



# PORT OF KENNEWICK REGULAR COMMISSION MEETING

AUGUST 25, 2020 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Commissioner Don Barnes called the Regular Commission Meeting to order at 2:00 p.m. via GoToMeeting Teleconference.

## ANNOUNCEMENTS AND ROLL CALL

**The following were present:**

**Board Members:** Commissioner Don Barnes, President (via telephone)  
Skip Novakovich, Vice-President (via telephone)  
Thomas Moak, Secretary (via telephone)

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

## PLEDGE OF ALLEGIANCE

Commissioner Moak led the Pledge of Allegiance.

## APPROVAL OF THE AGENDA

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

## PUBLIC COMMENT

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick stated All Aboard Washington (AAWA) is an effort to restore rail service from Spokane to Pasco, Yakima and the Seattle area; however, he stated there are opportunities to take short trips, for example, Pasco to Zillah. Mr. Burdick inquired if the Port of Kennewick would consider hosting an AAWA presentation. Mr. Burdick understands that the Port is busy over the next few months with the Work Plan and Budget, but perhaps when the schedule opens up, the Port would consider.

Mr. Arntzen and staff will follow up with Mr. Burdick.

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Mr. Arntzen received an email from Brent Gerry, Mayor of the City of West Richland. Mayor Gerry asked Mr. Arntzen to read his email into the record:

Brent Gerry, 3100 Belmont Blvd., West Richland.

*"I wanted to once again thank you and the Port Commissioners for your continued support and partnerships with the City of West Richland. The October 15, 2019 transfer agreement between the City of West Richland and Port of Kennewick allowed the City to purchase the Port's 92+ acre racetrack property for the City's new \$12.5m Police Facility and future economic development opportunities. As part of the transfer agreement, the City assigned \$1.3m of the City's portion of the Benton County Rural County Capital Funds (RCCF) to the Port for economic development projects including but not limited to Vista Field redevelopment projects. Specifically discussed during the negotiations of this agreement was the use of these funds for the Port's proposed Vista Field Hanger Project. This agreement, partnership between the City and Port, and the Vista Field Hanger Project was previously viewed favorably by the Benton County Commissioners as the project was expected to result in a substantial number of permanent jobs and positively impact sales, B&O, and property tax revenue for jurisdictions within the Port district. As we continue to work together to address the numerous challenges our communities face due to the COVID-19 pandemic, I would respectfully request that the Port move forward with the Vista Field Hanger Project and other associated economic development projects. These projects represent an opportunity to help mitigate a portion of the negative impacts on jurisdictions due to the loss of sales tax revenue and jobs within the Port District. Respectfully, Brent."*

No further comments were made.

## CONSENT AGENDA

**A. Approval of Direct Deposit and E-Payments Dated August 18, 2020**

Direct Deposit and E-Payments totaling \$73,056.89

**B. Approval of Warrant Register Dated August 25, 2020**

Expense Fund Voucher Number 102310 through 102343 for a grand total of \$410,542.70

**C. Approval of Regular Commission Meeting Minutes August 11, 2020**

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

## PRESENTATIONS

**A. Duffy's Pond Report**

Ms. Bader Inglima gave a brief history of the Port's involvement at Duffy's Pond, which includes working with the US Army Corps of Engineers (USACE), the City of Kennewick, Fish and Wildlife Services, Department of Ecology and Department of Natural Resources. Port and City staff recently met with Commander Childers and USACE staff to discuss the 1135 Habitat Restoration Project and Duffy's Pond. Commander Childers seemed very supportive of an algae treatment in the Pond and asked his staff to assist us advancing our ideas.

Ms. Hanchette presented the Duffy's Pond Plan remediation and Columbia Gardens upland

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improvements report (EXHIBIT A). Recently, USACE and other federal agencies were able to come up with an aquatic pest management list of approved ingredients that could be used in these types of ponds. The next phase of Duffy's Pond remediation includes addressing the pungent aromas from the algae blooms and decaying plant matter that hampers the shoreline experience. In partnership with the City of Kennewick and USACE, efforts are underway for an aquatic herbicidal treatment of the Pond in early spring of 2021. The City will be submitting the applications to the Department of Ecology and USACE to secure the necessary permits and approvals while the Port will work on the treatment plan and fund the treatment.

Ms. Hanchette stated the Port plans to install a cargo container public restroom at Columbia Gardens in early spring of 2021 and installing fence panels near the food truck plaza to encourage the public to use the stairs between the plaza and the trail. Ms. Hanchette outlined potential projects for Columbia Gardens for 2021-2022:

- Screening: additional screening along the northwest edge of Columbia Gardens;
- Shade Coverings: add shade coverings to the outdoor spaces of the four wineries;
- Install a vineyard or victory garden near Monarcha Winery.

Ms. Hanchette introduced Bart Fawbush of Bartholomew Winery, who will be discussing the potential upland improvements.

Mr. Fawbush stated due to COVID-19, revenues are down, so shade options on the patios will be very helpful to make the outdoor space more comfortable. Mr. Fawbush believes momentum is starting to build with the food trucks and once we can get back to the new normal, we should be able to take what the Commission started and take it to the next level. But for now, having those additional improvements improves the functionality of the space.

Commission and staff discussion ensued regarding the Duffy's Pond remediation and Columbia Gardens upland improvements.

## PUBLIC COMMENT

No comments were made.

***MOTION: Commissioner Novakovich moved to approve Resolution 2020-16, accepting the Duffy's Pond Remediation and Upland Improvements report by Port staff, and approving goal #4 of the CEO's goals and objectives and further moves that all action by Port officers and employees in furtherance hereof is ratified and approved; and further that the Port Chief Executive Officer is authorized to take all action and to pay all expenses necessary in furtherance hereof; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.***

### ***B. Quarterly Financial Update***

Mr. Kooiker presented the second quarter budget update and financial highlights (EXHIBIT B). Mr. Kooiker stated, as always, the numbers are subject to change. Mr. Kooiker outlined the 2021-2022 Budget and Work Plan schedule:

- September 8, 2020: Work Plan/Budget Elements Discussion
- September 22, 2020: Work Plan Workshop

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- October 13, 2020: Work Plan Adoption
- October 27, 2020: Budget Presentation Workshop
- November 10, 2020: Budget Adoption

## EMERGENCY DELEGATION UPDATE

Ms. Hanchette stated Ice Harbor at the Marina has requested additional outside patio space near the fountain. Port staff is working with Mike Hall on that request.

## RECESS

*Commissioner Barnes called for a recess for at 3:03 p.m. for five minutes.*

*Commissioner Barnes reconvened the meeting at 3:08 p.m.*

## REPORTS, COMMENTS AND DISCUSSION ITEMS

### A. Vista Field

#### 1. Construction and Task Status Update

Mr. Peterson met with City staff this morning to conduct the substantial completion walk through. The City will provide a list of items to the Port and Total Site Services that need to be addressed prior to the City accepting the project. Mr. Peterson stated Ben Floyd, Doris Goldstein, and Foster Garvey continue to work on the Vista Field Property Owner's Association and DPZ Partners continues to work on the list of questions posed earlier this year.

#### 2. Hangar Memo

Mr. Arntzen stated before the Commission is a memo regarding the Vista Field Hangars (EXHIBIT C) which discusses options for moving forward. Mr. Arntzen believes the Commission may consider adding a substantial line item for Vista Field capital projects to the 2021-2022 Budget and Work Plan without specifically addressing the Hangars and identify projects at a later date. Mr. Arntzen outlined several options that the Commission may consider for further options for the Hangars.

Commissioner Barnes does not advocate selling the Hangars and releasing 100% control but envisions more of a public/private partnership where the Port owns the land and the private sector leases the land and owns the building and improvements, much like the arrangement we have with Cedars.

Commissioner Novakovich believes three things the Commission should consider before moving forward:

- Should the Port maintain control of hangars;
- Budget for Vista Field improvements, but not specifically allocating the funds to certain projects;
- The Commission should pause until we see what effects COVID-19 will have on the economy and the demand for property at Vista Field.

Commissioner Moak stated the Port can maintain control of the hangars in a variety of ways, including the collaborative design process. Commissioner Moak is not opposed to selling the

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hangars, as long as we work through the collaborative design process with the potential buyer. Commissioner Moak stated the hangars were meant to create vibrancy at Vista Field; however, it might be a good idea for the Port to tear them down and start over. Additionally, he believes there needs to be an anchor to the southern boundary and thinks the hangars may require more work than the Commission may want to invest. Commissioner Moak likes the Cedars analogy, but does not know how that would work with the Opportunity Zone (OZ) rules.

Commissioner Barnes stated in response to Commissioner Novakovich's comments, the Port should absolutely maintain control of the hangars. Additionally, Commissioner Barnes believes we should allocate money to Vista Field, but he cannot see spending \$8,000,000 to \$11,000,000 on the hangars. Furthermore, he does not know if we need to pause on moving forward with Vista Field because of the virus, but he would welcome and encourage staff to engage with members of the private sector to see if there is any interest in purchasing the improvements. Commissioner Barnes suggested the Port maintain ownership on one of the hangars and complete the renovations as Mr. Robison suggested and then sell the two others with land lease options.

Mr. Arntzen stated if the Commission directed staff to look at several options, that could take several months to research, which may be enough time to see what the effects of COVID-19 are. Additionally, Mr. Arntzen believes the Mayor of West Richland would like the Port to utilize the \$1,300,000 as quickly as possible so that the City does not have to carry on the books.

Commissioner Moak thinks if we tore down the hangars, the Port would not need to build \$11,000,000 in improvements, but rather look at what the Port could do to create vibrancy in the areas, such as install container buildings for lease. Commissioner Moak is in favor of exploring a land lease option, further investigation into containers, and discussions with local art groups.

Commissioner Barnes would like staff to explore a potential ground lease option, furthermore, he is open to remodeling one of the hangars as a model, to create vibrancy in the development.

Mr. Peterson stated DPZ believes the structures should be maintained to frame the development. Additionally, the intention of his question of, does the Port want to maintain property or buildings like on Clover Island or Columbia Gardens, or sell all of the property to the private sector, as we did at Spaulding Business Park.

Mr. Arntzen reiterated the agreed upon Commission comments and would like to draft a memo regarding today's discussions, with a narrowed down focus. Mr. Arntzen envisions putting a small team together to address the scope of work defined by the Commission.

Commissioner Barnes reiterated his idea of a public/private partnership, much like the Cedars ground lease and does not support spending staff time and resources looking into something outside or beyond that.

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## ***B. Clover Island/Columbia Drive***

### ***1. Kennewick Waterfront Master Plan Update***

Mr. Peterson stated Makers architecture and urban design recently completed the first online public input process for the Kennewick Waterfront. The process resulted in over 7,500 visits to the website, 1,700 unique visitors, 100+ comments, and 66 survey responses.

## ***C. Communications with Public***

Ms. Bader Inglima worked with Makers on the Kennewick Waterfront District Master Plan survey, which generated over 400,000 impressions and 850 click throughs. Ms. Bader Inglima reported that the Port recently began running four TV spots that promote Clover Island and Columbia Gardens.

Mr. Arntzen applauded Mr. Peterson and Ms. Bader Inglima's work with Makers on the Kennewick Waterfront survey. Additionally, when Mr. Arntzen and staff met with the USACE regarding the 1135 project, he heard a number higher than what we initially heard and budgeted.

## ***D. Director Reports***

Ms. Bader Inglima reported that the Marina is busier than it has ever been and Ms. Yates has been managing the restrictions expertly. Ms. Bader Inglima received a note from Vijay Patel about how helpful Ms. Yates was when he was obtaining a slip.

Ms. Luke reported on the recent teleconference with Judge Kallas and counsel on Thursday, August 13, 2020 to discuss the hearing schedule for the complaint appeal process and whether witness names would be used during the briefing and hearing. Ms. Luke stated the hearing date has been postponed until November 20, 2020 in the hopes to have an in-person hearing, which will be conducted as a Special Commission Meeting. However, if the Port is still not having in-person meetings, we will conduct the hearing remotely. Judge Kallas also granted Commissioner Barnes' request to utilize the witness names during the briefing and hearing. Furthermore, Judge Kallas reiterated the scope of the hearing, which is going to be based on the records developed in the investigative file by Ms. Parker.

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

Commissioners reported on their respective committee meetings.

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

No comments were made.

## **PUBLIC COMMENTS**

No comments were made.

## **COMMISSION COMMENTS**

No comments were made.

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## ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:59 p.m.

### ***APPROVED:***

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

  
\_\_\_\_\_  
Don Barnes, President

  
\_\_\_\_\_  
Skip Novakovich, Vice President

  
\_\_\_\_\_  
Thomas Moak, Secretary

\*The August 25, 2020 Commission Meeting Minutes were Approved by the Port of Kennewick Commissioners on September 8, 2020 at the Regular Commission Business Meeting.

# PORT OF KENNEWICK

## Resolution No. 2020-16

### ***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK ACCEPTING THE DUFFY'S POND REMEDIATION & UPLAND IMPROVEMENTS REPORT***

**WHEREAS**, The Commission has directed that staff present relevant information related to the remediation and upland improvements for Duffy's Pond; and

**WHEREAS**, The Port CEO, working with the Director of Real Estate and Operations, Deputy CEO and others, including staff from the City of Kennewick and Corps of Engineers, have researched these matters and provided a detailed report; and

**WHEREAS**, The Commission-directed task has been concluded and the results are hereby presented to the Commission for consideration; and

**WHEREAS**, Staff recommends that the Commission accept the Duffy's Pond Remediation & Upland Improvements report outlined in Exhibit A.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Board of Commissioners of the Port of Kennewick hereby accepts the Duffy's Pond Remediation & Upland Improvements report.

**BE IT FURTHER RESOLVED** the Commission acknowledges Goal 4 of the CEO's 2019-20 Goals and Objectives to "Design and complete plan for Eagle (Duffy) Pond restoration" is complete.

**BE IT FURTHER RESOLVED** that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 25<sup>th</sup> day of August, 2020.

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


By:

  
DON BARNES, *President*

By:

  
SKIP NOVAKOVICH, *Vice President*

By:

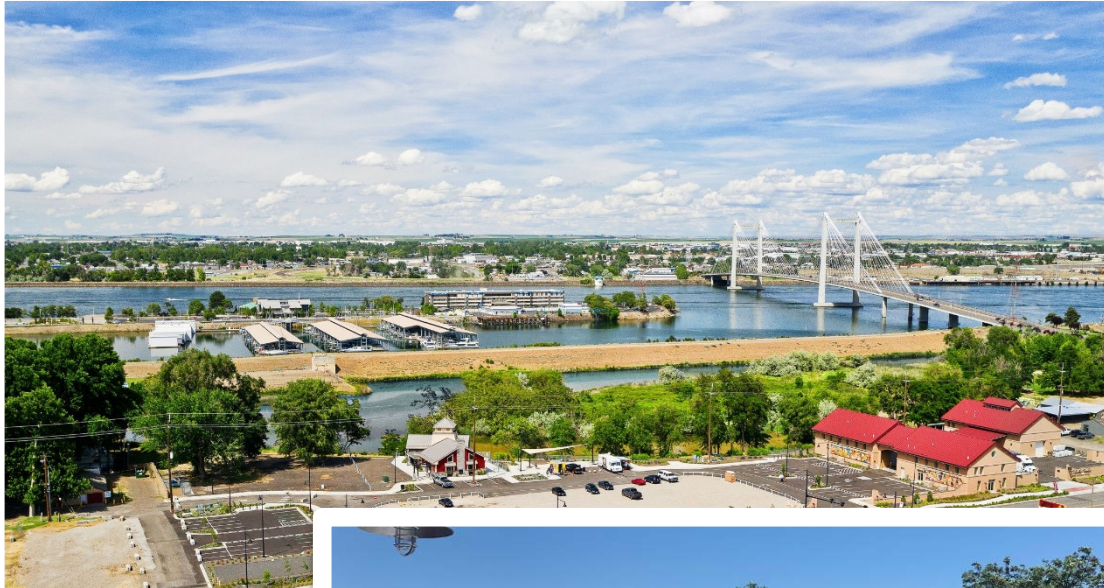
  
THOMAS MOAK, *Secretary*



# DUFFY'S POND PLAN

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## REMEDIATION & UPLAND IMPROVEMENTS



## DUFFY'S POND PLAN REMEDATION & UPLAND IMPROVEMENTS

### Subject Area Description

Duffy's Pond is located adjacent to the Columbia River separated only by the U.S. Army Corps of Engineers (USACE) flood control levy. The pond, levy and pump station are owned by the USACE with certain elements of the shoreline trails, pocket park, water quality, and maintenance under lease between the USACE to City of Kennewick. The Port of Kennewick owns property adjacent the pond.



EXHIBIT A

### Multi-Jurisdictional Partnerships

Throughout the last several years, port and City of Kennewick staff met with a variety of representatives from the USACE to discuss maintenance possibilities, pond aesthetics, riparian improvements and algae concerns related to the pond.



Tours and discussions with USACE Walla Walla District Commanders and their staff led to the port removing overgrowth, noxious plants and invasive trees along the shoreline—improving both the view shed and shoreline habitat.



However, port efforts to address the pungent aroma from algae blooms and decaying plant matter were stalled as the USACE awaited Federal guidance related to National Marine Fisheries approved methods for chemical treatment on any/all USACE aquatic lands.



ALGAE BLOOM AT DUFFY'S POND.



USACE COMMANDER INSPECTS DUFFY'S POND

In early 2020, port staff received word from USACE representatives that after more than five years of consultation with the National Marine Fisheries and US Fish and Wildlife Services, the USACE had finally received guidance on Aquatic Pest Management and a list of approved active ingredients for aquatic herbicides. Port staff then approached the City of Kennewick, as leaseholder for the pond, to discuss steps forward in treating the pond for algae.

### Remediation Action Plan

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*January 7, 2020*

*Glad we got to talk and look forward to a field site visit at Duffy's Pond. Below is a list of active ingredients in aquatic registered herbicides that USACE is allowed to use under the Walla Walla District Aquatic Pest Management Endangered Species Act consultation. There are also various mechanical tools and timeframe restrictions, etc. I can explain all that when we meet.*

*Damian Walter, Walla Walla District*

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Port and City of Kennewick staff are working in partnership and consultation with USACE staff to develop an approved algae treatment plan for Duffy's Pond. The City of Kennewick has agreed that it will obtain the necessary NPDES permits and real estate authorization from USACE (at cost of between \$3k and \$5k). Port staff has contacted Lakeland Restoration—a licensed and experienced aquatic herbicidal treatment contractor to assess and develop a treatment strategy for action once city permits are obtained.

*Funding was identified within current 2019/2020 budget for initial assessment and to develop the treatment plan.*

Agency permits can typically take between three and six months for approval under normal circumstances. The COVID-19 pandemic has caused some agencies to furlough employees and others are working limited hours or remotely. As a result, we anticipate the pandemic may very likely impact our permit approval timelines due to staffing constraints and government imposed restrictions. There are also restrictions related to water flow and USACE pump operations which affect the timing of herbicidal applications and dissipation rates at the pond.

Because of the permitting and timing restrictions, the optimum time for treatment of algae through an aquatic herbicidal application has been determined to be early springtime when USACE pumping activity between Duffy's Pond and the Columbia River is at its lowest due to flow activity into the pond.

Port staff is working with the City to develop the treatment plan and seek permits now, in preparation for a spring 2021 algae treatment at Duffy's Pond.

*It is anticipated that the herbicidal application by a professional licensed contractor will cost \$15,000.*

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*February 13, 2020*

*We have the capability of manually pumping down the pond to a lower level which depending on runoff and flows into the pond may give us several days of not pumping before the pond water level would reach a point that would require us to pump it down. However June thru August is height flow due to the runoff of inland irrigation that finds its way to our ditches; so probably can only pump down and get a day or two without having to pump. This was interesting to me. So March thru May or until the irrigation supply and run-off kick in will be more conducive for treatment and probably allow more time/days without having to pump.*

*Damian Walter, Walla Walla District*

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### **Duffy's Pond Adjacent – Columbia Gardens Upland Improvements Plan**

As a complement to the Duffy's Pond aquatic treatment, a number of Columbia Gardens improvements were identified as enhancements that would improve the public experience along the historic Kennewick waterfront:

**Food Truck Plaza Restroom** – Port staff is working with an experienced supplier to create and provide a low-maintenance restroom, constructed from a cargo container, which would be located adjacent to the Columbia Gardens Food Truck Plaza and public trail. Given the pandemic having closed a number of manufacturing facilities and thus restricting availability of materials, production timelines have been impacted. The custom container production is now expected to take between three and four months to ship. As a result, installation of the restroom is expected to be delayed to winter 2020/spring 2021.

*Funding for restroom and on-site installation was identified within the 2019/2020 budget.*



**Food Truck Plaza Fence**— A section of fence similar in height to that surrounding the tasting room patios would be installed along the northern edge of the Food Truck Plaza to protect the landscape plants, rock mulch and slope integrity, and to encourage appropriate use of adjacent stairs and pathway by visitors, children and enthusiastic pets eager to access the water's edge.

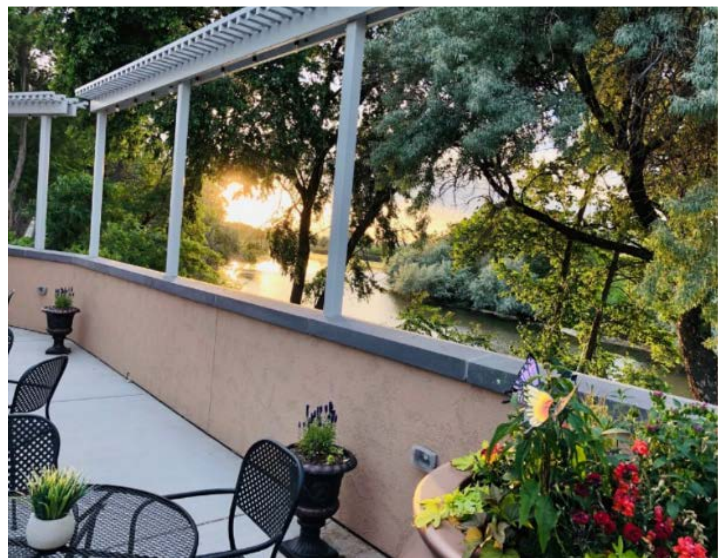


*Project will be completed within 2020 maintenance budget.*

**Patio Shade Structures** – Bartholomew, Monarcha, Gordon Estate, and Cave B wineries all lease space from the port and have patio spaces adjacent Duffy's Pond. While these patios all provide space to enjoy world class wines, during the peak tourism summer months those patios receive much direct sunlight and it can become unbearably warm. In addition, COVID-19 restrictions are limiting wineries to patio-service only. Given those impacts, port staff is exploring shade options including coverings similar to the shade sail over the Food Truck Plaza.



*Cost is estimated at \$40,000 for sails to shade winery tasting room patios.*



Screening Planters – Port staff have discussed landscape screening options with Arthur Job of Jobs Nursery for the west end of the port’s Columbia Gardens property. Container Bamboo or other fast growing, tall plantings would offer natural, sustainable and viable screening for that site.

*Cost is estimated at \$75,000 for either concrete containment planters or in-ground barrier material along the western block wall, irrigation system, design, permits, plants, and project management.*

Demonstration Vineyard / Victory Garden – A small patch of ground on the north end of the Date Street (heritage mural) parking lot was purposefully left undeveloped during construction. As a way of continuing to celebrate the many agricultural achievements of our community, port staff is exploring the interest in/possibility of a demonstration vineyard or victory garden with local experts and adjacent tenants.

*Cost estimated at \$20,000 for irrigation, plantings, and maintenance oversight.*



## PORT OF KENNEWICK

## Financial Highlights

UNAUDITED &amp; IN DRAFT FORM - ACCRUAL BASIS OF ACCOUNTING

Jan 1, 2020 through June 30, 2020

Financial Highlight Summary						
* Benchmarks	75%	Revenues	75%	Expenses		
* Ending Cash/Investments	\$	13,030,564				
* Cash Restricted by Commission	\$	2,500,000				
* Accounts, Notes, & Taxes Receivable	\$	3,276,352				
* Total Assets	\$	70,438,870				
* Total Liabilities (not including OPEB or Pension)	\$	911,097				

DESCRIPTION	2019 & 2020 BUDGET	2020 ACTUAL	2019 ACTUAL	2019/2020 Actual Total	UNDER BUDGET (OVER)	% Reached To Date
<b>OPERATING REVENUES</b>						
Marine Division	\$ 596,242	\$ 150,951	\$ 306,073	\$ 457,024	\$ 139,218	77%
Property Management Division	\$ 1,708,450	\$ 555,243	\$ 965,758	\$ 1,521,001	\$ 187,449	89%
<b>Total Operating Revenues</b>	<b>\$ 2,304,692</b>	<b>\$ 706,194</b>	<b>\$ 1,271,831</b>	<b>\$ 1,978,025</b>	<b>\$ 326,667</b>	<b>86%</b>
<b>OPERATING EXPENSES</b>						
Marine Division	\$ 570,291	\$ 151,366	\$ 246,080	\$ 397,445	\$ 172,846	70%
Property Management Division	\$ 2,440,166	\$ 527,454	\$ 1,019,529	\$ 1,546,984	\$ 893,182	63%
Corporate Division	\$ 2,286,426	\$ 613,219	\$ 1,198,290	\$ 1,811,509	\$ 474,917	79%
<b>Total Operating Expenses</b>	<b>\$ 5,296,883</b>	<b>\$ 1,292,039</b>	<b>\$ 2,463,899</b>	<b>\$ 3,755,938</b>	<b>\$ 1,540,945</b>	<b>71%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>\$ (2,992,191)</b>	<b>\$ (585,845)</b>	<b>\$ (1,192,069)</b>	<b>\$ (1,777,913)</b>	<b>\$ (1,214,278)</b>	
<b>NON-OPERATING REVENUES</b>						
Real Estate Division - Gain (Loss) on Sale of Assets	\$ 400,000	\$ 1,000	\$ 1,150,393	\$ 1,151,393	\$ (751,393)	288%
Economic Development & Planning Division Grants, Loan & Insurance Proceeds	\$ 8,011,000	\$ 352,191	\$ 2,068,787	\$ 2,420,978	\$ 5,590,022	30%
Ad Valorem Tax	\$ 8,529,907	\$ 4,342,767	\$ 4,214,230	\$ 8,556,998	\$ (27,091)	100%
Other Non-Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest Income	\$ -	\$ 68,867	\$ 208,840	\$ 277,706	\$ (277,706)	
<b>Total Non-Operating Revenues</b>	<b>\$ 16,940,907</b>	<b>\$ 4,764,825</b>	<b>\$ 7,642,251</b>	<b>\$ 12,407,076</b>	<b>\$ 4,533,831</b>	<b>73%</b>
<b>NON-OPERATING EXPENSES</b>						
Real Estate Division	\$ 144,579	\$ 21,065	\$ 49,723	\$ 70,788	\$ 73,791	49%
Economic Development & Planning Division	\$ 352,708	\$ 124,853	\$ 211,023	\$ 335,877	\$ 16,831	95%
Public, Governmental Relations, and Other Non-Operating Cost	\$ 2,611,977	\$ 433,510	\$ 914,395	\$ 1,347,905	\$ 1,264,072	52%
Vista Field Ongoing Closure & Decommissioning Cost	\$ 42,097	\$ -	\$ -	\$ -	\$ 42,097	0%
<b>Total Non-Operating Expenses</b>	<b>\$ 3,151,361</b>	<b>\$ 579,428</b>	<b>\$ 1,175,142</b>	<b>\$ 1,754,570</b>	<b>\$ 1,396,791</b>	<b>56%</b>
<b>Operating &amp; Non-Operating Revenues Over Expenses (Under Expenses)</b>	<b>\$ 10,797,355</b>	<b>\$ 3,599,552</b>	<b>\$ 5,275,040</b>	<b>\$ 8,874,593</b>		
<b>CAPITAL EXPENDITURES</b>	<b>\$ 14,971,853</b>	<b>\$ 2,010,695</b>	<b>\$ 7,731,544</b>	<b>\$ 9,742,238</b>	<b>\$ 5,229,615</b>	<b>65%</b>



The background image shows a park at night. Several tall, cylindrical totem poles are illuminated from within, casting a warm glow. They are made of vertical wooden poles with intricate carvings. The park has a paved path, some trees, and other structures in the background, all under a dark blue night sky.

Port of Kennewick

## Quarterly Budget Update – 2<sup>nd</sup> QTR 2020

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### Managing Resources & Accountability

by Nick Kooiker, CFO/Auditor



# Operating Division

## Revenue & Expenses



**Revenues:**  
**\$1,978,025**

- Benchmark of 75%
- 86% collected through June
- Oak Street Development Buildings revenues higher than expected



**Expenses:**  
**\$3,755,938**

- Benchmark of 75%
- 71% expensed through June





# Non-Operating Division

## Revenue & Expenses



**Revenues:**  
**\$12,407,076**

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- 75% Benchmark
- 73% collected through June
- Property tax revenues booked for entire year
- Southridge & West Richland Raceway sales not anticipated
- Insurance Proceeds Received



**Expenses:**  
**\$1,754,570**

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- 75% Benchmark
- 56% Expended through June
- Port has expended less on marketing expense

# Capital Projects

## 2019/2020 Capital Projects

PROJECT	BUDGET	19/20 ACTUAL	REMAINING
Shoreline Restoration	\$ 1,500,000	\$ 258,174	\$ 1,241,826
Clover Island Master Plan	\$ 250,000	\$ 48,404	\$ 201,596
Vista Field Redevelopment	\$ 7,809,314	\$ 6,378,158	\$ 1,431,156
Vista Field Traffic Impacts, Owners Assn, Town Planner	\$ 335,000	\$ 84,862	\$ 250,138
Vista Field Loan Payments	\$ 450,000	\$ 224,540	\$ 225,460
Columbia Drive	\$ 2,406,165	\$ 2,196,016	\$ 210,149
Columbia Park Trail Improvements	\$ 800,000	\$ 0	\$ 800,000
ROI Project	\$ 0	\$ 0	\$ 0





# 2021/2022 Budget Calendar

September 8, 2020  
Work Plan/Budget Elements Discussion

September 22, 2020  
Work Plan Workshop

October 13, 2020  
Work Plan Adoption

October 27, 2020  
Budget Presentation Workshop

November 10, 2020  
Budget Adoption





# Thank You

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**MEMORANDUM**

To: Port Commission

From: Tim Arntzen, CEO

Date: August 25, 2020

Re: Vista Hangars, Further Discussion

The commission directed that staff present a development strategy with respect to a buildout of the Vista Hangars. On July 28, 2020 staff and consultants presented to the commission a report detailing a fully renovated buildout with additional information which considered the optional cost of new construction. Substantial commission discussion ensued; with the commission expressing little or no desire to remodel the hangars as identified in the report (i.e. a full renovation buildout with expenses ranging from \$4,000,000 to \$11,000,000). In the meeting of August 11, 2020, the commission accepted the CEO's offer to discuss the issue further at the next commission meeting (August 25, 2020).

It appears that the commission would like have further discussion to determine what, if any,

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***(Peterson believes the primary question to be: Is it important at Vista Field that the Port maintain control over a portion of the site (like Clover Island, Columbia Gardens) to curate the tenant/use mix OR should the Port sell (like Spaulding) and let the tenant mix be driven 100% by the private sector? I believe this needs to be answered first...and the recent discussions with the DPZ team yielded the recommendation that the master developer (Port) retain control of those properties and not conditionally sell and hope for the best. Per Lizz the developers they work with retain the crucial pieces (such as the hangars and the gateway location and the first vertical improvements set the tone so it's imperative that tone is set properly. Once the Sell and Condition use or Retain a Control use question is answered it seems the discussion could move to the next step, but the Commission needs to Start at the Start. Would the Commission rather have \$500,000 or absolute control of their current focal property? What better "thing" could the Commission do with \$500,000? Heck float idea that the sale price should be at least the purchase price (recent Racetrack example) and see the response.***

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action should be taken regarding the hangars. Such discussion could include proceeding with lean hangar remodeling and associated budgeting; selling the hangars; demolishing and rebuilding anew; value engineering the project; or putting the hangars on pause while considering the mostly unknown and potentially significant impact that the Coronavirus Pandemic might have on all future land sales and construction at Vista Field overall. Such a pause would also allow

the Commission to assess the changing market conditions and be sensitive to avoid competition with a potential glut of vacant office, commercial and restaurant space within the community.

Due to the magnitude of policy and budget implications, discussion regarding the hangars' future seems to warrant ample consideration. It is a weighty matter and commission may want to take an extensive look at a variety of options. Such a thoughtful review would take some time. And I would ask does commission wish to remain consistent with the extensive public input process established for Vista Field planning, and if so, should any analysis include public participation? In addition, the 2021/2022 work plan and budget have legal deadlines and staff and commission must move forward in finalizing those documents. Thus, taking a calculated approach with respect to the hangars might seem problematic at first glance. However, that may not be the case.

The budget and work plan can actually move forward while the commission takes the time necessary to carefully and strategically consider what to do with the hangars as major assets at Vista Field. In short, as will be discussed below, the commission could establish funding for "capital projects at Vista Field" which could include projects yet to be determined (which may or may not include the hangars). In other words, budget some funding to address items of importance to the commission at Vista Field. Then, after fully discussing and determining the fate of those hangars, the commission can determine if/what/how it wants to spend that funding—either on the hangars—or not OR where to allocate the revenue captured from a sale of the hangars. The point is, budgeting now and preserving the hangar conclusion for the near future will allow Commission to fulfill their work plan and budget obligations in the short term. And it will provide flexibility for Commissioners to analyze options and make a thoughtful, strategic determination regarding capital improvements at Vista Field.

With that in mind, I would suggest the commission consider establishing a goal for the upcoming two-year budget and work plan whereby a report is prepared which explores further options. Additional ideas/options/opportunities are likely out there. Then, if a viable and cost-effective plan for the hangars is uncovered the commission could move forward. Should the commission authorize a further look, it might be helpful to consider the following items:

Historical Perspective. When considering the future of the hangars, it may be useful to take an historical look at how and why the port purchased them in the first place. The commission that authorized the purchase of the hangars recognized that the owners of the hangars were instrumental in fighting to keep the airport open. Likely a full and fair discussion related to airport closure and site reuse would not have taken place with those influential community members exhibiting substantial influence over port policy making. One might suggest that the value of the hangars should be examined (to a certain extent) in this historical context.

Full Buildout. It appears clear to staff that the commission unanimously agreed that the full buildout option is just too expensive. So, unless directed otherwise, staff will spend no further time on this alternative. As we discussed at the previous meeting, trying to guess at the cost of remodeling was futile. And I don't believe anyone would have guessed the cost of a full buildout would be so very expensive. The report was helpful in that it provided us with a new perspective;



we now have quality information in front of us. We now can say “too expensive” and know that as a fact.

Lean Renovation Options. The scope of the earlier report was limited. However, as was discussed at the earlier meeting, there may be other options available rather than just a full buildout. What might a “lean” redevelopment look like? Are there examples out there? Commissioner Moak shared the Box Park development in Savannah GA, which used cargo containers as lean, vibrancy-building techniques. Port staff and commissioners are familiar with Wynwood Yard, an area in Miami, Florida where cargo containers and sun shades have been utilized to create a large, vibrant area of pop-up retail. And a similar, well-known development is Downtown Container Park located on Fremont Street in Las Vegas, Nevada. Perhaps container development may offer a lean option for Vista Field. Would building codes in Washington allow for container development, are there different standards and considerations as yet unknown, what input would DPZ have regarding this as a “first start”?

Public Private Partnership. This was mentioned as a possibility for the hangars. As part of the analysis staff could research the options and opportunities this possibility might provide and present those findings to commission.

Financial Partnerships. Would any of our partners seek to contribute to a “lean” hangar remodel, for example? Partners have expressed some preliminary interest in supporting hangar redevelopment. Understanding partner interests and potential for contributions might help clarify and inform commissioners in making a final determination as to what a hangar (or other project) could look like.

Extrinsic Value of Hangar Buildings & Locations. Do the hangars have value beyond their book value (i.e. as a remnant of historical use, as the southern gateway to the project, or as Gary Black’s pattern language “manner of arrival”)? Should this question be explored in greater detail?

Selling the Hangars. It was also mentioned that the hangars could be sold. This option should be explored and addressed. If it is, a number of other questions should be asked such as: would a private sector purchaser invest \$400-\$800 per square foot in the hangars (regardless of not having to pay prevailing wage)? Just as full hangar remodel seems to be too expensive for the port, it could prove too expensive for the private sector as well. Is the port the only entity that can appropriately deal with the hangars? Is the private sector the right party to own these assets? What protections and guarantees does the commission have that a private user will put them to a use which complements new-urbanism and Vista Field as a regional town center?

Coronavirus Impacts. What financial impacts might we experience? Will demand for building and development slow? Based on pre-Covid contract and scoping, the Vista Hangar report identified potential uses which are currently struggling. Should the port plan for and improve the hangars for industries which are foundering under pandemic restrictions? What guidance could or should the port obtain with respect to potential economic and business impacts from the Covid-19 Pandemic before making any decision which may significantly impact the southern entrance to Vista Field?

Rural County Capital Funding (RCCF) Eligible Projects. The hangars initially appeared to be a strong candidate for RCCF funding. County staff and at least one county commissioner have expressed interest in some form of hangar remodel. A remodel could likely meet statutory and county requirements for funding, should the commission decide to pursue a hangar-related project. Aside from the hangars, currently the port has no strong contenders for RCCF funding. Given the restrictions inherent in and scrutiny of RCCF projects, it might behoove the commission to marshal RCCF funds toward a project or projects that would be viewed favorably and score highly with the county by meeting their economic development objectives.

Industrial Development District Funding. At a recent meeting the Industrial Development District (IDD) funding mechanism was touched upon briefly. I add this item simply to determine whether more discussion is desired by the commission. In a nutshell, the IDD is a voter authorized levy increase to be used for port property improvement.

Current Workload. The port commission and staff will have considerable workload related to Vista Field and can remain busy and fulfilled for the next two years regardless of a final determination on the hangars. Keep, sell, demolish, renovate—whatever the outcome, we as a team can focus on the monumental task of implementing the community vision at Vista Field. There is much to do in preparing, marketing and selling lots, and working to ensure that new-urbanism design is understood and seamlessly implemented by the private sector. We only get one “first start” and those first projects will set powerful expectations moving forward. In order to ensure a successful phase one implementation, I would suggest that having flexibility and the support of the port commission will be critical so as to not be spread too thin in pursuing other projects and losing focus on Vista Field.

Conclusion. With respect to the budget and work plan, “the show must go on”. We have legislative deadlines that must be met regarding those documents, so we must complete those processes in the near future. However, one could argue that the process of determining the ultimate future of the hangars is not necessarily as time sensitive. Time and again, when discussing Vista Field the commission has said, let’s do it right, not just “right away”. The commission might apply that same perspective to the hangars; taking time to receive and review expanded analysis, and to take thoughtful and deliberate action in determining the highest and best use of those hangars.

Does the commission include a substantial line item in the 2021/2022 budget for a major capital project at Vista Field, and wait a few months to better understand the impacts and effects from Covid? Maybe the future will look a little clearer and waiting could help determine the best course forward with respect to the hangars and potential uses. And if not used for hangars, that budget item could be used for other Vista Field capital projects, including but not limited to additional infrastructure. Nothing says the commission has to allocate all of its funding with specificity. It could put funding in the budget now for uses to be identified in the near future. In other words, the commission could put aside Vista Field funding now and wait a little while to see what extended impact (if any) Coronavirus is having on the economy; during which time a detailed analysis and review of hangar option could help inform the commission’s final decisions.