



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

OCTOBER 9, 2012 MINUTES

CALL TO ORDER

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

The following were present:

Board Members: Skip Novakovich, President
Don Barnes, Vice-President
Gene Wagner, Secretary

Staff Members: Tim Arntzen, Executive Director
Tana Bader Inglima, Director of Governmental Relations & Marketing
Tammy Fine, Director of Finance/Auditor
Larry Peterson, Director of Planning
Teresa Hancock, Real Estate & Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Ben Floyd led the Pledge of Allegiance.

Mr. Novakovich stated there are two changes to the agenda. The first, Item D under New Business, the Commission will not vote on the resolution. The item will be for discussion purposes only. The second item will add a Real Estate matter to Executive Session.

MOTION: *Commissioner Barnes moved approval to amend the agenda as recommended by Commissioner Novakovich; Commissioner Wagner seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

Ms. Luke suggested the motion be amended to include the associated RCW 42.30.110(1)(b).

MOTION: *Commissioner Barnes moved to amend the motion to add reference to the Real Estate matter in the Executive Session to reference RCW 42.30.110(b); Commissioner Novakovich seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

PUBLIC COMMENTS

No comments were made.



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CONSENT AGENDA

Mr. Novakovich commented Consent Agenda items are a number of items taken collectively in one motion to be approved or disapproved.

The consent agenda consisted of the following:

- A. Approval of Direct Deposit and Warrants Dated September 28, 2012**
Direct Deposit totaling \$26,103.20 and Expense Fund Voucher Numbers 33613 through 33617 totaling \$11,680.46; for a grand total of \$37,783.66.
- B. Approval of Warrant Registers Dated October 10, 2012**
Expense Fund Voucher Numbers 33618 through 33654 totaling \$118,894.47.
Construction Fund Voucher Numbers 3341 through 3342 totaling \$36,061.96.
- C. Approval of Commission Meeting Minutes Dated August 28, 2012**
- D. Approval of Special Commission Meeting Minutes Dated September 12, 2012**
- E. Approval to Award Contract for Pacific Cataract and Laser Institute (PCLI) Apron and Taxiway; Resolution 2012-46**

MOTION: *Commissioner Barnes moved to remove Item E, Awarding a Contract for the construction of a taxiway and apron for Pacific Cataract and Laser Institute (PCLI), for separate discussion and approval; Commissioner Novakovich seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

MOTION: *Commissioner Wagner moved approval of Items A through D on the consent agenda; Commissioner Barnes seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

Mr. Peterson stated the reason for awarding the bid for the construction of a taxiway and apron for Pacific Cataract and Laser Institute, Inc., separately is due to technicalities. The bids were opened October 8, 2012 at 2:00 p.m., which is also the deadline for posting the Commission Agenda. Therefore, staff did not have sufficient information to complete the resolution. Three bids were received with Big D's Construction providing the lowest bid in the amount of \$45,320. The engineer's estimate was \$47,510.00, which was 2% below the lowest bid. Mr. Peterson recommends awarding the bid to Big D's Construction.

MOTION: *Commissioner Barnes: I move approval of Resolution 2012-46 accepting and awarding a contract to Big D's Construction of Tri-Cities, Inc. for the construction of a taxiway and apron for Pacific Cataract and Laser Institute, Inc; Commissioner Wagner seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

PRESENTATIONS

East Stake of the Church of Jesus Christ of Latter-day Saints "Day of Service" Lechelt Road Project

Ms. Bader Inglima introduced Ben Floyd and Rich Carver from the East Stake of the Church of Jesus Christ of Latter-day Saints (LDS). The LDS Church started the "Day of Service" after 9-11 to help give back to the community and encourage volunteerism in the region. Mr. Floyd and Mr. Carver gathered the volunteers and tools and coordinated a Saturday cleanup at one of the port's



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properties located on Lechelt Road in Finley. Their efforts helped beautify the neighborhood, saving taxpayer's money since the port will not need to complete the work. In addition, keeping the area clean will help discourage illegal dumping on the property. The LDS Church did several projects on the same day. Several thousand volunteers were involved in the Day of Service throughout the community. Mr. Floyd shared photographs of the clean-up project. The Commission thanked Mr. Floyd, Mr. Carver and the volunteers for their time and effort cleaning up the property.

NEW BUSINESS

A. Adoption of the 2013 Work Plan; Resolution 2012-47

Mr. Peterson stated the revisions requested by the Commission have been integrated into the document. Mr. Arntzen complimented staff members on putting the plan together. The Commission also shared their appreciation

MOTION: *Commissioner Barnes: I move approval of Resolution 2012-47 approving the 2013 Work Plan; Commissioner Wagner seconded. All in favor 3:0. With no further discussion motion carried unanimously.*

B. Amended 2013 Work Plan Memo

Mr. Arntzen stated new developments have taken place between the presentation of the draft Work Plan and today. Mr. Arntzen shared highlights from the memo and commented in light of the records request received by Mr. Kovarik, and the letter from Dr. Cadwell's attorney indicating the possibility of litigation with the Port related to Vista Field, that it is necessary to amend the Work Plan. The records requests and potential litigation, combined with the Vista Field Study, have caused priorities to change. Mr. Arntzen suggests the Work Plan be put in abeyance for a year.

Mr. Wagner stated the memo presents a workable solution. Mr. Barnes commended Mr. Arntzen for his foresight. Mr. Arntzen will meet with the commissioners individually to discuss possibilities.

C. 2013 Preliminary Budget Workshop

Ms. Fine presented a PowerPoint presentation reviewing the 2013 Preliminary Budget.

Ms. Fine reviewed the levy rate, capital expenditures, cash flow and revenues and expenditures for each property, although the expenses do not include direct staffing costs, or indirect cost allocation. Mr. Novakovich stated the Marina has a good return on investment (ROI) and is a good performing asset.

Ms. Fine feels the next step would be to pursue ROI projects and alternative financing/funding for projects that will close the operating gap.

Ms. Fine stated the Port needs to focus on good ROI projects to reduce the operating loss and become less reliant on tax revenues, and concentrate on increasing the rate of return on existing projects to reduce the operating losses to increase the Port's economic flexibility.



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The Commission is in consensus to update the 2010 Budget Goals resolution to include the following items:

- Work towards closing the operating gap.
- Fund projects with resources in-hand, not with bonds or loan financing.
- Pursue fewer projects while selecting projects with the greatest return to the Port and taxpayers.
- Pursue projects with development partners who demonstrate support; i.e. matching funds, political/citizen/taxpayer support, and enthusiasm.
- Identify holdings with no or little economic benefit to the taxpayers at large to divest of to redirect staff time to more meaningful projects.
- Identify holdings that create a loss for the Port with no or little economic benefit to the taxpayers at large to divest of to reduce our future losses.
- Focus our future on good Return on Investment, sound economic development projects with great job creation that benefit the community at large and have good revenue producing abilities.

Ms. Fine will draft the resolution.

D. Clover Island Development Company, LLC, (Clover Island Inn) 5-Year Lease Agreement; Resolution 2012-48

Mr. Novakovich reiterated Resolution 2012-48 will not be approved today. Ms. Fine gave a brief overview of her discussions with Jeff Abersfeller, Ryan Cooper and Mark Blotz regarding renegotiating the Clover Island Inn lease. Prior to 2010, Ms. Fine identified a problematic issue in the lease: a 4% of gross revenues clause. Ms. Fine suggests replacing the 4% clause with a flat rate as this is in the best interest of the Port and Clover Island Inn.

Ms. Fine will continue working on the lease with Clover Island Inn and will present the lease upon completion of negotiations.

Recessed at 3:26 p.m. for approximately 5 minutes

Reconvened at 3:31 p.m.



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REPORTS COMMENTS AND DISCUSSION ITEMS

A. Vista Field

1. Planning, Environmental and Economic Analysis Update

Mr. Peterson gave a brief report on the Scoping Meeting, Kick-off Meeting and the Charrette meetings. Mr. Peterson shared a PowerPoint presentation from the Open House and Scoping Meeting.

B. Waterfront Center Conference / Congressional and Agency Meetings, Washington, D.C.

Ms. Bader Inglima and Mr. Arntzen gave a report on their trip to Washington, D.C. Mr. Arntzen helped present the awards for the Waterfront Center Awards. Ms. Bader Inglima and Mr. Arntzen met with several senators and/or their staff; the Acting Northwest Division Regional Integration Team for the Corps of Engineers, and the Deputy Director for the National Oceanic and Atmospheric Administration. As a result of their meetings, Jaime Shimek, with Senator Murray's office, will be visiting Clover Island on October 18, 2012 to view the shoreline restoration.

PUBLIC COMMENTS

Ed Frost, 609 W. Albany Avenue, Kennewick. Mr. Frost shared his puzzlement about adopting the Work Plan, how the budget is based on the Work Plan, and then factoring in the Amended Work Plan memo. He does not understand how the documents work together. Mr. Arntzen will work with Ms. Fine to ensure the budget presented to the Commissioners reflects the amended Work Plan memo. Mr. Arntzen stated that he put the memo together in the 11th hour, and we need to consider whether or not to reassess the budget based on the memo. If we do not, our budget will track the old Work Plan. The records request and potential litigation was received very recently and the Port has not had the opportunity to address it in the Work Plan. Mr. Frost suggested two budgets may be helpful: a Work Plan budget and a records request/potential litigation budget. Mr. Frost would like to reinforce the public workshop idea, and would appreciate any changes being made very clearly.

Ed Keenan, 5504 West 11th Avenue, Kennewick. Mr. Keenan stated two years ago the Commission promised to keep the airport open and in that two year interim, Cadwell Industries, built a \$2 million building, and another company built a \$4 million building. Mr. Keenan feels the Commission has a problem now because the Commission promised to keep the airport open. This was in the Master Plan, the Commission promised to keep it open. Mr. Keenan has never heard either one of the two Commissioners present at the vote say "We passed this, this is the way it is, we're gonna keep the airport open. This is our word." He has never heard the Commissioners, or anyone else, say it. This is your word. Mr. Keenan stated these people spent this money on this airport and put their building out there at the airport because the airport is there. He stated the Commission could take a vote right now to say you will stick by the promise, it could be done and over with. He feels this is a management problem. When this problem came up, the Commission should have said "I'm the manager, we are going to keep it open." Mr. Keenan stated the Commission could not keep their word for more than two years, which is sad.

No further public comments were made.



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Due to time constraints, Mr. Novakovich recessed the meeting at 4:06 p.m. for approximately 1 minute before beginning the Executive Session.

Mr. Novakovich anticipates the Executive Session to last approximately 60 minutes for Personnel, per RCW 42.30.110(1)(g) and Potential Litigation, per RCW 42.30.110(1)(i) and Real Estate, per RCW 43.30.110(1)(b) matters, with no action anticipated. Ms. Bader Inglima asked the public to notify Port staff if they will return after the executive session. No one indicated they would return.

Mr. Novakovich reconvened the meeting into Executive Session at 4:07 p.m. for 60 minutes, with no action expected.

EXECUTIVE SESSION

- A. *Personnel, per RCW 42.30.110(1)(g)*
- B. *Potential Litigation, per RCW 42.30.110(1)(i)*
- C. *Real Estate, per RCW 43.30.110(1)(b)*

Ms. Bader Inglima entered and exited the chambers at 5:07 p.m. to extend the Executive Session 15 minutes.

Ms. Bader Inglima entered and exited the chambers at 5:22 p.m. to extend the Executive Session 10 minutes.

Ms. Bader Inglima entered and exited the chambers at 5:32 p.m. to extend the Executive Session 10 minutes.

Ms. Luke exited the chambers at 5:35 p.m. to announce Executive Session had ended. No one was waiting.

Executive Session adjourned at 5:35 p.m. with no action taken.

Due to time constraints, Mr. Novakovich suggested tabling the remaining three items until the next meeting.

The regular meeting reconvened at 5:35 p.m.

MOTION: *Commissioner Barnes: I move that we table the Reports, Comments and Discussion Items C, D and E until the next meeting; Commissioner Wagner seconded. All in favor 3:0. With no further discussion motion carried unanimously.*



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ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 5:36 p.m.

APPROVED:

PORT of KENNEWICK

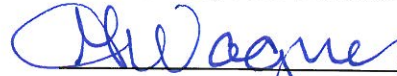
BOARD of COMMISSIONERS



Skip Novakovich, President



Don Barnes, Vice President



Gene Wagner, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2012-46

***A RESOLUTION OF THE PORT OF KENNEWICK BOARD OF COMMISSIONERS
ACCEPTING AND AWARDING A CONTRACT FOR THE CONSTRUCTION OF A
TAXIWAY AND APRON FOR PACIFIC CATARACT AND LASTER INSTITUTE, INC.***

WHEREAS, the Board of Commissioners of the Port of Kennewick approved Resolution 2011-17 authorizing the Port's Executive Director to execute a Purchase and Sale Agreement with Pacific Cataract and Laser Institute, Inc., (PCLI) on June 14, 2011; and

WHEREAS, the Purchase and Sale Agreement specifies the Port will construct a taxiway and apron adjacent to PCLI and Vista Field Airport; and

WHEREAS, the Port utilized the small works roster to solicit bids for constructing a taxiway and apron adjacent to PCLI and Vista Field Airport with Bid D's Construction of Tri-Cities submitting the lowest bid; and

WHEREAS, Bid D's Construction of Tri-Cities submitted a proposal to construct the a taxiway and apron for a cost of \$45,323.55, including sales tax; and

WHEREAS, Port staff has reviewed the wage rates submitted by Bid D's Construction of Tri-Cities during the process to determine the lowest bidder for the construction of the taxiway and apron and determined the proposed rates are consistent with those submitted during the bidding process.

NOW THEREFORE, BE IT RESOLVED that the Port of Kennewick Commission does hereby accept the bid of Bid D's Construction of Tri-Cities to construct the taxiway and apron adjacent to PCLI in the amount of \$45,323.55, including applicable tax and hereby awards the construction contract to Bid D's Construction of Tri-Cities.

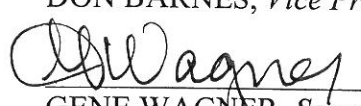
BE IT HEREBY FURTHER RESOLVED that the Executive Director is authorized to enter into a contract between the Port of Kennewick and Bid D's Construction of Tri-Cities to construct the taxiway and apron adjacent to PCLI, and that the Executive Director is further authorized to proceed with all necessary procedures required to complete construction of the project.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 9th day of October 2012.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By: 
SKIP NOVAKOVICH, *President*

By: 
DON BARNES, *Vice President*

By: 
GENE WAGNER, *Secretary*

PORT OF KENNEWICK

Resolution No. 2012-47

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK ADOPTING THE 2013 WORK PLAN

WHEREAS, the Port of Kennewick Commission conducted a Planning Workshop at its Special Meeting on Tuesday, September 25, 2012, to receive public input and discuss in open session proposed plans and development policies to be undertaken and implemented in calendar year 2013; and

WHEREAS, following input from the public and discussion amongst the Commission, the Commission requested additions and modifications to the work plan and policies presented by staff; and

WHEREAS, the requested additions and modifications have been incorporated into the document titled "Port of Kennewick 2013 Work Plan".

NOW, THEREFORE, BE IT HEREBY RESOLVED the Board of Commissioners of the Port of Kennewick hereby adopt the 2013 Work Plan as identified in the document titled "Port of Kennewick 2013 Work Plan" herein attached hereto and identified as "Exhibit A".

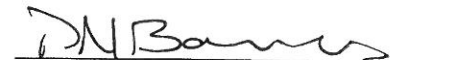
ADOPTED by the Board of Commissioners of the Port of Kennewick this 9th day of October, 2012.

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

By:


SKIP NOVAKOVICH, President

By:


DON BARNES, Vice President

By:


GENE WAGNER, Secretary



PORTofKENNEWICK

2013 WORK PLAN

October 9, 2012
2:00 p.m.
Commission Chambers

350 Clover Island Drive
Suite 200
Kennewick, WA 99336

Tel: (509) 586-1186
Fax: (509) 582-7678

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Spaulding Business Park	Page 12
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West Richland Industrial	Page 14
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Oak Street Industrial Park	Page 18
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Southridge "Dickerson"	Page 20
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Finley / Hedges / Twin Tracks Industrial	Page 22
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Plymouth Industrial	Page 24
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PROSPECTIVE VISION

- **Understand the Vista Field Airport Economic and Transportation Potential**
- Continue to Maximize Economic Efforts by Obtaining Strategic Real Property
- Focus on Waterfront Development/Redevelopment
- Realize & Support Economic Development Opportunities with Wine & Tourism Industry
- Provide Additional Development Building Space Throughout the Port District
- Continue to Secure Grant Funding Opportunities
- Operational Expenses Offset By Operational Incoming—"Close the Gap" (Cost-Benefit Analysis)
- Fund Projects with Resources In-Hand, Not with Bond or Loan Financing
- Pursue Projects with Development Partners Demonstrating Support; (Match Funding, Political Support and Enthusiasm)
- Pursue Fewer Projects While Selecting Projects with the Greatest Investment Return (ROI) to the Port and the District Taxpayers

ACHIEVEMENTS (2011—September 2012)

• VISTA FIELD AIRPORT

- ☑ Vista Field 2011 Airport Master Plan Update (100% Complete)
- ☑ Leased Corporate Hangar B to Aviation Related Business - \$ 15,780 (Annual Income)
- ☑ Closed 3.50 ac Land Sale (Pacific Cataract & Laser Institute) - \$ 470,000

• VISTA FIELD INDUSTRIAL PARK

- ☑ 100% Occupancy - VFDF A and VFDF B
- ☑ Benton PUD Energy and Lighting Rebate for VFDF Buildings (100% Complete)
- ☑ Closed 5.27 ac Land Sale (VFIP II LLC) - \$ 490,000

• OAK STREET INDUSTRIAL PARK

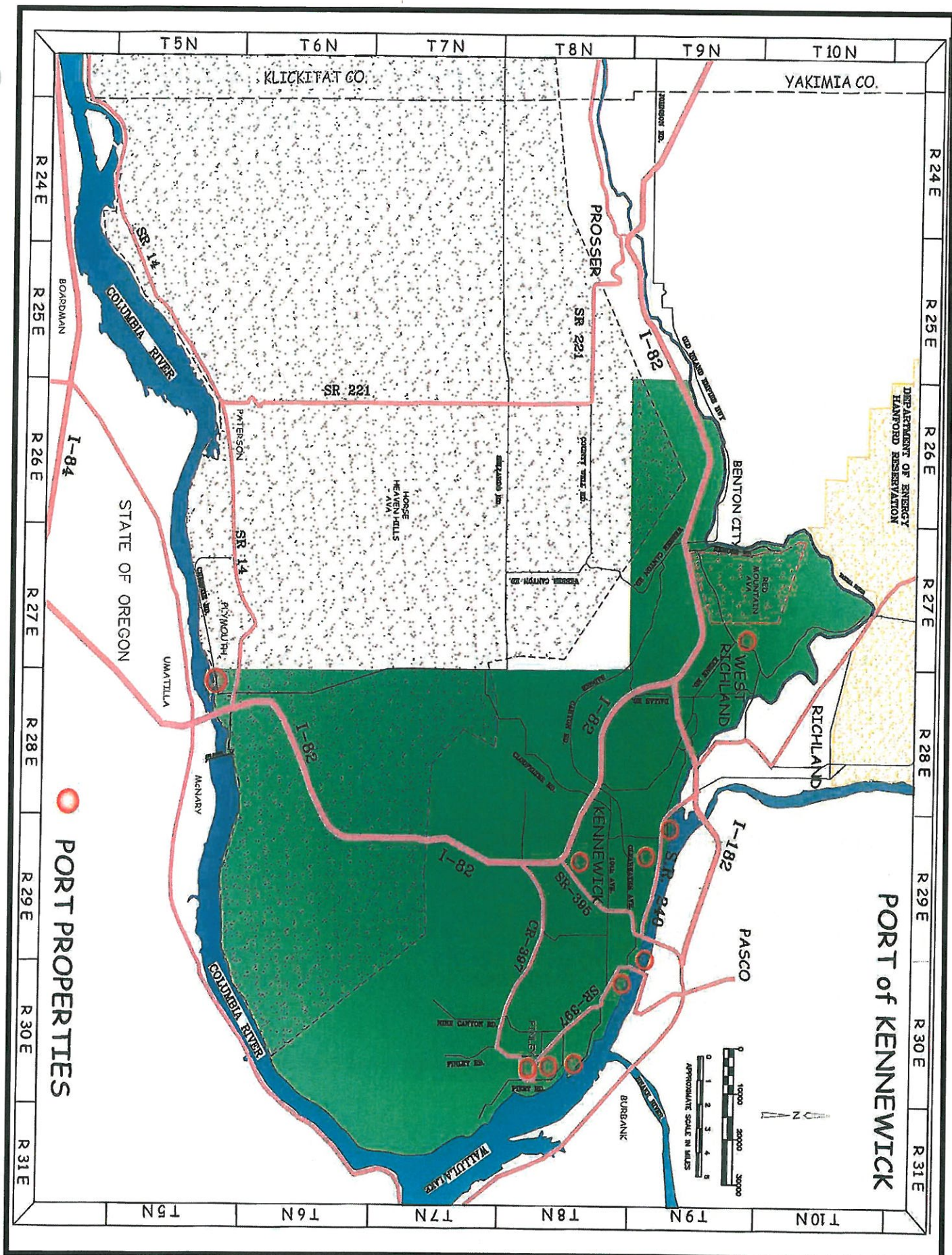
- ☑ DB1 & DB2 Rehabilitation Design (25% Complete)
- ☑ Obtained Benton PUD LEEP Rebate for Lighting Upgrades DB 1/DB 2 - \$ 17,380
- ☑ Obtained Benton PUD LEEP Rebate for Lighting Upgrades Ag Engineering- \$ 11,490
- ☑ 100% Occupancy—DB 3
- ☑ 75% Occupancy—DB 4
- ☑ Partnered With Local and Regional Fire, SWAT and Police Agencies for Training
- ☑ Closed 2.45 ac Land Sale (Donald L. Becker) - \$ 119,600

• FINLEY / HEDGES / TWIN TRACKS INDUSTRIAL

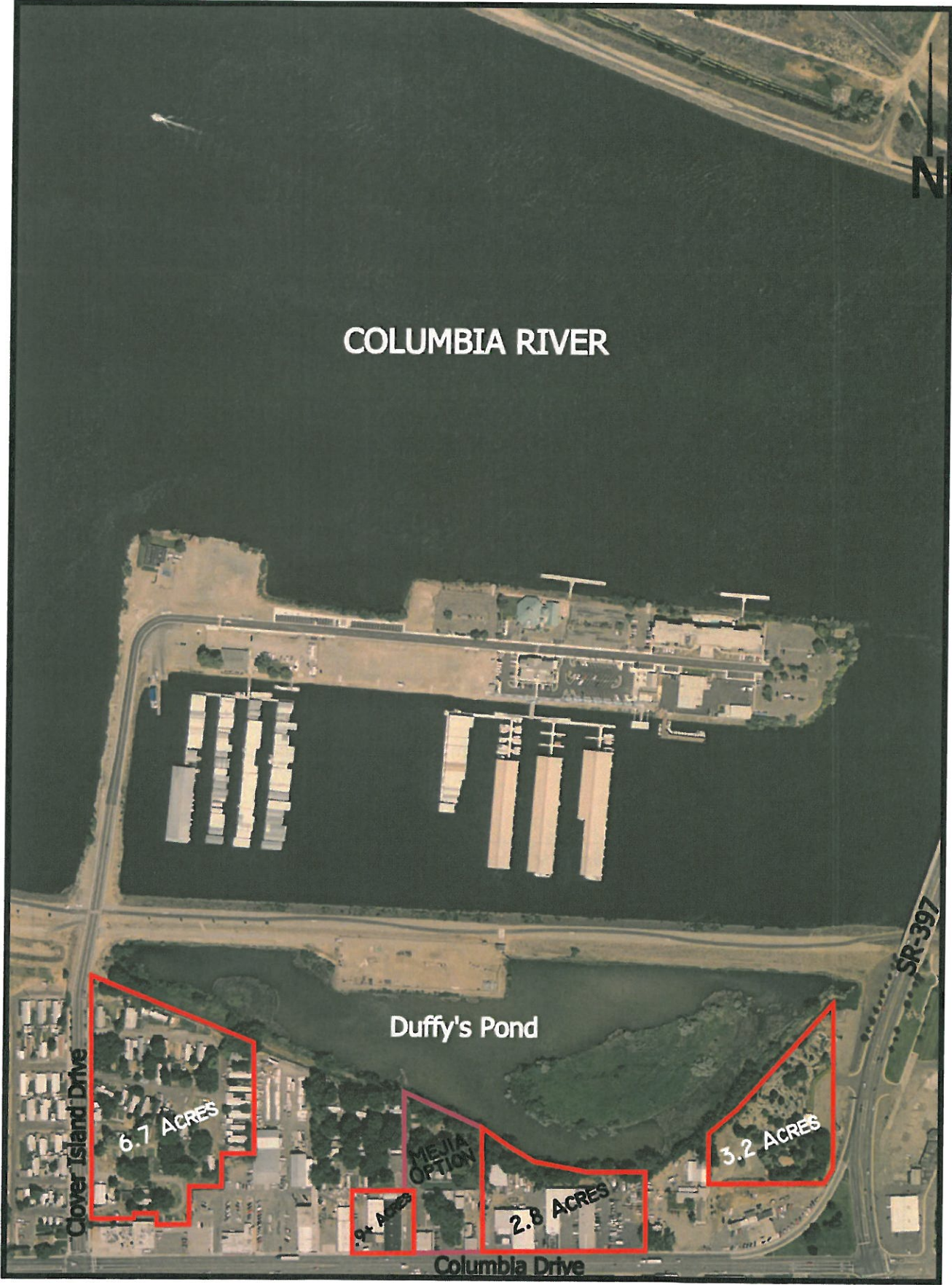
- ☑ Pursue Water Right Transfer for Pending PACLAND Land Sale (90% Complete)
- ☑ Deed Land to Benton County and CID for Piert Road Improvement Project
- ☑ Surveyed and Updated Hedges Parcel Holdings (100%)
- ☑ Reconfigure Property Rail Holdings For Divestment
- ☑ Pending 37.43 ac Land Sale (PACLAND—Hedges) - \$ 220,000

• DISTRICT WIDE

- ☑ Completed Update to Comprehensive Scheme of Development (100% Complete)
- ☑ Completed Redistricting Required Following Census (100% Complete)
- ☑ Transferred Rail Spurs to Private Sector







COLUMBIA RIVER

N

Duffy's Pond

Clover Island Drive

6.7 ACRES

0.4 ACRES

MEJIA
OPTION

2.8 ACRES

3.2 ACRES

Columbia Drive

SR-397



N

MacKay & MacDonald
Red Mountain Center

City Limits

SR-224

Pacific Rim
12 Acres

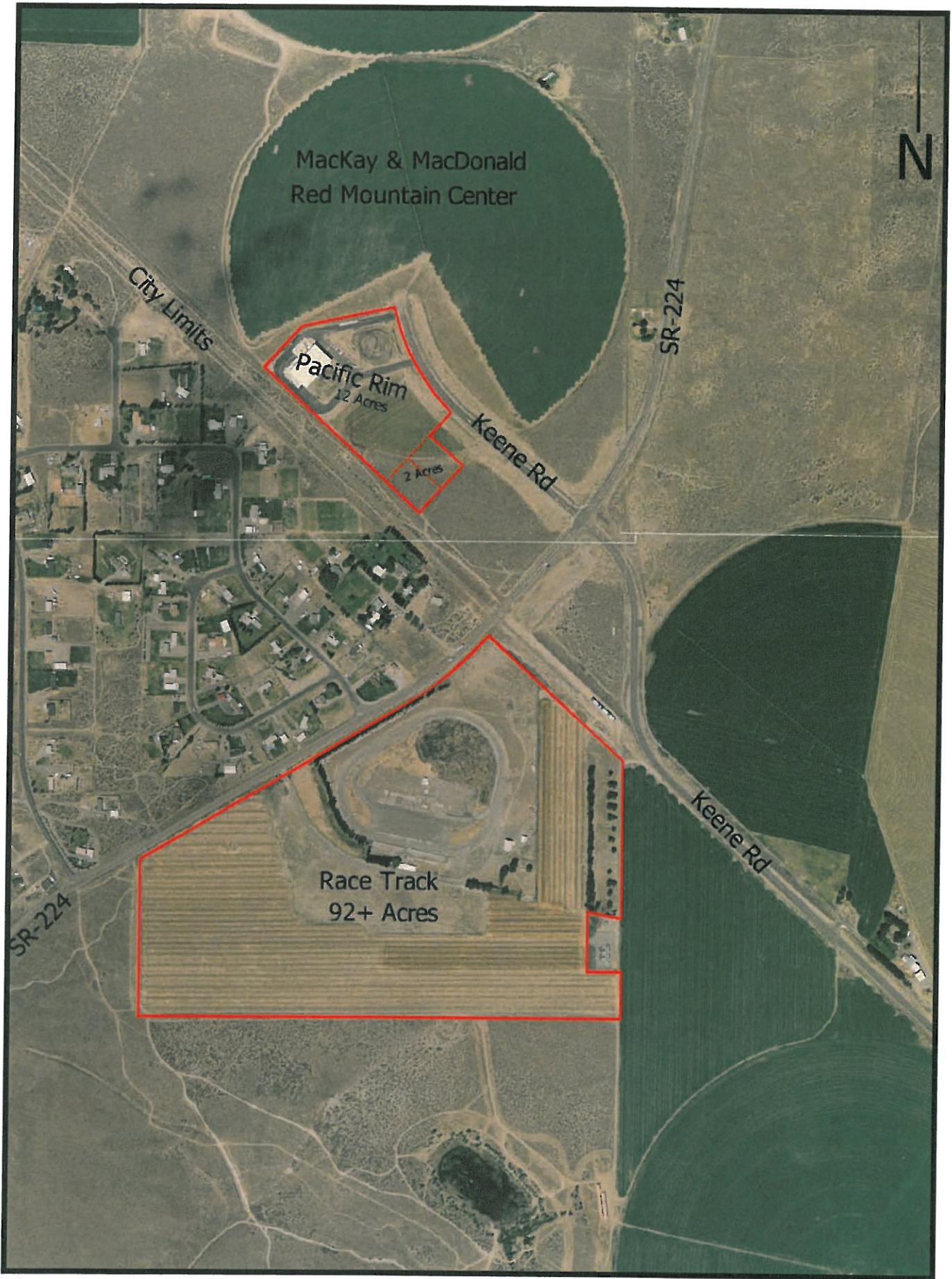
2 Acres

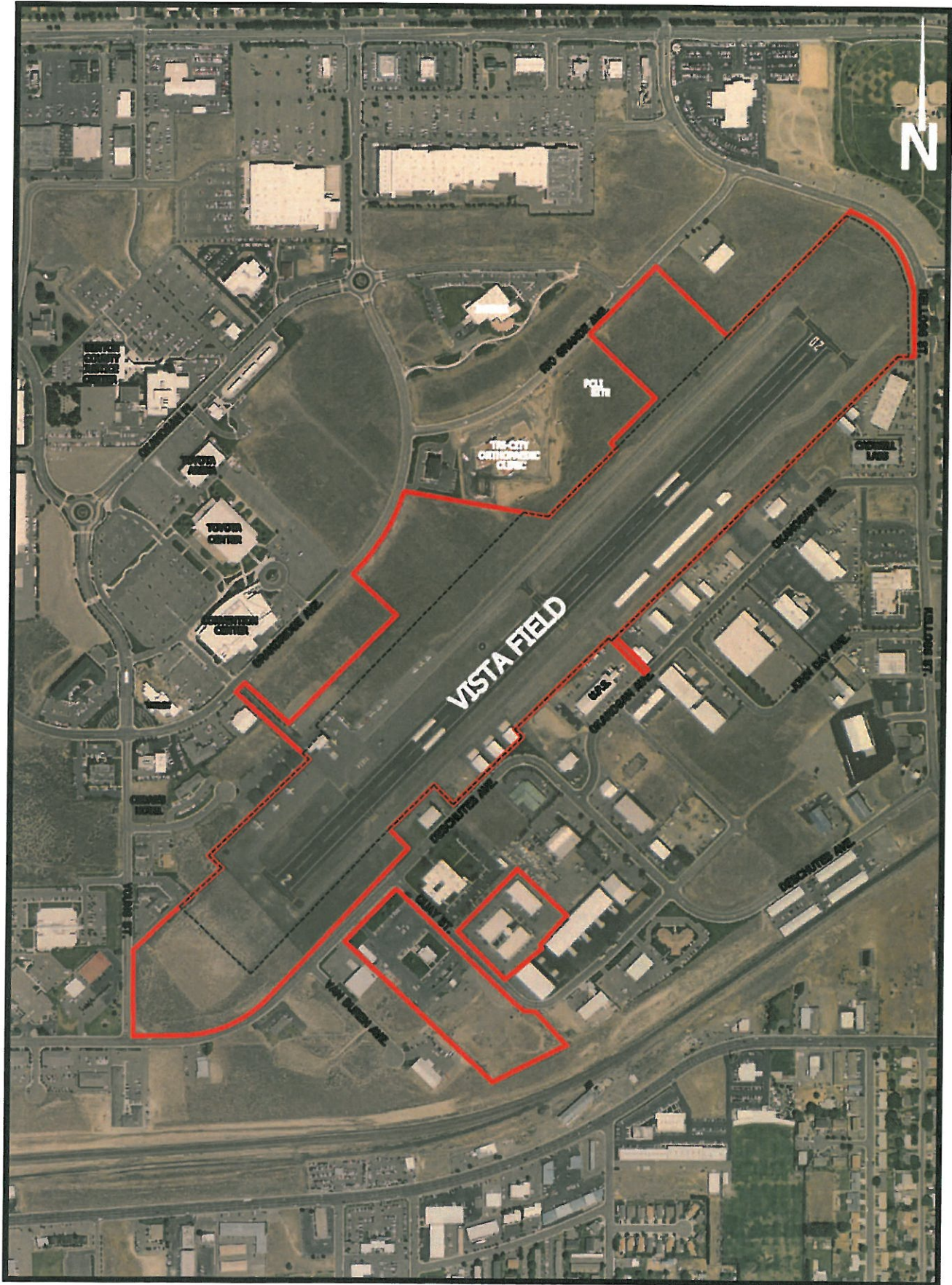
Keene Rd

Race Track
92+ Acres

Keene Rd

SR-224







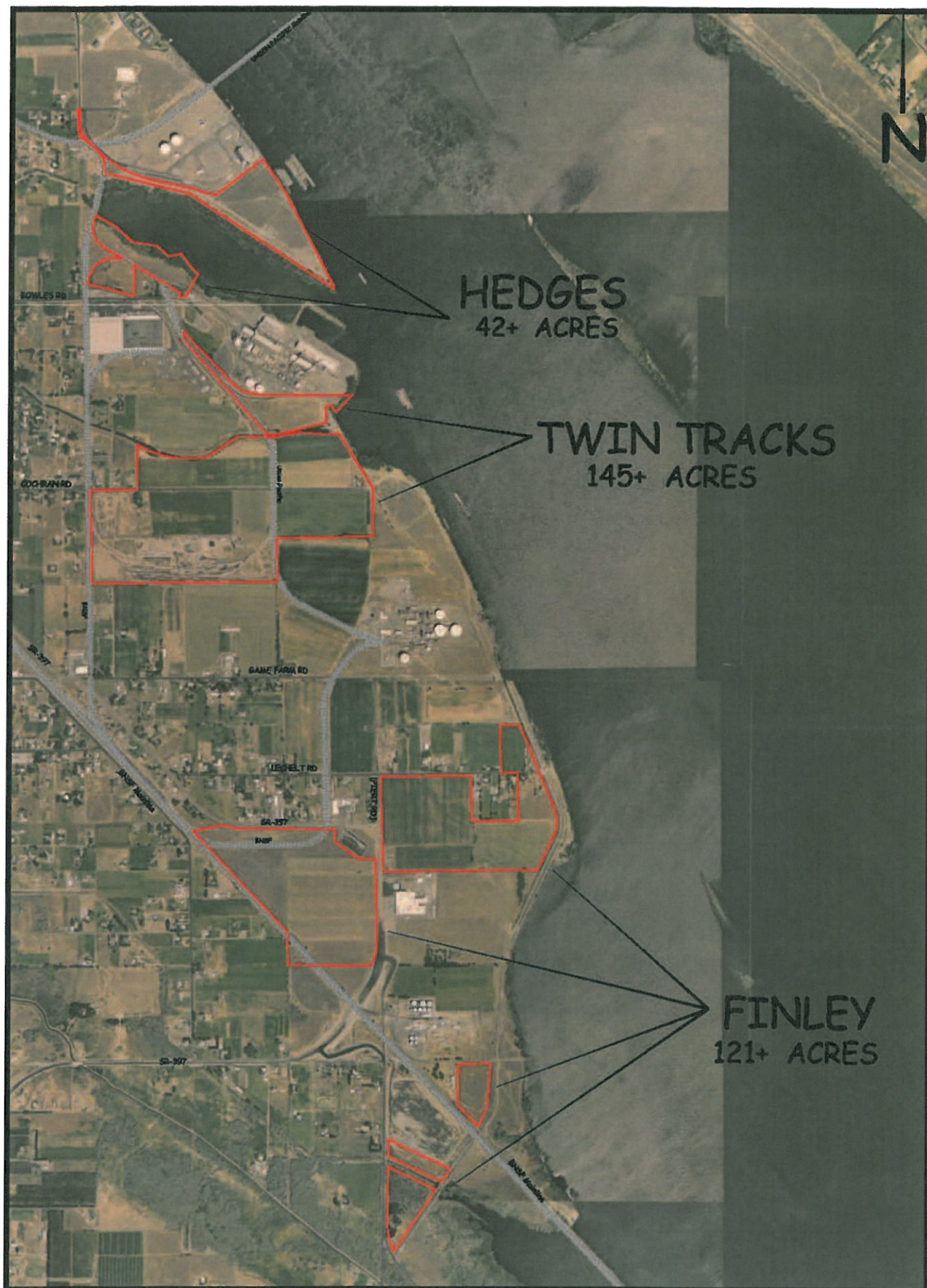


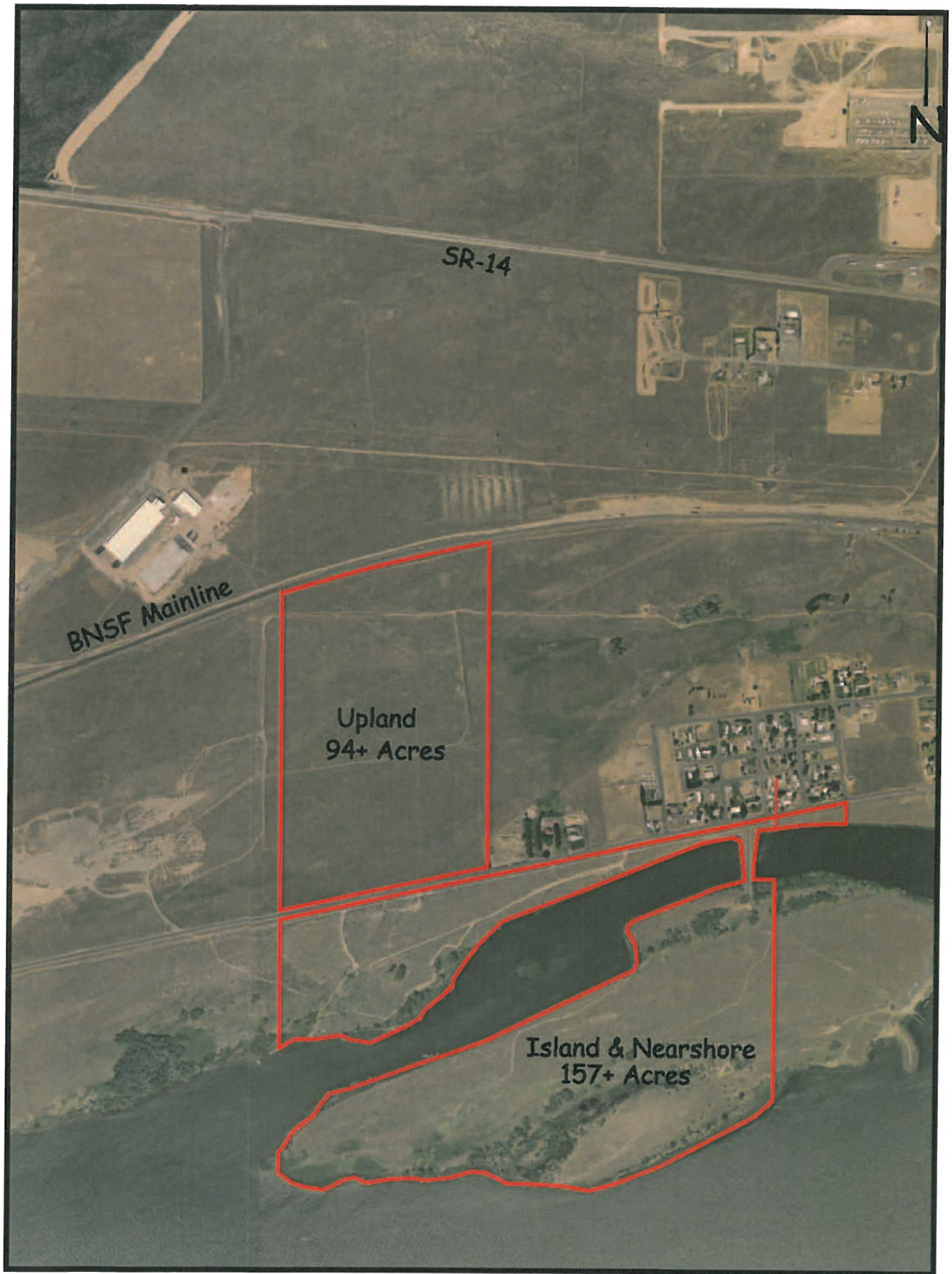
N

HEDGES
42+ ACRES

TWIN TRACKS
145+ ACRES

FINLEY
121+ ACRES





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