr. Hayden reiterated that now is the time to capitalize on this opportunity and thanked the Commission for their support.





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Mr. Barnes feels this is a very worth-while cause for the Port of Kennewick to participate and contribute to. Mr. Barnes is supportive of the grant and thanked Mr. Hayden for sharing the information and giving the Port of Kennewick the opportunity to participate in a regional, community-wide asset.

Mr. Moak believes the Port of Kennewick should support the Tri-Cities Regional Airport and by adding service to LAX, it opens up opportunities for Port of Kennewick projects. Mr. Moak also stated other local communities are enhanced by the close proximity of the regional airport, which offers direct flights to major communities, such as Los Angeles. Mr. Moak inquired how the Port of Pasco would increase the ability to use the Pasco airport, versus the more utilized Seattle, Spokane or Portland markets.

Mr. Hayden replied the Port of Pasco has hired a marketing consultant to help market and advertise to the smaller communities about the convenience and number of flights available at Pasco. Part of the SCASD grant match can be used for marketing the new routes by utilizing print, radio, and web advertising.

Mr. Novakovich is very supportive of the airport expansion and inquired what amount the TRIDEC Air Service Task Force would be committing. Mr. Hayden stated TRIDEC has not fully committed, but believes they are looking to match the Port of Pasco.

Mr. Novakovich inquired what amount Spokane matched. Mr. Hayden indicated that Spokane matched \$200,000, substantially more than the 20%. The SCASD grant would be able to help with operating costs, advertising, and anything associated for developing the new route. Some airports, like Spokane have been so successful, that they have not had to utilize the entire grant.

Mr. Novakovich proposed the Port of Kennewick contribute \$5,000 to the airport expansion, instead of \$3,000. Mr. Barnes indicated that is acceptable. Mr. Moak believes it is what the Port of Kennewick should do, and as a partner, we should support the effort. The Commission is in consensus to contribute \$5,000.

Mr. Barnes believes this is way for the Port of Kennewick to demonstrate our support for the local airport that serves our constituents and believes this is a great step for our community.

## REPORTS COMMENTS AND DISCUSSION ITEMS

### *A. Clover Island Lighthouse Update*

Mr. Boehnke gave a brief update on the lighthouse beacon.

### *B. Administrative Staff Report*

Ms. Scott updated the Commission on recent hire, Ms. Schumacher, special project coordinator, and the tasks she has accomplished in the past six months.

Mr. Barnes thanked Ms. Scott for the update. Mr. Barnes stated staff resources were stretched thin last year and since adding the new part time position, things have flowed very smoothly.



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Mr. Moak expressed his appreciation for Mr. Arntzen and Ms. Scott by recognizing the need to bring on additional help.

Mr. Novakovich appreciates the work Ms. Schumacher has done. Mr. Novakovich stated this is a wonderful group of people to work with and the finest staff he has worked with.

## ***C. WPPA Legislative Update***

Mr. Novakovich is the current representative for the WPPA Legislative Committee. At this time, the WPPA is looking at their legislative agenda and work plan for 2015 and would like feedback from the port regarding possible legislative priorities.

- Transportation Revenue Package
- IDD Levy Flexibility
- Tourism Funding
- Capital Budget Funding for Port Infrastructure
- Storm/Water/Flood Control/Water Supply
- Oil Train Safety
- Prevailing Wage Reform
- Marine Tourism
- Aircraft Refurbishing/Retrofit Industry Sector Analysis
- Public Records Act Reform
- At-Grade Rail Crossing investment strategy development
- Vessel manufacturing sector analysis

Mr. Novakovich believes that transportation revenue is very important, since the port is in transportation.

Mr. Peterson and Ms. Fine stated many of the topics do not pertain to the Port of Kennewick; however, tourism funding and capital budget for port infrastructure is important to the port. Mr. Peterson further stated the At-Grade Rail Crossing investment strategy development would help our jurisdictional partners, for projects such as the rail crossing at Columbia Center Parkway or 397.

Ms. Fine stated the Public Records Act Reform needs to be revised and the State Archivist and State Records Management need to be involved.

Mr. Peterson suggested adding the Community Economic Revitalization Board (CERB), as legislation exists and it extends infrastructure and open up sites for economic development purposes. For the last several years, however, the Legislature has allocated those funds elsewhere. Mr. Novakovich indicated the WPPA lobbied for \$12,000,000; however, they could not get it through the Legislature.

Ms. Fine suggested adding a bid limit for the small works bid process. Most cities are able to go through their purchasing policy for services under \$35,000 rather than go through a lengthy bid process. Also, Ms. Fine suggested defining ordinary maintenance, as there is a difference between





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ordinary maintenance and prevailing wage maintenance. The distinction is very confusing and at this time, the State Auditor is unwilling to define, which leaves it open to interpretation by the Auditor. Ms. Fine believes it should be defined throughout the State.

Mr. Novakovich asked Ms. Fine to provide a summary the topics.

Mr. Barnes stated the Capital Budget Funding for Port Infrastructure would help tremendously with current port projects and it is crucial for projects moving forward.

Mr. Moak indicated that the transportation revenue package is very important to the development in West Richland, which will be dependent on the interchange at Red Mountain. To develop the property properly, access from the interstate is a definite need and the board will need to push this project forward.

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

Commissioners reported on their respective committee meetings.

***E. Non-Scheduled Items***

Mr. Novakovich met with Mayor Pro Tem Don Britain last week and asked for clarification regarding the rezoning of Columbia Drive.

Mr. Peterson stated the Kennewick City Council voted on the Columbia Drive rezoning from community general (warehouse distribution, wholesale) to community commercial (proposed indoor retail activity,) and prohibited new auto body shops. The zoning does not impact the existing businesses, but it more about protecting the current vacant land. Mr. Peterson further stated that the Port of Kennewick spoke in favor of the rezoning and the City of Kennewick hopes to complete the master planning efforts within the next year.

Mr. Moak shared a brief video on the importance of youth. Mr. Moak applauds the Commission for including young people on the Vista Vision Task Force, because the project is really about the next generation of the Tri-Cities.

Ms. Scott shared that Mr. Arntzen will be out of the office this week, attending the WPPA Executive Director's Conference.

Mr. Peterson stated the City of Kennewick Council appointed Mayor Pro Tem Don Britain, to serve on the Vista Vision Task Force, and Dennis Solensky, the Ben Franklin Transit General Manager has also agreed to serve on the task force. Staff is currently waiting for a Benton County Commissioner to be appointed. The meetings will take place the third Monday of the month, beginning August 18, 2014.

Mr. Peterson will be attending the Benton County Planning Commission Hearing, regarding the West Richland Urban Growth Application (UGA).



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Mr. Peterson stated Mr. Black will be visiting the port later this week, to turn over his 30% renderings for Columbia Drive, to Terrence Thornhill. Mr. Peterson shared Mr. Black's drawings with the Commission.

Mr. Peterson explained that Benton PUD met with Ms. Mosely and Mr. Arntzen regarding Columbia Gardens. All entities will be working together, to make Columbia Gardens a special site. The PUD will be defraying some costs regarding the cables, so the port is not carrying the full cost. The PUD will also be burying some cable lines and has agreed to let other businesses, such as Charter or Verizon, bury cable as well.

Mr. Barnes asked where the storm water will be handled.

Mr. Peterson stated staff will be working with Thornhill Design and Meier Engineering, regarding the quiet-street and storm drainage. The main goal is to identify the city trail, utility easements, conduit, and water and sewer stubs, before the paving, so there is not any duplication or removal of landscaping and paving improvements.

Mr. Moak asked if the quiet-street will be considered a main street or an alley and inquired if it will have a name.

Mr. Peterson explained the first three wineries will have a Columbia Drive address, since the quiet street does not exist at this time. The street names will come into play for the north part of the Chieftain motel site and the back portion of the Durfy's property. Staff will work on the addressing of the street over the next few months. Mr. Peterson indicated that some people have questioned the possibility of using Duffy's pond for a name, but the city is researching the historic significance of the name.

Mr. Moak stated Mr. Duffy owned property on the corner of Columbia Drive and had a swimming hole located on the property, which came to be known as Duffy's pond. Duffy is considered a historic name in Kennewick.

## **PUBLIC COMMENT**

No comments were made.

## **COMMISSIONER COMMENTS**

No comments were made.

## **ADJOURNMENT**

With no further business to bring before the Board; the meeting was adjourned at 3:33 p.m.



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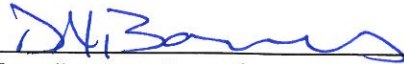
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**APPROVED:**

**PORT of KENNEWICK**

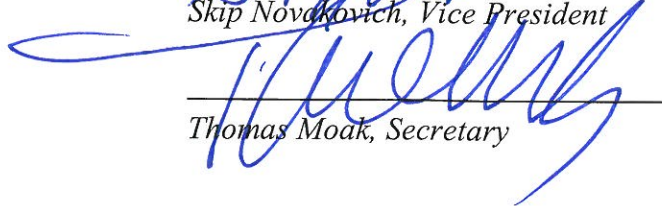
**BOARD of COMMISSIONERS**



*Don Barnes, President*



*Skip Novakovich, Vice President*



*Thomas Moak, Secretary*



**PORT OF KENNEWICK**

**Resolution No. 2014-17**

**A RESOLUTION OF THE PORT OF KENNEWICK BOARD OF COMMISSIONERS DESIGNATING A SOLE SOURCE CONTRACT FOR REPLACEMENT OF ROOFTOP HVAC UNIT TO DEVELOPMENT BUILDING A, WAREHOUSE A130, AS EXEMPT FROM PUBLIC WORKS COMPETITIVE BIDDING REQUIREMENTS**

**WHEREAS**, in accordance with RCW 39.04.280, the Port of Kennewick (Port) is authorized to designate certain public works contracts as sole source procurement and, therefore, exempt from competitive bidding requirements; and

**WHEREAS**, the Port of Kennewick's Oak Street Industrial Park, Development Building A, Warehouse A130 rooftop HVAC unit shall be installed to replace the unit that has failed operation and created a burden to tenant (Washington Surplus) operations. In order to not jeopardize existing warranties unit replacement shall be performed by the building remodel general contractor; and

**WHEREAS**, under his delegation of authority, the Executive Director authorized a sole source procurement with Scott Hedrick Construction and so notified each commissioner individually.

**NOW, THEREFORE, BE IT RESOLVED** that the Port of Kennewick Board of Commissioners authorizes the replacement of rooftop HVAC unit to Oak Street Industrial Park, Development Building A, Warehouse A130, and designates the replacement shall be performed by Scott Hedrick Construction as a sole source procurement within the guidelines of RCW 39.04.280, and therefore exempt from competitive bidding requirements.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 8<sup>th</sup> day of July, 2014.

**PORT OF KENNEWICK  
BOARD OF COMMISSIONERS**

  
DON BARNES, *President*

  
SKIP NOVAKOVICH, *Vice President*

  
THOMAS MOAK, *Secretary*



***PORT OF KENNEWICK***

***Resolution No. 2014-18***

***A RESOLUTION OF THE PORT OF KENNEWICK COMMISSION  
AUTHORIZING WAIVER OF RENT SECURITY REQUIREMENT FOR  
CLOVER ISLAND DEVELOPMENT COMPANY LLC***

**WHEREAS**, Port of Kennewick (Port) Commission entered into an agreement with Clover Island Development Company LLC and RCW 53.08.085 requires that the Port Commission waive the one-year rental security requirement if Commission deems necessary; and

**WHEREAS**, in exchange for waiver of the rental security bond, the Clover Island Development Company LLC will pay the full year's rent in advance in exchange for a pre-payment discount of half of a percent and waiver of security bond or Clover Island Development Company LLC will pay six months' rent in advance in exchange with no discount; and

**WHEREAS**, prepaid rent will be properly pro-rated and refunded to Clover Island Development Company in the event of sale; and

**WHEREAS**, the discount is reasonable and based off of current interest rates where the Port has a opportunity to invest the pre-paid rent for a higher return on investment; and

**WHEREAS**, the purpose of security bonds is to ensure recovery of rent payment in the event the tenant is late. Clover Island Development Company LLC has an excellent payment history, with over \$2.9 million in asset improvements on Port land and default remedies favorable to the Port in the event of non-payment. Furthermore, advanced payment of rent reduces the risk of non-collection and staffing time on invoice billings; and

**WHEREAS**, this waiver of rent security is strictly limited to the rent security requirement of the above mentioned lease and does not affect any other requirements or terms of the Clover Island Development Company LLC lease agreement; and

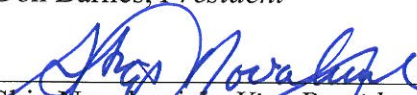
**WHEREAS**, this policy may be rescinded or amended at any time and original lease requirements maybe reinstated.


**NOW THEREFORE, BE IT HEREBY RESOLVED** that the Port of Kennewick Commissioners hereby waive the one-year rental security requirement as per RCW 53.08.085 for the Clover Island Development Company LLC lease. In exchange the Port will require the Clover Island Development Company LLC to pay a full year's rent in advance with the above mentioned discount for pre-paid rent or the option to pay six months' rent in advance with no discount.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 8<sup>th</sup> day of July, 2014.

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

By:   
Don Barnes, *President*

By:   
Skip Novakovich, *Vice President*

By:   
Thomas Moak, *Secretary*