

AGENDA

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

Tuesday, July 10, 2018
2:00 p.m.

- I. CALL TO ORDER**
- II. PLEDGE OF ALLEGIANCE**
- III. APPROVAL OF AGENDA**
- IV. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- V. CONSENT AGENDA**
 - A. Approval of Direct Deposit and ePayments Dated July 3, 2018
 - B. Approval of Warrant Register Dated July 10, 2018
 - C. Approval of Regular Commission Business Meeting Minutes June 26, 2018
- VI. REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Columbia Drive Update (**LARRY**)
 - B. Vista Field Update (**LARRY/TIM**)
 - C. 2019-2020 Work Plan and Budget (**TIM/LARRY**)
 - D. State of the Ports Presentation (**TANA/ TIM**)
 - E. Commissioner Meetings (formal and informal meetings with groups or individuals)
 - F. Non-Scheduled Items
- VII. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- VIII. ADJOURNMENT**

PLEASE SILENCE CELL PHONES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

JUNE 26, 2018 MINUTES

CALL TO ORDER

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

The following were present:

Board Members: Thomas Moak, President
Don Barnes, Vice-President
Skip Novakovich, Secretary

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

PLEDGE OF ALLEGIANCE

Commissioner Moak led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

Thomas Kastner, 8180 West 4th Avenue. Kennewick. Mr. Kastner received a lovely condolence card from staff and thanked everyone for their thoughtfulness.

No further comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated June 19, 2018**
Direct Deposit and E-Payments totaling \$53,324.58
- B. Approval of Warrant Register Dated June 26, 2018**
Expense Fund Voucher Numbers 100223 through 100259 for a grand total of \$294,806.88
- C. Approval of Regular Commission Business Meeting Minutes June 12, 2018**

**PORT OF KENNEWICK
REGULAR COMMISSION MEETING**

JUNE 26, 2018 MINUTES

DRAFT

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

PRESENTATION

A. *Interlocal Agreement with City of Richland, Pete Rogalsky*

Mr. Arntzen stated before the Commission is an Interlocal Agreement (ILA) for \$885,000 for improvements on the Columbia Park Trail, known as Island View. The project features street improvements to Columbia Park Trail including; bicycle lanes, sidewalks, street lighting, landscaping, and undergrounding existing overhead power to promote redevelopment of the area. The streets will be similar to the narrow street proposed by DPZ in Vista Field and the undergrounding of power will increase the views at Spaulding Building Park. The ILA states the Port will commit \$800,000 towards construction in Island View with funds from the Rural Capital County Funds (RCCF). The RCCF funding is contingent on Benton County approving the Port and City’s joint application for the project. The Port will fund an additional \$85,000 to upgrade the lights in Spaulding Business Park, which was approved in the 2017-2018 Budget. The City has agreed to standardize and maintain the lights in Spaulding Business Park. The Port and City have partnered successfully in the past and the last joint project helped increased parking at Badger Mountain Trailhead. Mr. Arntzen stated Pete Rogalsky, City Public Works Director is here today to answer any Commission questions.

Mr. Kooiker emphasized the Port will commit \$800,000 of RCCF and only expend \$85,000 for the lights at Spaulding. Mr. Kookier stated the City has been great to work with and will be planning a public outreach program to present the proposed design to the public.

Mr. Rogalsky thanked the Commission for the opportunity and stated staff have been discussing potential projects and terms for several months and the Richland City Council approved the Columbia Park Trail project on June 19, 2018. Mr. Rogalsky stated the Port and City have partnered on several projects in the Island View and believes this project will be very impactful. Road projects are not typically as popular as parking lots to hiking trails, but the new road features will complement the waterfront area and recreational activities at Columbia Park.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Novakovich moved for approval of the improvement plan for Columbia Park Project Interlocal Cooperative Agreement, and further authorize the Port’s Chief Executive Officer to take all action necessary to implement the plan; Commissioner Barnes seconded.*

Discussion:

Commissioner Barnes supports the ILA and stated Commission and staff have discussed a partnership with the City of Richland on a project for some time. Commissioner Barnes likes the idea of the area becoming friendlier to cyclists and pedestrians and reducing Port maintenance of Spaulding Business Park. Commissioner Barnes looks forward to working with City and continuing the partnership.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 26, 2018 MINUTES

DRAFT

Commissioner Moak stated that although this is a good public works project, he cannot justify investing \$800,000 for undergrounding utilities and new street infrastructure when the Wye neighborhood does not have curbs, sidewalks or gutters. Commissioner Moak believes the families that live in that neighborhood deserve better.

Commissioner Novakovich is in favor of the project and stated it is a great opportunity to partner with the City, who is also willing to invest in the project. Commissioner Novakovich stated the project is a benefit at Spaulding Business Park and to the community and thanked Mr. Rogalsky for bringing the project forward.

With no further discussion, motion carried. All in favor 2:1 (Commissioner Moak, nay).

B. Columbia Gardens Citizen Feedback

Mr. Arntzen stated he was recently contacted by Chep Gauntt, who voiced his enthusiasm for the Port's work on Columbia Drive and Columbia Gardens. Mr. Gauntt is a big supporter of the Port and Mr. Arntzen thought this would be a good opportunity for the Commission to hear Mr. Gauntt's presentation on his recent travels.

Chep Gauntt has lived in Kennewick for 46 years and appreciates what the Port and City are trying to accomplish in East Kennewick. Mr. Gauntt has seen firsthand how the City of Phoenix has revitalized the older areas and believes Kennewick can do the same. Mr. Gauntt believes the Port and City can change East Kennewick into a destination because of the unique attributes of the downtown infrastructure, historic homes, and the river and shoreline. Mr. Gauntt stated the Commission has the opportunity to continue the revitalizing East Kennewick with Columbia Gardens and hopes the Port continues to acquire land and redevelop the area. Mr. Gauntt believes a Christmas Market is a great opportunity to increase traffic at the Wine Village and The Willows. A Christmas Market could include: wooden chalets filled with local vendors, a skating rink, carnival rides and a light show. Mr. Gauntt stated as the Port could utilize many of the local volunteer groups to put up lights in The Willows to highlight the area. Mr. Gauntt understands the Port, City, and Columbia Basin College plan to build a culinary school, but believes the area would be better served if it is used for the people. Mr. Gauntt presented slides of the Grand-Place of Brussels Christmas Festive Market and believes Kennewick needs something like this to drive people to the area. Mr. Gauntt suggested the Port should use some of the revenue created at Vista Field and reinvest in Columbia Drive. The Port has the ability to continue revitalizing the area and create something that will drive people to Kennewick.

Commissioner Novakovich thanked Mr. Gauntt for his presentation and for his service on the Bridge to Bridge Joint Economic Committee.

Commissioner Barnes thanked Mr. Gauntt for the encouragement and support of the Port and inquired if he had ever been to Leavenworth's Christmas Festival.

Mr. Gauntt has been to Leavenworth, but believes Kennewick needs to take ownership of some kind of event. Kennewick does not have festivals or basketball tournaments that bring people to

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 26, 2018 MINUTES

DRAFT

the area and Mr. Gauntt believes the Port and City need to create an attraction and use the river and shoreline to bring people to Kennewick.

Commissioner Moak appreciates Mr. Gauntt's vision and confidence in the Port of Kennewick and our ability to do things. The Port continues to look forward and look at how we can be better. Commissioner Moak can see that Mr. Gauntt has a vision for The Willows and what it can be, and the Commission should discuss those different opportunities. Commissioner Moak stated Jay Freeman, President of the Historic Downtown Kennewick Partnership (HDKP) is in attendance today, and can help the Port and City take downtown Kennewick to the next level. Commissioner Moak liked Mr. Gauntt's thoughts that The Willows are for the people and will keep that to heart.

Mr. Gauntt knows that a Christmas Market would not be accomplished in the next few years, but it is something that could grow into something amazing.

Mr. Arntzen appreciates Mr. Gauntt's presentation and efforts and stated the Port is looking at doing an update to the Clover Island Master Plan that would include The Willows and Wine Village. Mr. Arntzen stated Mr. Gauntt presented a big proposition and perhaps the updated Master Plan could examine the idea of market/Christmas Market.

Commissioner Moak believes with the willing partners, Mr. Gauntt's vision could come to fruition, but it would take time. Commissioner Moak thanked Mr. Arntzen for making time on the Agenda for Mr. Gauntt.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *Vista Field Update*

1. *Transferring \$1,000,000 from the Clover Island Shoreline project to the Vista Field Redevelopment project and amending the 2017-2018 Capital Budget*

Mr. Arntzen stated on June 12, 2018, the Commission came to a consensus to reallocate the Port's budgeted 1135 USACE Shoreline Restoration Project funds to Vista Field Phase 1A infrastructure. Mr. Arntzen stated Resolution 2018-13 formalizes the reallocation of the \$1,000,000 1135 match to Vista Field Infrastructure. The City of Kennewick and Port will submit a Rural County Capital Funds application to backfill the match for the 1135 Shoreline Restoration Project.

Mr. Kooiker stated with the transfer, the Vista Field Phase 1A financing package will be \$6,000,000.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Novakovich moved for approval of Resolution 2018-13 approving; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 26, 2018 MINUTES

DRAFT

2. *Vista Field Financing Loan Committee*

Mr. Kooiker stated Commission and staff recently discussed the timeline and process for the Vista Field Phase 1A financing plan. Mr. Kooiker, along with KeyBanc Capital Markets (loan arranger) have prepared a Request for Proposal for financing that includes a term sheet which stipulates the specific terms for the loan. Resolution 2018-14 appoints the Vista Field Loan Committee, who will review the RFP's and make a recommendation to the Commission. Mr. Kooiker introduced Caitlin Caldwell and Geoff Urbina from KeyBanc Capital Markets.

Ms. Caldwell reported that KeyBanc is the loan arranger that will assist the Port in securing funding from other banks for Vista Field. Ms. Caldwell reviewed the schedule:

- June 27: Distribute Request for Term Sheet to potential lenders and lenders review Request for Term Sheet;
- July 17: Vista Field Financing Committee reviews Term Sheets from potential lenders and finalize bond resolution with lender terms;
- July 24: Vista Field Financing Committee makes recommendation to the Commission and authorize bond resolution with lender terms;
- August 3: Close 2018 Bond and delivery of loan process.

Mr. Kooiker reviewed the draft bond resolution, which was drafted by Foster Pepper, the Port's Bond Council on this project. Mr. Kooiker will forward any comments or concerns the Commission may have regarding the draft resolution to Foster Pepper. The resolution will be potentially approved at the July 24, 2018 Regular Commission Meeting. Mr. Kooiker stated the banks that have contacted the Commission directly have been included in KeyBanc's distribution list. Mr. Kooiker inquired if the Commission had any questions or comments regarding the process.

Commissioner Moak asked how many banks are on the distribution list.

Ms. Caldwell stated KeyBanc will narrow down the distribution list to address the Port's specific terms and believes approximately twenty-four banks will be on the list.

Commissioner Moak inquired if all of the banks will respond to the Term Sheet.

Ms. Caldwell stated not every bank will respond and believes they will receive at least five solid proposals.

Commissioner Barnes inquired if the Port has a projection of the draw down and any prepayment penalties.

Mr. Kooiker stated that the Term Sheet includes very precise terms, such as interest rate, prepayment penalties, and the draw down schedule.

Ms. Caldwell stated the draw down schedule is included on the term sheet, but every bank is different. KeyBanc will review each proposal and outline the benefits for each term sheet.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 26, 2018 MINUTES

DRAFT

Commissioner Novakovich approves of the process and believes KeyBanc will be a great benefit to the Vista Field project. Commissioner Novakovich inquired if there a conflict of interest with KeyBanc Capital Markets and Key Bank Lending?

Ms. Caldwell stated KeyBanc is acting as the third party that hosts the competitive process and are an affiliate to Key Bank the lending institution; however Key Bank will be excluded from the process.

Commissioner Novakovich inquired if KeyBanc will rank the proposals in order and what the criteria for the ranking will be.

Mr. Urbina will work with staff to determine the criteria and stated interest rate is only one factor. The committee will be looking at several factors, including term of prepayment and flexibility are key attributes for the Port.

Mr. Kooiker stated the committee would build a matrix outlining the specific terms and bring a recommendation to the Commission and detail how the Committee came up with the recommendation. Mr. Kooiker stated the goal of the term sheet is to get the proposals as close to the specific terms the Port is looking for and indicated this will not be an apple to apple comparison. Mr. Kooiker stated the Port hired consultant Martin Nelson and Company as a third party advisor to protect the Port, in the event that Key Bank Lending did want to submit a proposal.

Commissioner Barnes inquired what the maximum borrowing capacity for the Port is right now.

Ms. Caldwell believes the non-voted capacity was approximately \$16,000,000 for 2017.

Mr. Kooiker stated in 2017, the Port's total capacity was approximately \$30,000,000; however, if the Port got a large loan then the entire ten-year capital plan would go to paying down the debt service. With the \$5,000,000 debt service, the Port can pay on the loan and do other projects.

Commissioner Moak thanked Ms. Caldwell and Mr. Urbina for the presentation and appreciates their advice and working with staff.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Barnes moved for approval of Resolution 2018-14 appointing the Port's Chief Executive Officer, the Port's Chief Financial Officer, and representatives from the Port's contracted loan arranger, KeyBanc Capital Markets to the Vista Field Loan Financing Committee; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 26, 2018 MINUTES

DRAFT

B. Columbia Gardens Update

Ms. Hanchette reported that construction Columbia Gardens Phase 2A has begun and includes: Columbia Gardens Way, the extension of Cedar and Date Street, parking, food truck plaza, sewer lines, curbs, gutters, sidewalks and screening fence. The Confederated Tribes of the Umatilla Indian Reservation (CTUIR) is on site for cultural observation, as Big D's is excavating.

Ms. Hanchette and Ms. Bader Inglima recently attended TRIDEC's annual Food and Beverage Retention and Expansion Opportunities (FABREO), where the Port was an advertising sponsor at the Opportunity Luncheon. The luncheon showcases a wide variety of businesses, who get the opportunity to educate attendees on their business. Ms. Hanchette made several contacts and spoke with many vendors.

Ms. Hanchette has been receiving phone calls regarding the food truck plaza and the Port application process. Ms. Hanchette stated the Port contracted with Marilou Shea to draft a food truck vendor application and serve as a member of the Port's food truck selection committee. Ms. Hanchette stated Columbia Gardens is unique because it will provide a semi-permanent home for a food truck vendor and the site includes water, electricity and grey water dump; the first for this area. Ms. Hanchette stated the Port is working with Meier Architecture on the new tasting room building and has received a lot of interest from the recent advertising. The Port anticipates constructing the new building later this year, with a spring completion date. Ms. Hanchette stated the Port has already received an application for tenancy for the tasting room. Ms. Hanchette was recently approached by a building owner across the street inquiring about Phase 2 improvements and indicated that he may apply for a City Block Grant to improve the façade of his building to go along with the improvements on Columbia Drive.

Ms. Bader Inglima reported that Ms. Hanchette gave a presentation on about the Port transforming the waterfront, with an emphasis on Columbia Gardens, which generated several follow-up phone calls.

Commissioner Moak asked if the Port or City planted landscaping in front of Columbia Gardens and who maintains it.

Ms. Hanchette stated the Port planted the landscape around the building and the City planted the street side landscape. The City received a federal grant to plant the landscape, which the Port maintains.

Commissioner Moak stated the landscape is starting to fill in and he is pleased to hear there is so much interest in the redevelopment.

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

Commissioners reported on their respective committee meetings.

D. Non Scheduled Items

1. Commissioner Novakovich stated the *Tri-City Herald* featured an Op Ed from Commander of the Walla Walla District of the US Army Corps of Engineers (USACE) Lieutenant Colonel Damon Delarosa. Lt. Col. Delarosa discussed the potential return of shoreline to the

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 26, 2018 MINUTES

DRAFT

communities and stated the USACE has no position at this time on the proposed transfer. However, Lt. Col. Delarosa pointed out a number of items, such as, the USACE spends approximately \$1,300,000 per year to maintain the levees and pumping stations, which requires six full time employees. Additionally, during the next ten years, the pumping stations will need to be replaced, which will cost \$18,000,000. That cost would be assumed by the owner, which is currently the federal government.

Furthermore, Commissioner Novakovich believes very strongly that diversity and inclusivity is important for community projects.

2. Commissioner Moak also mentioned Lt. Col. Delarosa's OP Ed piece and stated that he has been interested in the additional costs if the shoreline reconveyance does go through and what that would mean to the local jurisdictions. As Commissioner Novakovich stated, the Port has a history of transparency and Commissioner Moak believes there should be transparency in other government efforts.

Recently, Commissioner Moak attended a meeting related to the Badger Forum, where the question was asked why the Tri-Cities does not have amenities that smaller communities have, such as, a community center, water park, or public market. A question was asked about the Grand Bargain for Public Facilities, where each city has some kind of community space. Marty Conger, retired CFO of Battelle expressed his opinion about the Grand Bargain and stated the amenities should be concentrated in one area like Vista Field. Commissioner Moak found it interesting that people think community amenities should be located at or around Vista Field.

3. Mr. Arntzen recently met with Kennewick City Manager, Marie Mosley and Benton Franklin Council of Governments (BFCOG) Executive Director Brian Malley to discuss the proposed rail report commissioned by the Port of Benton and the City of Richland.

Mr. Arntzen reported that the Port received a request from Brent Gerry, City of West Richland Mayor. Mr. Gerry asked for information related to tax revenue, property taxes the Port receives from West Richland, and additional information on the inundation clause. Staff is treating Mr. Gerry's request as a formal public records request (PRR) to adhere to the specific guidelines of a PRR. Additionally, staff has been working on a report that contains the history between the City and Port, which staff will provide to Mr. Gerry as well. Mr. Arntzen indicated that he can hand deliver the report to the City Council during a meeting and extend the Commission's well wishes if the Commission desires.

Commissioner Novakovich would like Mr. Arntzen to present the Port's report to City Council and believes it will be beneficial for all of the Council members to have a copy and asked Mr. Arntzen to extend an offer for a joint meeting.

Mr. Arntzen recently sat in on a MRSC webinar about "The Missing Middle" hosted by the Cities of Ferndale and Olympia. The missing middle is the housing component that includes single family homes, large buildings, and duplexes and four-plexes. Ferndale has encouraged AD use dwellings and has been pleased with results and finds it is a great way to build density.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JUNE 26, 2018 MINUTES

DRAFT

Olympia focused on tri-and four-plexes and found a way to seamlessly blend them into neighborhoods with very good results.

Mr. Arntzen wished Commissioner Moak a happy birthday.

4. Ms. Bader Inglima and Ms. Hanchette recently met with Emily Estes-Cross, Parks, Recreation and Economic Director for the City of Kennewick, and the Kennewick Police Department (KPD). The City and KPD are exploring the opportunity of reinvigorating the KPD Bicycle Patrol. With the Criminal Justice Tax, the KPD was able to expand and as cadets complete their training, the KPD will be able to add staff and start up the program. The KPD Bicycle Patrol will have an increased presence and visible presence for trail users, Columbia Gardens, Clover Island, and downtown.
5. Ms. Hanchette reported on the cleanup at the former West Richland Raceway. In April, 120 volunteers helped cleaned up the site for a community project. Ms. Hanchette stated a lot of maintenance has gone into it the former Raceway as well as ongoing maintenance, and recently the Coyote Work Crew cleaned up the fence-line and road-line and removed the debris and sagebrush.

PUBLIC COMMENTS

Barb Carter, 3121 West 30th Avenue, Kennewick. Ms. Carter stated the Kennewick Arts Commission is working an application with members of the Historic Downtown Kennewick Partnership (HDKP) to establish a Creative Arts District. The approval of the application would give the downtown an opportunity for potential funding and recognition for creative arts. Ms. Carter stated this could tie in with Mr. Gauntt's presentation of a public market and believes things are falling into place.

Jay Freeman, 124 West Kennewick Avenue, Kennewick. Mr. Freeman, President of HDKP thanked Mr. Gauntt for his comments and visions and shares Mr. Gauntt's strong feelings about Kennewick. The HDKP is always having conversations about the downtown and where they can improve and what they need to add to improve the area. Additionally, the HDKP is continually looking at ways to create the connectivity to the waterfront and building upon the walkability from the downtown area to Columbia Gardens and Clover Island. Mr. Freeman stated HDKP is trying to recruit restaurants for the downtown to create a complimentary cluster to Columbia Gardens. Mr. Freeman stated HDKP and Fuse are holding an event tomorrow at 6:00 p.m. at Threads, announcing their intention to open downtown.

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick added to Mr. Gauntt's comments and stated Christmas markets create a special feeling that do not feel commercial. Mr. Burdick stated Rothenburg, Germany has Christmas all year and in Frankfurt, Germany, their market has a carousel that is driven by ponies.

No further comments were made.

**PORT OF KENNEWICK
REGULAR COMMISSION MEETING**

JUNE 26, 2018 MINUTES

DRAFT

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 3:53 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Thomas Moak, President

Don Barnes, Vice President

Skip Novakovich, Secretary