



# REGULAR COMMISSION MEETING

PORT OF KENNEWICK

OCTOBER 25, 2011 MINUTES

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## CALL TO ORDER

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

### The following were present:

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

**Staff Members:** Tim Arntzen, Executive Director  
Tana Bader Inglima, Director of Governmental Relations & Marketing  
Larry Peterson, Director of Planning & Development  
Tammy Fine, Director of Finance/Auditor  
Teresa Hancock, Real Estate Analyst & Project Specialist  
Bridgette Scott, Secretary/Special Projects  
Lucinda J. Luke, Port Attorney

## PLEDGE OF ALLEGIANCE

Bridgette Scott led the Pledge of Allegiance.

## PUBLIC COMMENTS

Mr. Novakovich requested anyone wishing to address the Commission speak at the front of the room and state their name and address for the record.

No public comments were made.

## CONSENT AGENDA

Mr. Novakovich commented Consent Agenda items are a number of items taken collectively in one motion to be approved or disapproved. He further stated the Commission has the option to remove items from the Consent Agenda. He would like to remove Item C for separate approval because on April 12, 2011, he disclosed that Esprit, the company he and his wife owns, has a contract with PS Media to produce the Port's newsletter. Esprit does not get paid directly from the Port; they get paid from PS Media. Item C is the payment to PS Media and in the interest of any kind of perception that there could be a conflict, he would like to recuse himself from any action on this item.

**MOTION:** *Commissioner Novakovich motioned to remove Item C and consider it separately; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.*



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The consent agenda consisted of the following:

**A. *Approval of Direct Deposit and Warrants Dated October 14, 2011***

Direct Deposit totaling \$21,271.72 and Expense Fund Voucher Numbers 32412 through 32414 totaling \$3,649.85; for a grand total of \$24,921.57.

**B. *Approval of Warrant Registers Dated October 26, 2011***

Expense Fund Voucher Numbers 32415 through 32450 and 32452 through 32475 totaling \$75,400.58. Construction Fund Voucher Numbers 3213 through 3217 totaling \$21,606.76.

**C. *Approval of Warrant Register Dated October 26, 2011***

Expense Fund Voucher Number 32451 in the amount of \$6,691.88.

**MOTION:** *Commissioner Hanson moved approval of the consent agenda items A & B, with Item C to be approved separately; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

**MOTION:** *Commissioner Wagner moved approval of Item C on the consent agenda for payment to PS Media; Commissioner Hanson seconded. Commissioner Novakovich recused himself from the vote. With no further discussion motion carried 2:0. Ayes: Commissioner Wagner and Commissioner Hanson.*

## NEW BUSINESS

**A. *City of Kennewick Arts Commission Award***

Mr. Novakovich and Ms. Bader Inglima were invited to attend a City Council Meeting where the Kennewick Arts Commission presented the "Energize the Arts Award". Mr. Novakovich received the award on behalf of the Port for the art on the Island and creating public spaces where people can enjoy the arts. The Arts Commission was very complimentary towards the Port and the accomplishments on the Island.

**B. *City of West Richland CERB Letter***

Mr. Arntzen stated the City of West Richland requested the Port partner with them on receiving a CERB grant. The Port would supply the matching funds for a large economic development project in West Richland. The Board is in consensus that Mr. Arntzen will mail the letter. Councilman Gerry thanked the Port for their support.

**C. *2011 Friend of the Port Nomination***

Mr. Peterson stated the following people previously received the "Friend of the Port" award: Bob Hennig, Barb Carter, and Marjy Leggett. Mr. Peterson requested nominations for the 2011 award be provided to Ms. Bader Inglima. Mr. Arntzen stated the public may provide nominees as well.

**D. *2012 Preliminary Budget Workshop***

Ms. Fine observed a majority of government agencies are increasing taxes, offering less services and are acquiring additional debt. In contrast, the Port is not incurring more debt, is decreasing the amount of taxes paid by its taxpayers and is providing good service. The Port is creating jobs, stimulating the economy, working on good economic development projects, and providing attractive public spaces and artwork.

Ms. Fine stated the National economy is uncertain. For the first time in 70 years, the U.S.





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Treasury was downgraded from an AAA rating by Standard & Poor's; the dollar was devalued when additional funds were printed; and federal debt creates huge issues when revenues are not increased to offset debt payments. About 48% of Americans expect to see a second great depression within two years. Ms. Fine commented 70% of our economy is based on consumer spending. The United States is approximately \$14.9 trillion in debt.

Ms. Fine commented the unemployment rate for Benton and Franklin Counties are lower than the national average; however, the federal stimulus money is running out. Our area will see a reduction in the amount of jobs with the completion of the Vitrification Plant, decrease of stimulus funds and the overall reduction of the Hanford site. The Port is aware of this issue and is working hard to create jobs through economic development projects.

The Port's budget goals include working to close the operating gap; funding projects with resources in-hand; pursuing fewer projects while selecting projects with the greatest return to the Port and taxpayers; and pursuing projects with development partners who demonstrate support.

The Port is striving to create jobs and is seeking alternative financing and funding through partnerships and state and federal grants. The Comp Scheme will rank current and future projects based on return of investment, partnership funding, grants, market and feasibility which will help stimulate the job market.

Ms. Fine reviewed the Port's revenues and expenditures; a line item comparison is available for 2011/2012. The Port has budgeted conservatively over the years and does not include lease revenues for unoccupied buildings.

Ms. Fine stated the levy rate has decreased 24% from 2001. For example: A \$150,000 house in 2001 cost a taxpayer \$66.00 a year in taxes to the Port and the same house in 2011 will cost \$50.00 a year in taxes to the Port.

2012 Capital Expenditures include just over \$4.4 million for capital projects such as:

\$376k	Vista Field Airport Improvements
\$2.4m	Clover Island improvements
\$340k	West Richland development building
\$50k	Spaulding Business Park improvements
\$305k	Richland's Badger Mountain South
\$450k	Oak Street improvements
\$545k	Columbia Drive

Mr. Wagner and Mr. Novakovich feel staff has done a wonderful job positioning the Port for the future and are proactive ensuring the Port is stable and financially secure.

Mr. Novakovich feels the Port will receive minimal support from the federal, state or county governments; and that being conservative with the budget is very good.



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Mr. Peterson stated the following land sales are currently under contract: Pacific Cataract and Laser Institute (PCLI) for \$473,000; Tom O'Brien and George Dress for \$490,000 and Willamette Dental for \$214,000.

Mr. Novakovich hopes working with Dr. Shannon at Vista Field will produce revenue generating projects. The Port needs to balance revenue producing projects with public amenity projects.

Ms. Fine reported the Port has a \$3 million line of credit (LOC) that is required to be paid off January 2012. Ms. Fine investigated restructuring the LOC, and feels this would be in the Ports best interest to lock in a lower interest rate for five years.

Mr. Arntzen stated the marina was a very costly capital improvement, but has been virtually full since completed and produces a 3% annual rate of return. In addition, it is something the community desires and enhances the quality of life.

Mr. Arntzen commented the Port receives approximately \$3 million in property taxes and stated the 2012 budget allocates half of these revenues for a development building in West Richland. If a 4% rate of return is received on the new building, it could bring \$60,000 annually back to the Port each year, and 20 jobs may be created. West Richland has been a good economic development partner and meets the Port's partnering criteria.

Mr. Arntzen reiterated the 2012 budget includes \$395,000 to assist the City of Richland with planning efforts for Badger Mountain South. Mr. Arntzen has been working with Deputy City Manager Bill King and the Richland City Council and feels this project will be beneficial to the community.

Mr. Arntzen commented the Port made a commitment to acquire more property in Richland and participate more in Richland as the Spaulding Business Park reaches maturity.

Mr. Novakovich commented the Port is investing in short, medium and long-term projects.

## REPORTS COMMENTS AND DISCUSSION ITEMS

### A. *Clover Island Cedars Parking Lot Project Update*

Mr. Peterson stated the project is a week behind schedule. The asphalt will be paved next week. Excavating for the street light poles and the support for the 8 ½' propeller that will be in front of Cedars restaurant. The concrete will cure for two weeks before the propeller is installed. The street light poles will be installed by late November.

### B. *Comp Scheme Open Houses and Public Hearing*

Mr. Peterson commented a display ad and a legal ad for the open houses and public hearing regarding the Comprehensive Scheme of Development and Harbor Improvements was advertised in the Tri-City Herald on Sunday, October 16, October 23 and October 30, 2011. The open house tonight will be held at the Tri-City Business and Visitor Center in the Bechtel Board Room. Mr. Peterson has received favorable input from Benton County and Richland. The public hearing will be held on November 8, 2011, with the adoption scheduled for





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November 22, 2011.

**C. *Vista Field Washington State Department of Transportation (WSDOT) Federal Aviation Administration (FAA) Letter***

Ms. Luke and Mr. Peterson presented a letter to the WSDOT FAA to confirm the Port's position with regard to FAA classification and funding. Mr. Arntzen stated the Commission asked him to meet with the FAA to pursue this issue and was told informally that there is no funding for the Port of Kennewick. Mr. Chuck Larson, of JUB Engineers contacted Mr. Arntzen recently stating the FAA request the Port provide a letter that the Port does not want to pursue FAA funding. Mr. Arntzen is concerned that although the rejection was verbal, he does not believe the Port should provide a letter declining FAA funding. Mr. Arntzen and Ms. Luke drafted an accurate, but brief letter summary of what transpired. Ms. Luke agrees the letter keeps the door of opportunity open for the Port. The Board is in consensus for Mr. Arntzen to sign and send the letter.

**D. *WPPA Small Ports Conference Report***

Mr. Hanson felt it was a good meeting and feels there is a lot to be gained by spending time with fellow port commissioners. Mr. Wagner felt the records retention, website, and creative financing topics were very helpful.

Mr. Novakovich and Ms. Scott attended a roundtable regarding administrative duties including the open public meetings act and public records requests. Ms. Scott felt the round table discussions were very informational and helpful.

Mr. Arntzen stated the conference was structured for small ports and provides an opportunity for port staff to learn the responsibilities and duties of port districts.

Mr. Peterson and Ms. Hancock felt the interactive decision making meeting was the most beneficial. A team was comprised of colleagues from different ports, working together to examine a situation and decide how to handle it. The votes were tabulated with voting machines and the results were discussed. It was suggested the voting machines could be used to collect opinions from the public.

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

Mr. Wagner attended the WPPA Small Ports Conference.

Mr. Hanson attended the WPPA Small Ports Conference.

Mr. Novakovich attended several meetings with the Columbia Basin Veterans Coalition, Past Kennewick Man & Woman of the Year banquet committee meeting, WPPA Small Ports Conference, attended a funeral, met with Wes Garner and another detective from the Kennewick Police Department along with a reporter from the Tri-City Herald regarding a 35-year old murder that took place in the building Esprit is located in. Mr. Novakovich also met with Sherrie Manley at Zinful regarding how the Downtown Kennewick group is run and attended.

**F. *Non-Scheduled Items***

1. Mr. Hanson inquired if the new forms associated with travel are for individual meetings or annually. Mr. Arntzen would like to streamline the form. Mr. Hanson stated the WPPA



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Legislative Meeting will be held on November 17, 2011 and he has a PUD meeting to attend in the afternoon. Mr. Hanson asked Mr. Arntzen to attend on his behalf; Mr. Arntzen agreed.

2. Ms. Bader Inglima presented the draft media guidelines to the Commission and requested the Commission provide any comments or revisions.
3. Mr. Arntzen, Mr. Wagner and Marina Manager Mary Fitch will leave immediately after the November 8, 2011 Commission Meeting for the Northwest Marina Conference.
4. Mr. Arntzen stated the second Willows Pattern Language Workshop will be held November 4, 2011 with Professor Gary Black and 20 community leaders and stakeholders.
5. Mr. Arntzen stated the WPPA dues include the assessment for the recent building acquisition. Upon the payoff of the building, the dues will decrease.
6. In an effort to reduce costs, Ms. Fine investigated alternative medical plans for 2012 insurance. The PEBB Group Health Classic Plan would cost the Port \$8,000 if all employees select it. Ms. Fine did not find a better alternative for medical plans and recommends the Port remain with PEBB. However, she proposes if an employee selects the Group Health Classic Plan, that they pay the difference between the lowest health plan and the Group Health Classic Plan, which is \$1,200 annually. Ms. Fine stated the Port is required to include retirees if they change plans, unless they elect COBRA coverage for 18 months. Ms. Fine presented Resolution 2011-40 regarding the Medical Insurance Cost Difference.

**MOTION:** *Commissioner Wagner moved approval of Resolution 2011-40; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

7. Public Records Request. Mr. Arntzen stated the Port is making good progress on the public records request; however, he believes if a contractor was used, it may be a more efficient mechanism to get the documents to the requestor. It would also enable staff to focus on economic development opportunities. Mr. Arntzen stated Ms. Luke would like to prepare a proposal for her firm to process the request. Ms. Luke stated her shareholders have agreed the firm could work on the request. Mr. Arntzen stated the Port performs most of its work in-house, but feels using a contractor can be beneficial. For instance, JUB Engineering has provided services regarding the Comp Scheme and Vista Field. The Board is in consensus this would be worth investigating. Mr. Arntzen will assemble cost and efficiency issues for the Commission's consideration.
8. Mr. Arntzen notified the Commission that Mark Blotz' wife, Lucinda, recently passed away.
9. Ms. Luke will attend a public records request seminar in Olympia on November 4, 2011.

## PUBLIC COMMENTS

Steve Mallory, 5822 W. Yellowstone Avenue, Kennewick. Mr. Mallory informed the Commission that the Livable and Sustainable Communities conference was moved from CIC WSU to the United Way building located at 401 N. Young in Kennewick.

No further public comments were made.

## ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 3:34 p.m.



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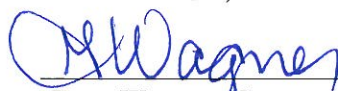
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***APPROVED:***

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**

  
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*Skip Novakovich, President*

  
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*David Hanson, Vice President*

  
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*Gene Wagner, Secretary*