



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JULY 14, 2015 MINUTES

CALL TO ORDER

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

Staff Members: Tim Arntzen, Executive Director
Tana Bader Inglima, Director of Governmental Relations and Marketing
Tammy Fine, Director of Finance/Auditor
Amber Hanchette, Director of Real Estate and Operations
Nick Kooiker, Assistant Auditor
Larry Peterson, Director of Planning and Development
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Mr. Jon Lindeman led the Pledge of Allegiance.

Mr. Barnes asked if there were any additions or changes to the Official Agenda.

Mr. Arntzen inquired if Item 5A could be moved further down in the Agenda, as the full presentation group is not present. Also, Mr. Arntzen stated an Executive Session may be necessary for Item 6C.

Mr. Barnes stated, with Commission consent, Item 5A will be moved further down in the Agenda, to accommodate the presenters and note there may be a necessity for an Executive Session for Item 6C.

PUBLIC COMMENT

Matt Boehnke, 6004 West 6th Avenue, Kennewick. Mr. Boehnke, Air Show Director for the Tri-City Water Follies, invited the Port of Kennewick to the Fiftieth Annual Water Follies, July 24-26, 2015. Mr. Boehnke stated the "Over the River" Airshow will include; USAF Heritage Flight program, Lucas Oil Aerobatics and Skydivers, the Air Combat Command F-16 Viper West, the Patriots Jet Team, and Anna Serbinenko, Sky Dancer.

No further comments were made.



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CONSENT AGENDA

Consent agenda consisted of the following:

- A. Approval of Direct Deposit and E-Payments Dated July 2, 2015**
Direct Deposit and E-Payments totaling \$56,259.84
- B. Approval of Warrant Registers Dated July 14, 2015**
Expense Fund Voucher Numbers 37002 through 37044 for a grand total of \$140,151.98
- C. Approval of Commission Meeting Minutes dated June 23, 2015**
- D. Approval for Commission President to Sign Letter Regarding the Tri-Cities Regional Airport, Small Community Air Service Development Grant**
- E. Approval of GBW Railcar Services LLC Lease Addendum; Resolution 2015-18**

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

PRESENTATIONS

A. Art Development Research Report, Port Art Liaison Barb Carter

Mr. Arntzen stated several members of the Port team have visited Miami in conjunction with the redevelopment of Vista Field and have toured areas such as Espanola Way and the Wynwood District with the Duany Plater-Zyberk (DPZ) team. Mr. Arntzen reported that Wynwood was a former warehouse district that became an artist community and features outdoor murals with some of the worlds most renowned street artists. He explained that Ms. Barb Carter informed staff a while ago that she would be visiting Miami and that she would like to see the areas. The Port arranged for her to visit with Elizabeth Plater-Zyberk and Senen Antonio of DPZ. Ms. Carter is here today to give us her perspective.

Ms. Carter thanked Mr. Arntzen and stated she appreciated the time with Ms. Plater-Zyberk and Mr. Antonio. Ms. Carter reported on the Lincoln Road Mall in Southbeach, the Miami Design Center and the Wynwood Arts District.

Ms. Carter stated during her visit, Ms. Plater-Zyberk recommended the Port do the following:

- Don't lose momentum – show action;
- Use what you have – runway and hangars;
- Start an annual event now;
- First projects must be excellent;
- Start nursery of plants for future use;
- Fill empty space with artists;
- Program around performing arts;
- Three principles of successful development:
 - Design – Port finalizing;
 - Policy – resolve codes and regulatory issues so Port can fulfill the design;
 - Management – creative, safe, programming to bring people in.

Ms. Carter stated the Wynwood District is very interactive, with a variety of activities taking place and it is very obvious that the people who live and work there enjoy their community.



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Mr. Novakovich thanked Ms. Carter for her enthusiasm and presentation.

Mr. Moak inquired if staff would be able to discuss Ms. Plater-Zyberk's comments with Mr. Mehaffy and Mr. Qamar.

Mr. Arntzen believes a good time to discuss the comments would be at our July 28, 2015 Workshop. The Workshop will address the public comments the Port has received since the Charrette; the recommendations made by the Vista Vision Task Force; and staff to staff conversations. Mr. Arntzen encouraged the public to attend and stated the workshop format will be different from our regular meetings and the public will be encouraged to speak to the Commission, staff and our DPZ consultants.

Mr. Arntzen was pleased to see the comments from Ms. Plater-Zyberk and stated the list helps narrow down items for consideration. With cooperation from the City of Kennewick, the codes will set the framework for the redevelopment and once in place, the Port can capture the essence and ideas of what it is the community is seeking.

Mr. Barnes stated Wynwood District demonstrates an example of what Columbia Drive could become; but the question is, how we get from where we are now, to where we want to be? Mr. Barnes stated the concise list outlines the steps from beginning to end and we have the opportunity to start with a blank canvas and develop a successful region.

B. Columbia Gardens, Latino Artwork, Davin Diaz and Hispanic Community Leaders

Mr. Arntzen stated Jon Lindeman contacted him a while back and asked the Port to consider including artwork that honors the Hispanic heritage within the Wine Village. Mr. Lindeman inquired if there was a way to include artwork that displays the commitments and contributions made by the Hispanic culture, primarily to the agricultural growth in the State of Washington. Mr. Arntzen reached out to Davin Diaz of the Hispanic Chamber of Commerce, and he began to explore the idea. Mr. Arntzen stated a committee was established, with nine core members, who would like to see the concept come to fruition. Mr. Arntzen introduced Davin Diaz, Jhoanna Jones, Jon Lindeman and Martin Valadez.

Mr. Diaz stated the committee's goal is to celebrate the significant contribution of the Latino heritage to the wine industry through art. The committee hopes the mural will be a catalyst for discussion and education about the Latino contribution to the local culture and region. Furthermore, the committee would like to capitalize on the foundation established by the Port, who works with diverse groups, to celebrate local heritages, for example the Confederated Tribes of the Umatilla Indian Reservation.

Mr. Lindeman explained his Hispanic heritage and stated he has been involved in agriculture for fifty years. The Latino contribution to the wine industry and agriculture is tremendous, and Mr. Lindeman believes the Latino population is the backbone of our agricultural community. Furthermore, Mr. Lindeman stated it is important to include the efforts of the Latino community and the discussion needs to be take place now, for Columbia Gardens and Vista Field.



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Mr. Valadez thanked the Commission for considering a mural project in the Wine Village and stated it is an important project, which is reflective of our local community. Mr. Valadez, a professor of Latin American history, has researched Latinos in Washington and found they have been an integral part of Washington since it was a Territory. The population has increased and diversified since World War II and a mural could reflect the history of the Latino contribution to wine and agriculture in our region.

Mr. Diaz stated the Latino community is diverse and our committee would like to see a vibrant mural, but we want to be champions for the cause. As a Committee, they are prepared to:

- Work with the Port of Kennewick by drafting a Call for Art outlining the goals, themes and aesthetics of the mural;
- Make recommendations for artists;
- Share the mural design with the broader Latino community for input and support; and
- Fundraise if needed.

Mr. Diaz thanked the Commission for taking the lead on such an important issue in the Tri-Cities and commended the Port for their vision for the arts and working with diverse groups.

Mr. Barnes is very interested in exploring the idea of a mural and recognizing the Latino's contribution to the wine and agricultural industry. The Port has already taken steps put artwork in place around Clover Island and Mr. Barnes would like to stay within the established approach the Port has utilized in the past, with regards to artwork. Mr. Barnes believes it would be an excellent addition to Columbia Gardens and is excited about possibility of the project.

Mr. Novakovich had the privilege to attend a meeting and was impressed by the enthusiasm and willingness of the group to work with the Port. Mr. Novakovich appreciated the group's willingness to fundraise, which shows their commitment to the project and fully supports investigating the idea and moving forward.

Mr. Moak likes the concept of a mural that has multiple layers and addresses a historic and artistic standpoint. Mr. Moak inquired what the Port would need to do in terms of our plans and if the intent was for every wall in Columbia Gardens to have a mural. The Port needs to create a plan for the development and believes this is a good first step, which Mr. Moak embraces fully, however, he would like to see that the proper steps are in place.

Mr. Arntzen indicated that there would only be minor changes made to the west wall if the Commission wanted to pursue further. Mr. Arntzen would work with Mr. Black and Mr. Thornhill to ready the west wall to be a canvas, without making a final decision, while preserving the opportunity.

Mr. Arntzen stated the group has discussed practical issues that need to be addressed, however, today's presentation was to see if the Commission had interest in pursuing the idea. This would be a non-binding commitment without spending public money and Mr. Arntzen would like this to continue as a group process. The mural project is a reminder of how processes start and how great things can become of them.



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Mr. Peterson stated, the west wall is the best placement for a mural, with the only other potential candidates being the 211 building or the custom crush facility, which would offer a great view from the quiet street. Mr. Peterson stated the surface treatment of the west wall would need to be included in the bid process, which is anticipated to be advertised in September.

The consensus of the Commission is for staff to investigate preserving the west wall for a Latino mural and to continue meeting with the Latino Heritage Mural Committee.

Mr. Arntzen will continue meeting with the Latino Heritage Mural Committee and work on details and technical elements and update the Commission periodically.

NEW BUSINESS

A. Columbia Gardens Wine Village Lease Rates; Resolution 2015-15

Ms. Hanchette stated as the Columbia Gardens wine development buildings proceed to construction and effluent waste disposal decisions have been resolved, establishing lease rates for new tenants becomes the next important step in marketing the development to future businesses.

The Columbia Gardens Wine Village will be a one-of-a-kind waterfront destination in Kennewick where boutique wine producers will have the opportunity to access city sewer services for the disposal of wine effluent without incurring costly infrastructure expenses.

Phase I of the Columbia Gardens Wine Village will consist of three buildings:

Building #1 NORTH includes: 1,693 sf production area, 504 sf loft, 1,100 sf tasting room

Building #1 SOUTH (case goods/barrel storage) includes: 1,100 sf case goods, 1,270 barrel storage; shared 50% each tenant.

Building #2 EAST includes: 2,286 sf production area, 504 sf loft, 1,100 sf tasting room

In analyzing the nearby industrial and commercial space for lease, there are few comparisons that can be made to a new and unique construction project such as the Columbia Gardens Wine Village. Commercial space on Columbia Drive and industrial space at the Oak Street Industrial Park, both Port owned and privately owned properties, were included in the analysis. Furthermore, the Port of Walla Walla Wine Incubator Program was evaluated for its similarities in fostering economic development for start-up wineries and corresponding entry level lease rates to encourage business growth.

Additionally, an expanded analysis included an opinion of value obtained by an experienced commercial real estate professional to look at broader community factors, potential location challenges and lease rate comparisons. The comprehensive review separated tasting room space from production/storage and offered a rental range for each. Staff then disseminated the separate rates to produce a single blended rate, which included 16 comparables and location. The Port's mission is to kick-start the area for future development and came up with a proposed range of



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65-75 cents per square foot. Past practice has been for the Port to offer a blended rate, rather than charging differing rates based on space, single rate. Ms. Hanchette reached out to potential wineries that would be a good fit for Columbia Gardens and received favorable feedback regarding the rate range.

Mr. Arntzen appreciates Ms. Hanchette's outreach and research. The Port has used Rusty Morse, a commercial real estate professional, on past projects and he has been a good barometer on rates. Mr. Arntzen believes the rates will be a good rate of return and the Port's mission is to create jobs and economic vitality. The Port and City of Kennewick are marshaling their assets and Mr. Arntzen believes the rates are reasonable and will create opportunities for the private sector.

PUBLIC COMMENT

Terry Walsh, 2362 West 49th Avenue, Kennewick. Ms. Walsh, Executive Director for Employee and Community Relations for the City of Kennewick, stated the City is very supportive of the Port and the rates are very reasonable. Furthermore, the rate is keeping in line with the City's effluent rate. Ms. Walsh believe the rates will attract good clients and will help kick-start the development.

No further comments were made.

MOTION: Commissioner Novakovich moved for approval of Resolution 2015-15, approving initial lease rates for the Phase 1 Columbia Gardens development buildings at a blended lease rate range \$.65 - \$.75 cents per square foot per month, and instructs the Executive Director to aggressively market the Columbia Gardens wine development buildings; Commissioner Moak seconded.

Discussion:

Mr. Novakovich applauded Ms. Hanchette for her thorough work and stated the below market rate will be an incentive to get businesses into the Wine Village.

Mr. Moak inquired if the Port is anticipating a five year lease for the buildings.

Ms. Hanchette stated the lease term is no less than a three year lease. The Interlocal Agreement sets a five year term for the rates.

Mr. Moak stated for the record, the Port is not providing any incubator services and it was recommended by Mr. Morse that tenants pay utilities, maintenance and janitorial service.

Ms. Hanchette stated this is not an incubator lease and the Port will take care of external services, per Port standard practice and the tenant will be responsible for the inside services.

Mr. Barnes is supportive of the rate structure and stated these are very attractive rates for new construction. Furthermore, Mr. Barnes does not believe there will be an issue finding highly qualified tenants. The Port is creating a new development and if it exceeds our expectations, the private sector will respond. Columbia Gardens is a catalyst for redevelopment and it is



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important to have attractive lease rates to bring in the tenants.

Mr. Novakovich stated the Port's success on Columbia Drive will help build the public confidence for Vista Field.

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

Mr. Barnes recessed the meeting at 3:46 p.m. for a break and will reconvene 3:55 p.m.

B. First Addendum to Columbia Gardens Interlocal Agreement; Resolution 2015-16

Mr. Arntzen presented the First Addendum to the Columbia Gardens Interlocal Agreement (ILA) between the Port and the City of Kennewick. The "Columbia Gardens" vision was codified in an Interlocal Agreement entered into between the Port and the City of Kennewick on November 5, 2013 (Resolution 2013-24). The vision is for the partners to jointly create a destination that includes a wine village featuring urban wineries, tasting rooms, shopping, and entertainment amenities which will draw residents and visitors to Kennewick's historic waterfront. Over the past few years, Port and City staff have been working cooperatively to implement the vision. The ILA formalizes the new direction for the Port and the City for Columbia Gardens, Phase One.

One of the key elements of the original ILA was for the City to construct an effluent treatment facility, which would be housed in a portion of the Port's building located at 211 East Columbia Drive. Since the adoption of the ILA, the parties have determined a more economical means of managing wastewater is available, which consists of in-ground tank(s) for storage and timed release of winery effluent. The effluent can then be discharged at appropriate times into the City sewer system for final treatment with other wastewater at the wastewater treatment plant. Another significant change since the ILA was adopted, is that the Port has demolished the 421 building and is in the process of designing and constructing three new buildings on the former 421 site. Additionally, the Port's existing 211 building will not be necessary for housing the wastewater treatment system and can be repurposed for wine related activities.

Mr. Arntzen stated the ILA also addresses the maximum output which is equivalent to 50,000 cases as a production limit and anything larger will be allocated to the Raceway property in West Richland. Furthermore, there will not be effluent access to the Willows, which may accommodate mixed use commercial and residential. The draft First Addendum stated the Port buildings would be completed by April 30, 2016; however, that date for completion has been revised to October 30, 2016.

If approved, Ms. Walsh will deliver the signed First Addendum to the City Council, who will review for approval at their Council Meeting on July 21, 2015. The Port and City have worked together to provide reasonable rates that bring new businesses to this part of town.

PUBLIC COMMENT

No comments were made.



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MOTION: *Commissioner Novakovich moved for approval of Resolution 2015-16, adopting the First Addendum to the Interlocal Agreement with the City of Kennewick Related to the Columbia Gardens Wine Village, Phase 1; Commissioner Moak seconded.*

Discussion:

Mr. Moak inquired if there is advantage to a ten year term for the ILA.

Mr. Arntzen stated the term limit would give the entities sufficient time to complete phase one and an incentive to discuss a potential phase two.

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

Mr. Arntzen acknowledged the hard work of Ms. Walsh, and City Manager Marie Mosely, who were the master minds behind concept and helped bring the redevelopment to fruition.

C. Bid Award for Clover Island Boat Launch Facility Project; Resolution 2015-17

Mr. Peterson stated, the Port's 2015 Work Plan and 2015-2016 Biennial Budget include funds for the repair/replacement of the Clover Island Boat Ramp and construction of an upland parking lot and bathroom improvements. The project includes construction of bathroom facilities, paved trailer parking area, an ADA parking space, landscaping, artwork and lighting improvements to the existing Clover Island Boat Launch area. This project is funded in part with the assistance of a grant from the Washington State Recreation and Conservation Office. This project excludes planned in-water work to reconstruct the boat ramp.

The Port properly advertised this project for bid and received (3) three bids before the 2:00 p.m. July 9, 2015 deadline. Although the bids received exceed the engineers estimate by 17-20%, all three bids range 2% from low to high, which indicates the plans and specifications had sufficient detail to assure the Port the true and realistic cost of the project is reflected in the bids received.

Upon opening the bids, an informality with the apparent low bid received from Booth & Sons Construction relating to a letter of qualifications was discovered. Ms. Luke will explain and discuss the informality and the potential implications prior to Commission consideration.

MOTION: *Commissioner Novakovich moved to convene into Executive Session to discuss the Bid Award for Clover Island Boat Launch Facility Project with legal counsel and table the Resolution 2015-17; motion failed for lack of a second.*

Ms. Luke will provide legal counsel to the Commission regarding the Bid Award and the topic is appropriate for Executive Session. The Commission has the option to table the discussion and enter into Executive Session now, or as scheduled. However, Ms. Luke recommended the Commission briefly discuss the matter before entering into Executive Session.

Mr. Moak would like to discuss the Bid Award during the scheduled Executive Session.



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Mr. Barnes stated the Commission needs to table and address during Executive Session.

Mr. Arntzen suggested the Commission can review the details of the Bid Process issue with Ms. Luke and then enter into Executive Session.

Ms. Luke stated the Port received three bids for the Clover Island Boat Launch Facility Project and staff opened and reviewed each bid for completion. It was determined that the lowest bidder had not met one of the requirements in the bid packet by not providing a letter of qualification. Ms. Luke stated the Commission should determine whether the overlooked letter of qualifications is an informality the Port would like to waive or require full compliance of bid package and submittal.

Mr. Barnes restated the scenarios: award the contract to the lowest bidder, and deem their failure to submit their letter of qualifications as an informality; or follow the strict interpretation of the bid process and deem the low bid as non-responsive for failure to respond and award the contract to the second lowest bidder. Mr. Barnes inquired if there is potential for litigation.

Ms. Luke stated there is the potential for litigation and the decision could be challenged.

Mr. Barnes called for Public Comment.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Novakovich moved to table the Resolution 2015-17, Bid Award for Clover Island Boat Launch Facility Project and discuss during the regularly scheduled Executive Session; Commissioner Moak seconded. With no further discussion, All in favor 3:0. Motion carried unanimously.

The Commission will take action on this item once we reconvene from Executive Session.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Vista Field Redevelopment

Mr. Peterson stated on July 7, 2015 staff met with City Kennewick Public Works Director, Cary Roe; John Deskins, Traffic Engineer; the DPZ consulting team; Interim General Manager from Ben-Franklin Transit; and Andy Gomez from the Benton Franklin Council of Governments to discuss the road network around Vista Field and the impact to the existing street network. The Port is undertaking a transportation analysis, which Mr. Deskins and Mr. Roe helped craft. Mr. Peterson appreciated Mr. Gomez's regional perspective and stated it was quite helpful.

Mr. Peterson reported the Port will be holding a Vista Field Workshop on July 28, 2015, at County Gentleman, from 6:00 p.m. to 9:00 p.m., which will take the place of the regularly scheduled Commission Meeting. The public will have the opportunity to ask questions and discuss the elements for Vista Field with our DPZ consultants, staff and the Commission.



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Mr. Moak relayed he has heard some citizens who are on the Vista Field email distribution list were unaware of the July 28, 2015 Workshop. Mr. Moak inquired how the Workshop will be different from the November Charrette.

Mr. Peterson stated there was a technical error with the Workshop email and he will resend the email to the distribution list. Furthermore, the intention of the Workshop is to update the citizens and the Commission on the future of Vista Field, including a Master Plan update.

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

Commissioners reported on their respective committee meetings.

C. Non-Scheduled Items

1. Mr. Moak received an email from Bob Tory, owner of the Tri-City Americans, regarding the new Ice District, which is opening this month in Edmonton, Alberta. Edmonton has taken 25 acres in the heart of the City and designed Canada's largest, mixed-use sports and entertainment district. Mr. Moak saw a world class effort with 25 acres and can't wait to see what the Port can do with 100 acres. Mr. Moak encouraged everyone to visit the Ice District's website, www.icedistrict.com and stated the Ice District was formerly named the Arena District and pondered how the Port can create a memorable name for Vista Field.
2. Mr. Barnes stated the Roger Brooks study, was designed to help develop a regional marketing plan that differentiates the Tri-Cities from other Washington communities. Mr. Barnes appreciates the study and stated the Port of Kennewick has many ambitious projects in the works; however, it was recently discussed how the Port's budget can be easily stretched by outside organization funding requests. Currently, the Brand Implementation group, which includes representatives from the four cities, two counties, local ports and other entities, is working on brand implementation and a way-finding system, as part of the recommendations made by Roger Brooks. Mr. Barnes would like to encourage the Commission and staff to keep the entire study in perspective, versus looking at one action item, such as way-finding. Mr. Barnes explained an element that caught his attention was product development, which states "all successful brands are built on product, not marketing." New advertising, graphics and logos can be developed, however, if the product does not change or improve, what has been accomplished. Furthermore, the study emphasizes delivering on the promise, stating, once visitors arrive in the Tri-Cities, you must deliver on the promise of the advertising and marketing.

Mr. Barnes stated the Brand Implementation group will be looking to the Port for funding for a way-finding consultant. However, Mr. Barnes believes the Port is better positioned to deliver on the promise made by the marketing and advertising more than any other entity in the Tri-Cities. Mr. Barnes believes the potential of Columbia Drive, Vista Field and the Tri-City Raceway, will do more to deliver on the promise of making the Tri-Cities a better community and more attractive to outside tourism. Mr. Barnes inquired if it is better for the Port to spend all available funds on Port projects and say no to way-finding, because the Port is doing more on the Roger Brooks study by delivering on the promise. Mr. Barnes stated we need to move forward cautiously, because tremendous projects on the horizon will



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require all available resources. The Port would like to remain solid team players, but there may come a time where we need to say no to certain requests.

Mr. Moak stated, as the Commission representative on the Brand Implementation group, he is disappointed and frustrated by lack of progress to make the brand process work. It has been almost a year since the Roger Books study was presented and other than changing logos and some design work, little has been accomplished. Mr. Moak stated the Port of Kennewick is mentioned several times in the branding report and is the only entity that can make things happen, as Mr. Barnes stated. Mr. Moak is very frustrated by our jurisdictional partners and believes they are hindering the progress of the brand implementation. Furthermore, there is no accountability and very little action during the meetings to move forward. Mr. Moak agrees with Mr. Barnes, way-finding is important, but it is only one element of the study.

Mr. Arntzen inquired if the Commission would like to place the Brand Implementation on a future Agenda. Mr. Arntzen appreciated the discussion and wondered if the Port's position should be to help others build things to market.

The Commission consensus is to place Brand Implementation on a future Agenda.

3. Mr. Novakovich updated the Commission on the transportation package, which was passed by the State House and Senate:
 - Red Mountain I-82 interchange: \$28,400,000;
 - Highway 240 Improvements: \$5,000,000;
 - Duportail Bridge, Richland to West Richland: \$20,000,000;
 - U.S. Highway 395, Ridgeline intersection, Kennewick: \$15,000,000;
 - U.S. Highway 12 improvements between Tri-Cities and Walla Walla: \$168,000,000;
 - Lewis Street Bridge, Pasco: \$15,000,000.
4. Ms. Schumacher reported that the Port of Kennewick's 100th Anniversary Event photo book has been completed; and presented a book to each Commissioner. Ms. Schumacher stated one book will go into our Port library and the other will go in the time capsule.
5. Ms. Bader Inglima reported as part of the Port's 100th Anniversary, Commissioner Moak volunteered to conduct several historic walking tours of downtown Kennewick. This event is a success, as of now, dates have sold out, and additional dates are being added. Ms. Bader Inglima appreciates Mr. Moak's efforts for putting the walking tour together.

The Portland Water Spectacular Ski Team will be performing on the Columbia on August 1 and 2, 2015 just outside Clover Island Inn. The event is open to the public and the best views will be from the Crow's Nest, the Clover Island Inn pool patio or Cedars. The Clover Island Inn will also have a live band and a no host BBQ on the pool patio.

6. Mr. Arntzen is delighted with the success of Mr. Moak's walking tour and stated Ms. Bader Inglima will be attending the walking tour.



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Mr. Arntzen reported that the City of Kennewick passed Resolution 15-24, honoring Mr. Novakovich for his work on the Bridge to Bridge and UDAT efforts, dating back to 2002. Mr. Arntzen stated Mr. Moak and other community members were involved in the planning efforts as well.

7. Mr. Peterson will be attending the Kennewick City Council meeting tonight to give brief overview of the Vista Field planning process and what is expected over the next few months.
8. Ms. Hanchette stated Washington Protection is no longer offering their nightly protection service. As of July 6, 2015, Phoenix Protective began nightly patrols of Clover Island and Oak Street.
9. Mr. Novakovich would like to recognize Ms. Fine and offer her congratulations on recently getting married.

PUBLIC COMMENTS

Chuck Eaton, 2309 Davison Avenue, Richland. Mr. Eaton thanked Ms. Hanchette for participating in the Arts Foundation Meeting on July 6, 2015. The Arts Foundation brought in Julianna Ross, the Executive Director for the Sand Point Arts and Cultural Exchange (SPACE) at Magnuson Park in Seattle. SPACE is very similar to the proposal the Arts Foundation is crafting for the use of the Field Base Operator (FBO) building. SPACE revitalized a former naval air base, and converted several buildings into art space. Ms. Ross was informative and gave the Arts Foundation a new perspective and is very excited about what is happening at Vista Field and offered her support. Mr. Eaton stated the meeting was very satisfying and we are encouraged and will keep moving forward.

No further comments were made.

COMMISSIONER COMMENTS

No comments were made.

Mr. Barnes anticipates the Executive Session will last approximately 20 minutes, for Potential Litigation, per RCW 42.30.110(1)(i) with action anticipated. Mr. Barnes asked the public to notify Port staff if they will return after the executive session.

Mr. Barnes recessed the Regular Commission Meeting at 4:59 p.m.

EXECUTIVE SESSION

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

Mr. Barnes convened the meeting into Executive Session at 4:59 p.m. for approximately 20 minutes.

Mr. Barnes adjourned the Executive Session at 5:19 p.m.



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Mr. Barnes reconvened the meeting into General Session at 5:19 p.m.

Mr. Novakovich stated that Ms. Luke provided a legal explanation as to why the low bid did not meet all of the qualifications. Mr. Novakovich believes it is in the best interest of the Port to maintain our integrity and not deviate from our expectations of a complete bid. Furthermore, it is in the best interest of the Port to disqualify the low bid and move forward with the second bid.

PUBLIC COMMENT

No one was in the audience.

MOTION: Commissioner Novakovich moved for approval of Resolution 2015-17, authorizing the Port's Executive Director to execute the contract with Banlin Construction, Inc., for the construction improvements to the Clover Island Boat Launch facility for the sum of \$730,000, plus applicable tax; Commissioner Moak seconded.

Discussion:

Mr. Moak stated the Port has been consistent in maintaining the requirements of the bid process. It is important for the Commission to maintain our consistency and integrity of the process and supports the motion.

Mr. Barnes agrees with Mr. Moak and stated the consistent application of Port requirements in the bid process is very important in maintaining the overall integrity of the Port and supports the motion.

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

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 5:23 p.m.

APPROVED:

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BOARD of COMMISSIONERS

Don Barnes, President

Skip Novakovich, Vice President

Thomas Moak, Secretary

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Resolution No. 2015-15

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK ESTABLISHING THE LEASE RATES FOR
THE COLUMBIA GARDENS WINE DEVELOPMENT BUILDINGS, PHASE I***

WHEREAS, as the Columbia Gardens wine development buildings proceed to construction and effluent waste disposal decisions have been resolved, establishing lease rates for new tenants becomes the next important step in marketing the development to future businesses; and

WHEREAS, the Columbia Gardens Wine Village will be a one-of-a-kind waterfront destination in Kennewick where boutique wine producers will have the opportunity to access city sewer services for the disposal of wine effluent without incurring costly infrastructure expenses; and

WHEREAS, Phase I of the Columbia Gardens Wine Village will consist of three buildings; and

WHEREAS, an analysis was performed of the nearby industrial and commercial spaces for lease, including Commercial space on Columbia Drive, industrial space at the Oak Street Industrial Park and the Port of Walla Walla Wine Incubator buildings; and

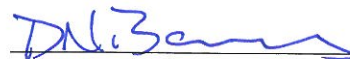
WHEREAS, there are few comparisons that can be made to a new and unique construction project such as the Columbia Gardens Wine Village.

NOW THEREFORE, BE IT RESOLVED that the Port of Kennewick Commission does hereby establish initial lease rates for the Phase 1 Columbia Gardens development buildings at a blended lease rate range \$.65 - \$.75 per square foot per month, and instructs the Executive Director to aggressively market the Columbia Gardens wine development buildings.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 14th day of July 2015.

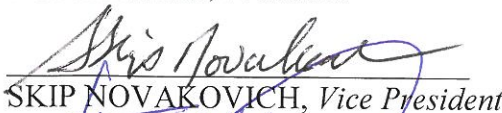
***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***

By:



DON BARNES, *President*

By:



SKIP NOVAKOVICH, *Vice President*

By:



THOMAS MOAK, *Secretary*

PORT OF KENNEWICK

Resolution No. 2015-16

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK APPROVING THE FIRST ADDENDUM TO THE
INTERLOCAL AGREEMENT WITH THE CITY OF KENNEWICK RELATED TO THE
COLUMBIA GARDENS WINE VILLAGE, PHASE I***

WHEREAS, Resolution 2013-24 adopted an Interlocal Agreement between the Port and the City of Kennewick establishing a joint redevelopment strategy for the Columbia Gardens Wine Village, located in the City's the Bridge to Bridge redevelopment area; and

WHEREAS, the original Interlocal called for certain capital improvements to be made by each partner; and

WHEREAS, after discussion, planning and engineering between the parties, the parties have found better and more cost-effective methods of implementing the intent of the Interlocal Agreement; and

WHEREAS, the Port and the City recognize that incorporating design efficiencies into the joint vision through an Addendum to the Interlocal Agreement is in the best interests of the partners and the public.

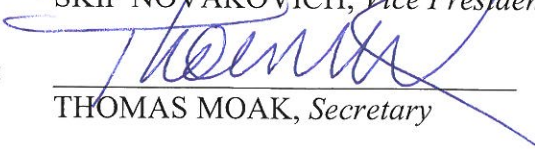
NOW THEREFORE, BE IT RESOLVED that the Port of Kennewick Commission does hereby adopt the attached First Addendum to the Columbia Gardens Interlocal Agreement and instructs the Executive Director to take all action to implement the First Addendum.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 14th day of July 2015.

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

By: 
DON BARNES, *President*

By: 
SKIP NOVAKOVICH, *Vice President*

By: 
THOMAS MOAK, *Secretary*

**FIRST ADDENDUM TO
CITY OF KENNEWICK AND PORT OF KENNEWICK
INTERLOCAL AGREEMENT REGARDING
COLUMBIA DRIVE ECONOMIC DEVELOPMENT
COLUMBIA GARDENS-PHASE 1**

1. AGREEMENT ADDENDUM. This First Addendum ("1st Addendum") to the Interlocal Agreement Regarding Columbia Drive Economic Development, Columbia Gardens - Phase 1 ("Agreement") is between the Port of Kennewick ("Port") and the City of Kennewick ("City"). The City and Port are Washington municipal corporations and each a "Party," and collectively the "Parties," to this 1st Addendum. The Parties agree as follows.

2. RECITALS

2.1 The Agreement became effective on November 5, 2013. Subsequently, the Parties have considered preliminary plans and designs for the Project Area, including the management of wastewater.

2.2 The Parties determined a more economical means of managing wastewater is available. The Port's existing building at 211 Columbia Drive will not accommodate the installation of a City wastewater treatment system for the purpose of treating winery effluent. The Port has further determined that the building is not desirable for housing the wastewater treatment system and may be repurposed for other activities.

2.3 It is the purpose of this 1st Addendum to amend the Agreement to address wastewater management, extend the Agreement term, clarify the buildings to be constructed by the Port, and continue the City's existing cap on investment under the Agreement.

2.4 Except as otherwise stated in this 1st Addendum, the Agreement remains in full force and effect.

3. PORT BUILDINGS AND IMPROVEMENTS

3.1 Section 3.1 Amended. Agreement Section 3.1 is amended to read as follows:

3.1 421 Building. The Port shall demolish the 421 Building.

3.2 Section 3.2 Amended. Agreement Section 3.2 is amended to read as follows:

3.2 New Buildings. The Port shall design, permit and construct three new buildings in proximity to and east of the former 421 Building. The total square footage of the new buildings shall be not less than 10,000 square feet. The new buildings shall be designed for wine-related activities, including wine production, storage, distribution and sales (including tasting room(s)). The Port shall commence construction of the buildings in coordination with the City's construction of the Wine Effluent Treatment System. The

details of the three new buildings shall be outlined in a separate Memorandum of Understanding (MOU). The Port shall establish building rental rates as set forth on the rate sheet attached hereto as "Exhibit A". These rates shall remain in effect for five years from the date of this Agreement.

Section 3.3 Amended. Agreement Section 3.3 is amended to read as follows:

3.3 211 Building. The Port intends to make a future determination regarding the use of the 211 Building, following consultation with the City.

4. WINERY EFFLUENT PROJECT

4.1 Section 4.1 Amended. Agreement Section 4.1 is amended to read as follows:

4.1 Wastewater System Project. The original concept was to design and construct a facility to treat Total Suspended Solids (TSS), Biological Oxygen Demand (BOD), and pH chemicals on site. Upon further investigation and research, a determination was made that acidity treatment was the most critical treatment needed to prevent failure in the infrastructure, and if neutralized, the wastewater treatment plant is capable of managing the TSS and BOD effluent loadings. The City preferred approach, based upon treatment needs, was determined to be through use of in-ground tank(s) for storage and timed release of winery effluent that has only been treated for pH adjustment. The effluent can then be discharged at appropriate times into the City sewer system for final treatment with other wastewater at the wastewater treatment plant. The final determination of the method of wastewater treatment shall be at the discretion of the City.

4.2 Section 4.2 Amended. Agreement Section 4.2 is amended to read as follows:

4.2 City Local System. In cooperation with the Port, the City shall design, permit, install, own, operate and maintain winery effluent tank(s) with ancillary infrastructure for the local system sufficient to serve the Project Area. Ancillary infrastructure shall mean trunk lines leading from each tank(s) to the City sewer system. The local system shall have the capacity to treat wine production necessary for approximately 50,000 cases annually. Tank(s) shall be installed to provide sufficient capacity to the "Columbia Gardens" portion of the site (attached hereto as "Exhibit B") in coordination with the Port's construction of the three winery buildings. The details of the local system will be outlined in a separate MOU. The City shall establish a rate structure necessary to reasonably reimburse the City utility for capital costs, treatment costs of BOD & TSS, and maintenance and operation of the local system, on a reasonable and equitable basis consistent with RCW 35.67.020. The initial rate structure shall be as set forth in "Exhibit C" to this Agreement and will be indexed annually in January to reflect 100% of any change from the Consumer Price Index (U.S. Cities – Urban Wage Earners and Clerical Workers – CPI-W) for October, or other comparable index if not published to reflect the additional costs to maintain and operate the system. In no event shall the change in rates be less than zero percent nor more than four percent per year. The rate structure shall reflect a "general" discharge rate (which includes reimbursement for capital costs and maintenance and operations), and an

“incubator” discharge rate (which would reflect delaying the capital reimbursement portion). The incubator rate shall be available to any user purchasing or leasing property from the Port for a three-year period following said lease or sale. Upon the expiration of said three-year period, users shall pay the “general” rate established in “Exhibit C” and as increased based on Consumer Price Index (CPI) annually. These rates shall remain in effect for five years from the date of this Agreement. The Port will establish separate accounts for each winery to appropriately track usage for purposes of billing. Upon completion of the “Columbia Gardens” portion of the site, the City and Port will mutually evaluate the achievement of the desired outcomes and determine if any additional addendums would be appropriate to continue working in partnership to fulfill the vision and desired outcomes in the “Willows” and “Cable Greens” sites.

4.3 Section 4.3 Amended. Agreement Section 4.3 is amended to read as follows:

4.3 Financial Contingency. The City agrees to spend no more than \$800,000 for the completion of the effluent treatment vaults with ancillary infrastructure.

7. ADMINISTRATION

7.1 Section 7.2 Amended. Agreement Section 7.2 is amended to read as follows:

7.2 Timeframes and Staffing for Processing and Review. In recognition of the importance of timely processing and review of permits, approvals and discretionary actions (“approvals”), the City agrees to work with the Port to establish time frames for processing and reviewing such further agreement(s) and approvals that may be necessary to further this Agreement. Furthermore, the City shall expedite all requests by the Port for approvals, if any. Unless this Agreement provides otherwise, improvements identified in Sections 3, 4 and 5 shall be completed by the respective parties no later than October 30, 2016. This date may be extended for time necessary to satisfy SEPA compliance or other unanticipated delays that are beyond the control of the Port or City.

7.3 Section 7.3 Amended. Agreement Section 7.3 is amended and adds a new subsection 7.3.2 to read as follows:

7.3 Cooperation And Implementation.

7.3.1 Upon satisfactory completion by Port of all required preliminary actions and payment of applicable processing fees, including the fee for processing this Agreement, the City shall commence and diligently process all required steps necessary for the implementation of this Agreement and development of the Project Area in accordance with the terms of this Agreement. Port shall, in a timely manner, provide the City with all documents, plans, fees and other information necessary for the City to carry out its processing obligations under this Agreement.

7.3.2 To further the objectives of the Columbia Drive Economic Development, the Port intends to sell all, or portions of, its property holdings in the Project Area (and

adjacent properties) to private entities. The Port may assign, transfer, sell or encumber all such property consistent with its statutory authority. Prior to any transfer, sell or assignment of property within the Project Area, the City and Port shall mutually enter into agreement regarding the successor or assignee rights and obligations under this Agreement.

8. GENERAL


8.8 Section 8.8 Amended. Agreement Section 8.8 is amended to read as follows:

8.8 Agreement Term. The term of the Agreement shall commence on its execution by both Parties and end December 31, 2025 ("Agreement Term").

IN WITNESS WHEREOF, the Parties have signed this 1st Addendum on the dates below shown.

PORT OF KENNEWICK BOARD OF COMMISSIONERS


By: 
DON BARNES, President

By: 
SKIP NOVAKOVICH, Vice President

By: 
THOMAS MOAK, Secretary

Date: 7-14-2015

CITY OF KENNEWICK


STEVE YOUNG, Mayor

Date: 7/21/15

Attest:


TERRI L. WRIGHT, City Clerk

Approved as to Form:


LISA BEATON, City Attorney

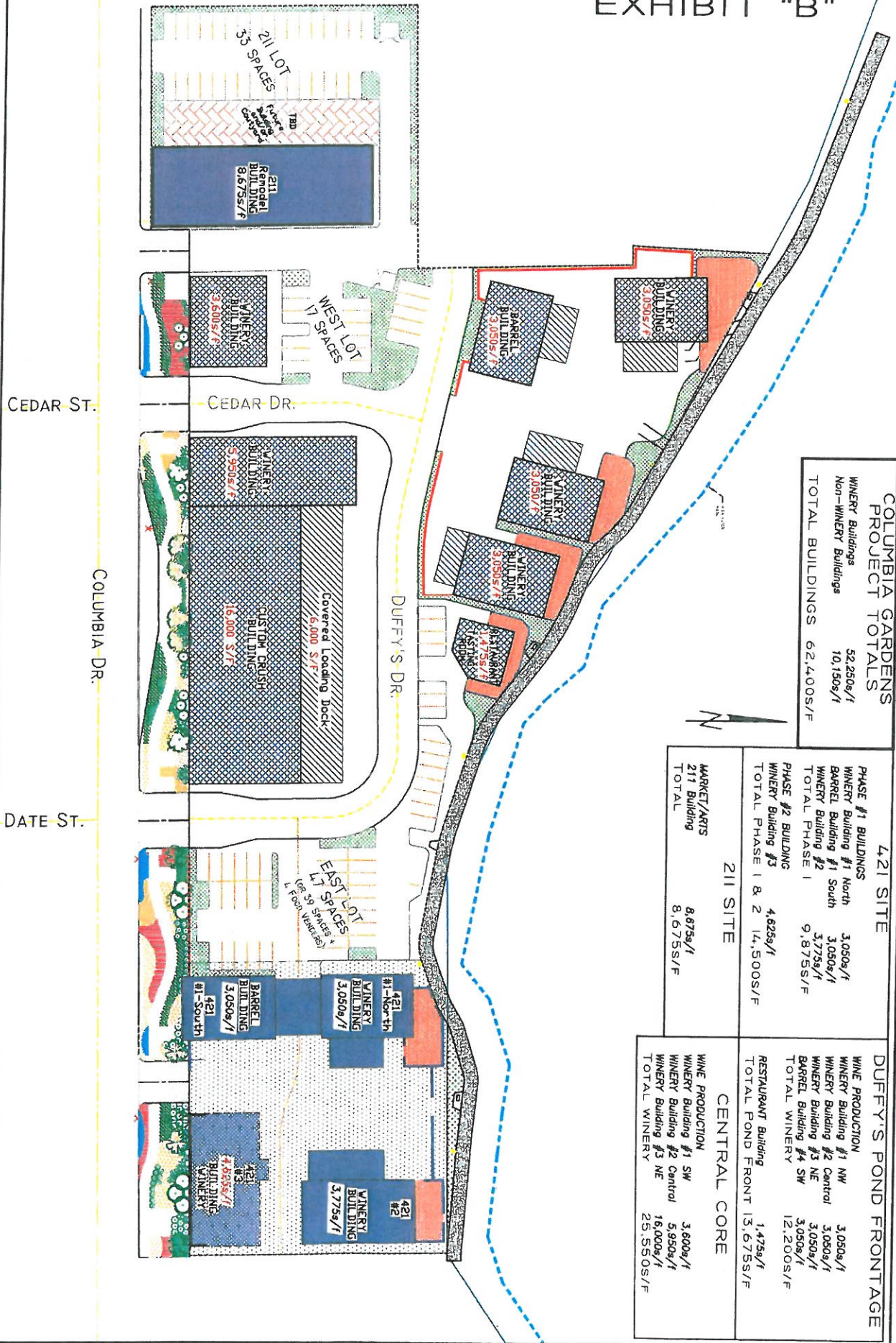
EXHIBIT A

COLUMBIA GARDENS WINE VILLAGE – PHASE I LEASE RATES

Lease rates as approved by the Port of Kennewick Commission on Tuesday, July 14, 2015 for Phase I of the Columbia Gardens Wine Village shall be established at:

- An initial rate of \$0.65 - \$0.75 per square foot per month, plus applicable Washington State leasehold tax; and
- A not to exceed rate of \$1.00 per square foot per month plus applicable Washington State leasehold tax for a period of three years from execution of this Agreement.

EXHIBIT "B"



COLUMBIA GARDENS PROJECT TOTALS	
Winery Buildings	52,250s/f
Non-Winery Buildings	10,150s/f
TOTAL BUILDINGS	62,400s/f

L21 SITE		DUFFY'S POND FRONTAGE	
PHASE #1 BUILDINGS		WINE PRODUCTION	
Winery Building #1 North	3,050s/f	Winery Building #1 NW	3,050s/f
Winery Building #1 South	3,050s/f	Winery Building #2 Central	3,050s/f
Winery Building #2	3,775s/f	Winery Building #3 NE	3,050s/f
TOTAL PHASE 1	9,875s/f	Barrel Building #4 SW	12,200s/f
PHASE #2 BUILDING		TOTAL WINERY	12,200s/f
Winery Building #3	4,825s/f	Restaurant Building	1,475s/f
TOTAL PHASE 1 & 2	14,500s/f	TOTAL POND FRONT	13,675s/f
211 SITE		CENTRAL CORE	
Market/Arts 211 Building	8,675s/f	Winery Building #1 SW	3,800s/f
TOTAL	8,675s/f	Winery Building #2 Central	5,950s/f
		Winery Building #3 NE	16,000s/f
		TOTAL WINERY	25,550s/f

Exhibit C – Pretreatment cost per bottle

General Discharge Rate (following the first 3 years or property sold)

Cost per bottle including yearly M&O & capital recovery costs				
Surcharge per CES design calculations	\$1,613.00			\$0.02
M&O costs	\$9,158.54			\$0.05
Capital Recovery Costs	\$16,176.00			\$0.03
	\$/year	\$26,947.54	\$/bottle	\$0.10

Incubator Discharge Rate (for first 3 years of production)

Cost per bottle with subsidizing the capital recovery costs				
Surcharge per CES design calculations	\$1,613.00			\$0.02
M&O costs	\$9,158.54			\$0.05
	\$/year	\$10,771.54	\$/bottle	\$0.07

PORT OF KENNEWICK

Resolution No. 2015-17

**A RESOLUTION OF THE PORT OF KENNEWICK BOARD OF COMMISSIONERS
ACCEPTING AND AWARDING A BUILDING CONSTRUCTION CONTRACT FOR
THE CLOVER ISLAND BOAT RAMP LAUNCH FACILITY**

WHEREAS, a request for bids for the construction of improvements to the Clover Island Boat Launch Facility was properly advertised with the approved plans and specifications being made available to prospective bidders, and

WHEREAS, construction bids have been received and staff and the project engineer have certified that the bids received are in compliance with the plans and specifications; and

WHEREAS, the staff and the project engineer have certified that the low responsive bidder for the project is BANLIN CONSTRUCTION, LLC in the amount of \$730,000, excluding applicable sales tax.

NOW THEREFORE, BE IT RESOLVED that the Port of Kennewick Commission does hereby accept the bid by BANLIN CONSTRUCTION, LLC to construct improvements to the Clover Island Boat Launch Facility as the low bidder in the amount of \$ 730,000, plus applicable tax, and hereby awards the construction contract to said low bidder.

BE IT HEREBY FURTHER RESOLVED that the Executive Director is authorized to enter into a contract between the Port of Kennewick and BANLIN CONSTRUCTION, LLC for the construction of improvements to the Clover Island Boat Launch Facility. The Executive Director is further authorized to proceed with all necessary procedures required to complete work of the project.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 14th day of July 2015.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By: 
DON BARNES, *President*

By: 
SKIP NOVAKOVICH, *Vice President*

By: 
THOMAS MOAK, *Secretary*

Tabulated Bid Results



Company	Qualifications of bidder	Add. Acknowledged?	Bid Security?	Anti-Collusion Form?	Anti-Descrip. Form?	Signed Bid Form?	Bid Total, not including tax	Result
Booth & Sons Construction Inc.	No	Yes	Yes	Yes	Yes	Yes	\$ 719,000.00	Apparent low
Banlin Construction, LLC	Yes	Yes	Yes	Yes	Yes	Yes	\$ 730,000.00	
Industrial Constructors, Inc	Yes	Yes	Yes	Yes	Yes	Yes	\$ 733,400.00	

Dated: 7/10/15 @ 9:45am

PORT OF KENNEWICK

Resolution No. 2015-18

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK APPROVING
AN ADDENDUM TO LEASE CONFIRMING EXERCISE OF FIVE YEAR LEASE
RENEWAL OPTION AND NEW RENTAL RATE WITH GBW RAILCAR SERVICES LLC***

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

WHEREAS, effective May 1, 2015, GBW Railcar Services LLC exercised the first of six five-year options to renew its September 9, 1994 Lease with the Port, and the Port staff has negotiated the new rental rate for the renewal period; and

WHEREAS, the Port Commission has called a regularly scheduled public meeting with notice of such meeting given as provided by law and such public meeting was held at such time and on said date; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Addendum to Lease and find it is in proper form and it is in the Port's best interest; and


WHEREAS, after consideration of the attached Addendum to Lease, the Port Commission has determined that the Addendum is proper.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby approve the Addendum to Lease confirming exercise of the first of six five (5) year lease renewal options and a new rental rate with GBW Railcar Services LLC as presented and authorizes the Port's Executive Director 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 14th day of July, 2015.

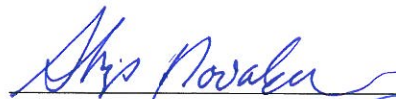
***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By:



DON BARNES, *President*

By:



SKIP NOVAKOVICH, *Vice President*

By:



THOMAS MOAK, *Secretary*