



PORT OF KENNEWICK REGULAR COMMISSION MEETING

SEPTEMBER 8, 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 Novakovich 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

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated September 2, 2020***
Direct Deposit and E-Payments totaling \$92,855.97
- B. Approval of Warrant Register Dated September 8, 2020***
Expense Fund Voucher Number 102344 through 102378 for a grand total of \$274,184.45
- C. Approval of Regular Commission Meeting Minutes August 25, 2020***

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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. Historic Waterfront District Master Plan Update, MAKERs architecture and urban design

Mr. Peterson introduced Julie Bassuk, Erica Bush, and Beth Batchelder of Makers architecture and urban design. Makers has been working on the Kennewick Waterfront District (Columbia Drive & Clover Island) Master Plan process for the Port.

Ms. Bush presented a summary from the phase one community outreach (Exhibit A).

Discussion ensued between the Commission, Makers, and staff.

Ms. Bush introduced phase two which included two draft concepts for the Master Plan:

- Activity Destination: includes a variety of amenities, lodging, recreation and activities, and benefits the community and tourism;
- Residential Hub: creates a new residential district within the confines of the space and focuses on a variety of residential options, amenities, and recreation.

EMERGENCY DELEGATION UPDATE

A. Approval of Continued Remote Meetings

Ms. Scott gave a brief update on Proclamation 20-28, issued by Governor Inslee on March 24, 2020, which prohibited public agencies subject to RCW 42.30 from conducting any meetings in person. The Proclamation is set to expire on October 1, 2020 and Benton County will likely be in a modified Phase 1.5 under the Plan, in which no more than five people will be allowed to gather, meaning the Regular Commission Business Meetings would exceed that limitation.

Ms. Luke recommended extending the remote meeting procedures until the seventh day after Benton County enters Phase III of the Governor's Stay Safe, Stay Healthy Plan or as otherwise amended or rescinded by action of the Commission.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Novakovich moved to approve Resolution 2020-17 extending the remote meeting procedures it has established under Proclamation 20-28 regarding remote attendance for meetings subject to RCW 42.30, the Open Public Meetings Act; Commissioner Moak seconded.*

Discussion:

Commissioner Novakovich believes this is a very conservative and smart move and takes into consideration of the welfare and well-being of our staff and the public. Commissioner Novakovich is fully supportive of this and thinks it is wise of staff and counsel to recommend this.

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

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B. Amendment for Express Personnel Contract

Ms. Hanchette stated the Port has been without the assistance of the Department of Corrections Coyote Ridge work crew for six months and hired temporary workers to assist the maintenance department with the upkeep of Port property. Ms. Hanchette presented Resolution 2020-18 which authorizes an amendment to the Express Employment Professionals temporary contract.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Moak moved to approve Resolution 2020-18, authorizing the Port's Chief Executive Officer to execute all documentation necessary to contract with Express Employment Professionals in order to assist Port operations with temporary workers; and further ratifies and approves all actions by Port officers and employees in furtherance hereof; Commissioner Novakovich seconded.*

Discussion:

Commissioner Novakovich commended Port staff and Ms. Hanchette for ensuring that our properties are properly maintained and look presentable to the public. The fact that the Port is keeping up our properties speaks very highly of the Port's standards.

Commissioner Barnes agrees with Commissioner Novakovich and he appreciates all the work to maintain all of the Port properties.

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

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. 2021-2022 Work Plan/Budget Elements Discussion

Mr. Arntzen and staff gave brief reports on potential work plan and budget elements (EXHIBIT B).

Commissioner Barnes stated he would like to see a firm buyback clause that is easy to understand and interpret and believes it is important to have funds set aside for buy backs or potentially utilize the reserve account.

Commissioner Novakovich believes we do not need to set aside funds for the buyback clause because of the timeline afforded to the builder. The Port could use those funds to fund other projects that will benefit the public the best.

Commissioner Moak agrees with Commissioner Barnes on the buyback clauses; however, the goal is not to hold the property, but to sell to another buyer and does not believe we need a fund because there will be a quick turn around on the property.

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B. Vista Field

1. Construction and Task Status Update

Mr. Peterson stated Total Site Services continues to complete the list of items created by the City of Kennewick to accept the project.

2. Owners Association Update

Mr. Peterson introduced Ben Floyd of White Bluffs Consulting, who is working on the Vista Field Owners Association with Doris Goldstein; Steve DiJulio and Chris Napier of Foster Garvey.

Mr. Floyd outlined the proposed Vista Field Owners Association structure and timeline (EXHIBIT C).

3. Hangar Memo

Mr. Arntzen presented the Vista Field Hangar Memo, which is based on previous Commission discussions. The memo (EXHIBIT D) outlines two options for the hangars, including a lean renovation option and/or a ground lease.

Commissioner Novakovich is in favor of authorizing Mr. Arntzen to contact a firm to research viable options for the hangars and to hire an economist. Commissioner Novakovich believes they are reasonable requests and the economist is critical, because we don't know the effects of COVID-19.

Commissioner Barnes would like to advertise one hangar building as available for the collaborative design process and then review private sector proposals, rather than spend time up front thinking about cost, vibrancy, and regulations, for example. Commissioner Barnes is not in favor of hiring an economist to make projections about post COVID-19 pandemic.

Commissioner Moak stated that he would like to see proposals for what can be done with the money that the Port has. Additionally, he believes we should be looking at all of the hangars and then decide which way to go.

Mr. Arntzen would like to look at both options and see the viability of which option might be the best or even a blend of both.

Commissioner Moak would like to see something that is reasonable and lean; however, he is not ready to move to path two without seeing an analysis of path one.

Further discussion commenced between the Commission and Mr. Arntzen.

It is the consensus of the Commission (Commissioners Moak and Novakovich in favor) to authorize an economist for the COVID-19 analysis and embark on further review of reuse for options for the hangars.

Mr. Arntzen will bring a scope of work for Commission review and apprise the Commission of each step in the process for continued input.

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C. Clover Island/Columbia Drive

1. 1135 Project Status Update

Ms. Bader Inglima reported that the U.S. Army Corps of Engineers (USACE) is finalizing their architectural and engineering (A&E) designs and getting ready to go out to bid on the shoreline project; however, it has been determined that the cost of the project has exceeded the original numbers. USACE is estimating that the project will cost \$8,500,000, which means the Port would need to allocate an additional \$1,000,000 for the local sponsor match. The USACE would bring \$6,000,000 of federal money to this project and the Port would utilize the \$1,000,000 from Rural County Capital Funds, the \$500,000 from the state aquatic lands grant, and another \$1,000,000 that Mr. Kooiker has identified, should the Commission choose to pursue this project, those funds could come from our 2021-2022 capital budget.

Commissioner Novakovich believes that the Port needs to move forward on the project or we are losing a tremendous opportunity to use other people's money. Commissioner Novakovich asked what staff is requesting today.

Mr. Arntzen stated this discussion is to prepare the Commission for the draft budget.

Commissioner Barnes would be in favor, at a minimum, having a placeholder in the budget. We are too far along in the process to take an off-ramp and we are currently working on the Waterfront Master Plan. To take an off-ramp now would be inconsistent with the overall direction that the Port is taking.

Commissioner Moak supports the increase in the 1135 project as part of the 2021-2022 budget.

D. Buyback Clause Policy

Ms. Hanchette presented proposed language for the buyback clause in the Port's Purchase Sale and Agreement.

Commission and staff discussed the proposed buyback language.

Commissioner Barnes supports the shorter amount of time and the succinct approach.

Commissioner Novakovich called for the question.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Novakovich moved to approve Resolution 2020-19, authorizing the Port's Chief Executive Officer to execute all necessary documentation in order to update repurchase option language in Port purchase and sale agreements; and further ratifies and approves all action by Port officers and employees in furtherance hereof; Commissioner Barnes seconded.

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Discussion:

Commissioner Moak believes it is fair to buy the property back at the purchase price, if there has been no action taken by the developer. Additionally, he thinks the longer term would put the purchaser into two different Commission terms and tones can change over the course of 60 months. Commissioner Moak hopes that the Commission never needs to exercise the buyback clause at all, because he would like to see the development happen. Commissioner Moak is happy with the reduction in time.

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

E. Regional Water Issues Working Group

Mr. Arntzen and Ms. Bader Inglima were recently contacted by David Reeploeg of TRIDEC, who inquired if the Port would like to join a general water issues working group.

Discussion continued with Commission and staff.

Commissioner Barnes will participate in the Regional Water Issues Working Group and stated if it is not the right fit for the Port of Kennewick, he will bow out.

F. Communications with Public

Ms. Bader Inglima gave a brief report on her work with the Council of Governments and the Tri-Cities Area *Journal of Business*. Ms. Bader Inglima reported that during the pandemic, there has been a tremendous increase of people using the trail and park system. Ms. Bader Inglima is working with City staff on advertisements for Clover Island and Columbia Drive, which will be placed in kiosks on the trail.

G. Director Reports

Mr. Peterson thanked Ms. Bader Inglima for all of her work on coordinating the Port's website for Makers outreach.

Ms. Luke has begun pulling together documents for the upcoming CEO evaluation process and the Commission should see that information by September 18, 2020, where they will have least two weeks to prepare their drafts. Ms. Luke anticipates bringing back the evaluation in October for discussion, to meet the November 15, 2020 deadline.

Mr. Arntzen reported that staff reached out to Mr. Burdick regarding his request related to passenger rail service.

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

Commissioners reported on their respective committee meetings.

I. Non-Scheduled Items

Commissioner Novakovich relayed that the marina was 100% occupied for the first time in Port history and thanked staff for all the work they are doing.

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No further comments were made.

PUBLIC COMMENTS

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick found it interesting the hangar renovation came up again and stated on page 8 of the Makers presentation shows amenities which includes a farmers/art market. Mr. Burdick cannot think of anything leaner to do, for at least one of the hangars, is to do something like that which would involve a minimum amount of renovation.

No further comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT


With no further business to bring before the Board; the meeting was adjourned 5:45 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS


Don Barnes, President


Skip Novakovich, Vice President


Thomas Moak, Secretary

*The September 8, 2020 Commission Meeting Minutes were Approved by the Port of Kennewick Commissioners on September 22, 2020 at the Regular Commission Business Meeting.

PORT OF KENNEWICK

Resolution No. 2020-17

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK EXTENDING THE PROHIBITION ON IN- PERSON MEETINGS SUBJECT TO RCW 42.30 AND PROVIDING AN OPTION FOR THE PROCEEDINGS TO CONTINUE REMOTELY BASED UPON A DECLARATION OF PUBLIC EMERGENCY DUE TO THE OUTBREAK OF COVID-19

WHEREAS, COVID-19, a respiratory disease that can result in serious illness or death to vulnerable or at-risk populations, is caused by the SARS-CoV-2 virus, which is a new strain of coronavirus that had not been previously identified in humans and can easily spread from person-to-person; and

WHEREAS, the United States Centers for Disease Control and Prevention ("CDC") identifies the potential public health threat posed by COVID-19 both globally and in the United States as "high", and has advised that person-to-person spread of COVID-19 will continue to occur globally, including within the United States; and

WHEREAS, on January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for COVID-19, beginning on January 27, 2020; and

WHEREAS, on February 29, 2020, Governor Jay Inslee proclaimed a state of emergency within the State of Washington due to COVID-19; and

WHEREAS, on March 24, 2020, the Port of Kennewick Board of Commissioners declared a public health emergency on COVID-19; and

WHEREAS, on March 13, 2020, the President of the United States declared a National Emergency concerning the COVID-19 outbreak; and

WHEREAS, on March 24, 2020, the Board of Commissioners of the Port of Kennewick adopted Resolution No. 2020-06, which provided, in part, that pursuant to RCW 42.30.070, and during the state of emergency, all meetings of the Port Commission would be held in a manner consistent with Governor Inslee's Proclamation 20-28;

WHEREAS, on March 24, 2020, Governor Inslee issued Proclamation 20-28, which, in part, prohibited public agencies subject to RCW 42.30 from conducting any meeting subject to RCW 42.30 unless the meeting (i) was not conducted in-person and instead provided an option(s) for the public to attend the proceedings through at minimum, telephonic access, and may also include other electronic, internet or other means of remote access, and (ii) provided the ability for all persons attending the meeting to hear each other at the same time. Proclamation 20-28 also prohibited public agencies from taking "action" as defined in RCW 42.30.020 unless the matters were either (i) necessary and routine, or (ii) necessary to respond to the COVID-19 outbreak (collectively, "Meeting Substance Restrictions"); and

WHEREAS, in response to Proclamation 20-28, the Port of Kennewick implemented a procedure for its Board of Commission meetings whereby the meetings have been conducted with all Port Commissioners and senior staff present remotely utilizing a teleconference link provided by GoToMeeting and/or a phone call-in number with an access code. The public has been encouraged to attend remotely. Notice of these remote procedures is posted on the Port Commission meeting agendas and on the Port of Kennewick's website, and has been provided to the media; and

WHEREAS, RCW 42.30.077 requires that public agencies make the agenda of each regular meeting of its governing body available online no later than twenty-four hours in advance of the published start time of the meeting. As a matter of internal policy, the Port of Kennewick finalizes its agenda for meetings one day prior to each regular Board of Commissioners meeting. The contents of these agendas form the basis for the Port of Kennewick meeting notices; and

WHEREAS, Governor Inslee has amended and extended Proclamation 20-28 a number of times, most recently on September 2, 2020, by way of Proclamation 20-28.9. Proclamation 20-28.9 provides that language from specific statutory provisions found in RCW 42.30 are waived and suspended as provided therein until further Proclamation; and

WHEREAS, on March 23, 2020, Governor Inslee issued Proclamation 20-25 "Stay Home-Stay Healthy." This Proclamation generally required that all people in Washington State immediately cease leaving their home except to conduct or participate in essential activities or for employment in essential business services. It further required that all people in Washington State immediately cease participating in all public and private gatherings and multi-person activities, regardless of the number of people involved; and

WHEREAS, on May 4, 2020, Governor Inslee issued Proclamation 20-25.3, which amended earlier Proclamations, including Proclamation 20-25, and established a four-phased approach to reopening Washington State. This approach is called "Safe Start Washington" (the "Plan"). Under Phase I of the Plan, no gatherings are allowed. Under Phase II of the Plan, gatherings of no more than five people outside of one's household are allowed. Under Phase III of the Plan, gatherings with no more than fifty people are allowed. Under Phase IV of the Plan, gatherings with more than fifty people are allowed. Each phase is to last for a minimum of three weeks; and

WHEREAS, on May 29, 2020, Governor Inslee issued Proclamation 20-25.4 "Transition from 'Stay Home - Stay Healthy' to 'Safe Start - Stay Healthy' County-By-County Phase Reopening." This Proclamation provides that beginning on June 1, 2020, the Plan will be applied on a county-by-county basis. It further provides that a county that has been in Phase I or II for three weeks may apply to the Secretary of Health to move to the next phase; and

WHEREAS, on July 3, 2020, the State of Washington approved Benton County's application to move into a modified Phase I under the Plan; and

WHEREAS, based upon the increased COVID-19 infection rates across the state, Proclamation 20-25, was amended and placed a freeze on all counties moving forward to a subsequent phase, and that freeze remains in place; and,

WHEREAS, Benton County will remain in its modified Phase I indefinitely; and,

WHEREAS, the Plan provides that under all phases, individuals should engage in physical distancing of at least six feet away from other people and wear cloth face coverings in public places. Although not required, Benton-Franklin Public Health District has recommended that all people wear fabric masks in public. Moreover, the Port is developing a reopening plan and policies that will include elements regarding personal protective equipment; and

WHEREAS, RCW 42.30.040 provides that a member of the public shall not be required, as a condition of attendance at a meeting of a governing body, to register his or her name and other information, or otherwise to fulfill any condition precedent to his or her attendance; and

WHEREAS, pursuant to Proclamations 20-25 and 20-28 and their amendments, the Port of Kennewick has established remote meeting procedures and arranged for remote attendance by the public at those meetings. The Port of Kennewick's remote meetings and remote meeting procedures have become generally accepted and routine; and

WHEREAS, while Proclamation 20-28 and its amendments have been in effect, the Port of Kennewick has experienced standard, and on occasion, increased public engagement at its meetings that are subject to RCW 42.30 that have been held remotely in conformance with Proclamation 20-28, as amended; and

WHEREAS, the Port of Kennewick is concerned that when Proclamation 20-28.9 expires on October 1, 2020, Benton County will likely be in a modified Phase I.5 under the Plan, in which no more than five people will be allowed to gather, meaning the three members of the Board of Commissioners in addition to staff would exceed the limitation; and

WHEREAS, the Port of Kennewick desires to continue conducting meetings that are subject to RCW 42.30 during the COVID-19 outbreak in a manner that allows for public participation with the fewest restrictions.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby extend the prohibition on in-person meetings subject to RCW 42.30 and will provide an option for the proceedings to continue remotely based upon a declaration of public emergency due to the outbreak of COVID-19.

BE IT FURTHER RESOLVED by the Board of Commissioners of the Port of Kennewick, State of Washington, that:

The Port of Kennewick restates and further ratifies the portion of Resolution No. 2020-06 described herein.

The Port of Kennewick hereby extends the remote meeting procedures it has established under Proclamation 20-28 regarding remote attendance for meetings subject to RCW 42.30, the Open Public Meetings Act.

BE IT FURTHER RESOLVED that:

Recitals. The foregoing Recitals are expressly adopted herein.

Consistency. The Port Commission intends for this Resolution and Resolution No. 2020-06 to be read consistently; however, if there is any inconsistency or conflict between the two Resolutions, this Resolution shall control.

Duration. This Resolution shall be in effect from September 8, 2020 until the seventh day after Benton County enters Phase III of the Plan, or as otherwise amended or rescinded by action of the Commission. The seven intervening days after Benton County enters Phase III of the Plan will allow the Port of Kennewick to finalize its agenda and provide proper notice to the public of its meeting procedure.

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 8th day of September, 2020.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

By: 
DON BARNES, *President*

By: 
SKIP NOVAKOVICH, *Vice President*

By: 
THOMAS MOAK, *Secretary*

PORT OF KENNEWICK

RESOLUTION No. 2020-18

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK AUTHORIZING
A CONTRACT WITH EXPRESS EMPLOYMENT PROFESSIONALS***

WHEREAS, in mid-March 2020 the coronavirus pandemic forced the Washington State Department of Corrections to recall all local offsite work crews back to the Coyote Ridge facility in Connell, Washington leaving a significant deficit in labor within port operations;

WHEREAS, Express Employment Professionals has been a reliable source for temporary workers to perform maintenance duties at various port properties.

NOW, THEREFORE; BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorize the Port's Chief Executive Officer to execute a service agreement with Express Employment Professionals for \$20,000.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 8th day of September 2020.

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

By: 
DON BARNES, *President*

By: 
SKIP NOVAKOVICH, *Vice President*

By: 
THOMAS MOAK, *Secretary*

PORT OF KENNEWICK

HISTORIC WATERFRONT DISTRICT MASTER PLAN

Phase 1 Outreach Summary & Alternative Concepts
September 2020 Commissioner Briefing



PHASE 1 - OUTREACH SUMMARY

TARGETED DISCUSSIONS

- 12 individual interviews
- 6 group interviews
- 4 discussion groups

TOTAL: 56 stakeholders

OPEN HOUSE

- 1,695 unique visitors
- 80+ people provided feedback
- 105 total comments

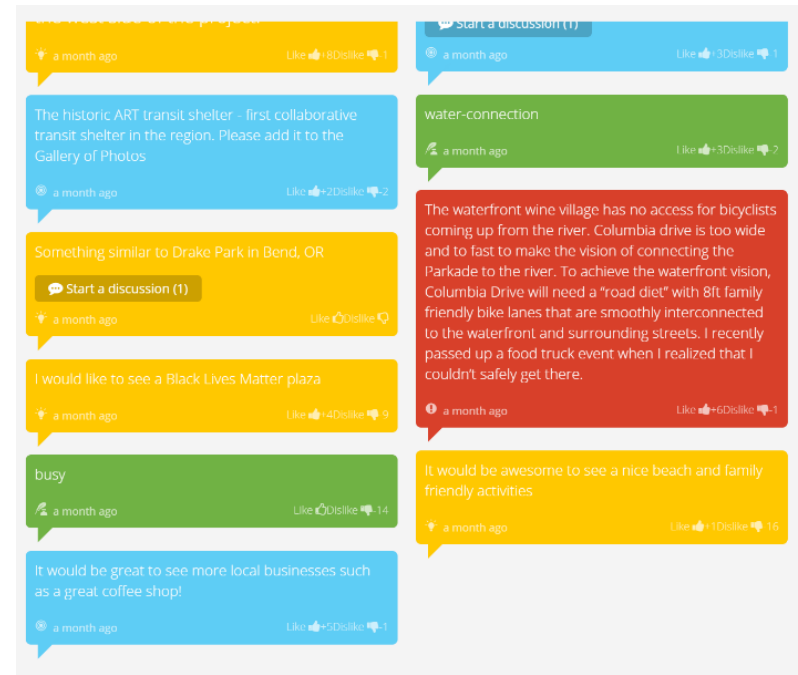


OPEN HOUSE



MAP ACTIVITY

- 31% - other (culture, retail, housing, recreation)
- 28% - water activities
- 23% - access & transportation
- 18% - food & entertainment



IDEAS WALL

- 42% - other (food, housing, recreation)
- 25% - access & transportation
- 17% - water activities
- 16% - arts, culture, & local retail

OUTREACH TAKEAWAYS

- Clover Island's views, lighthouse, and proximity to the river are main attractions
- Pedestrians and cyclists would benefit from completed trails and safety improvements
- The new wine village and food truck area attracts visitors, more amenities desired
- Blight and nighttime safety concerns can be deterrents to visitors and developers
- The variety of unique local businesses is *great* and there is appetite for more
- Island gets a lot of boat traffic and parking is limited during peak use periods



PHASE 2 – DRAFT ALTERNATIVE CONCEPTS

- Concepts are intended to illustrate a range of ideas and spur a discussion of trade-offs
- Though some ideas could be implemented by the Port, many would be achieved in partnership with the City, property owners, and business community
- Components of each can be “mixed and matched” into draft plan recommendations
- These ideas will be developed and presented for Port, community, and stakeholder feedback over the next few months

DRAFT CONCEPTS

ACTIVITY DESTINATION

Activity-rich district drawing local community and tourists



RESIDENTIAL HUB

Vibrant neighborhood welcoming all ages and abilities



ACTIVITY DESTINATION

LODGING

Focused on tourism or vacation rentals



Boutique hotel near lighthouse

AMENITIES

Variety of local retail, food, and entertainment with nighttime activation



Local brewery and food

RECREATION

Equipment rentals and recreation space



Peddle boat rentals for Duffy's Pond or other activity draws

RESIDENTIAL HUB

LODGING

Variety of residential options



Mixed use residential at the Willows

AMENITIES

Local grocery market, coffee shop, boutique shops, and other amenities



Farmer's or art market

RECREATION

Kids playground, small park area



Playground and park for residents

COMMON ELEMENTS

- Complete Duffy's Pond and Clover Island trails
- Support improved safety and connections along Duffy's Pond trail; add screening and other amenities
- Formalize some boat trailer parking near ramp
- Support improvements to Washington St and Columbia Dr for pedestrian/bicycle safety and to inspire district exploration
- Encourage improvements to public-facing aesthetics of existing businesses
- Partner to increase wayfinding around district



MEMORANDUM

To: Staff

From: Tim Arntzen, CEO

Date: September 8, 2020

Re: Budget/Work Plan Discussion

Following today's staff meeting, I have prepared the following "script" for the budget/work plan discussion on Tuesday. The following items would be presented, with the presenter being noted in conjunction with each item.

1. Opening Remarks (Tim).

I will present the issue as a high level "flyover", briefly explaining that Nick will present a few items, as will Larry, Amber and Tana. I will emphasize that the items noted are critical to presenting more detail in the form of a written draft work plan and preliminary, draft budget with spreadsheet(s). The information provided by the commission will help staff get further into the details for next meeting.

2. Conservative Budget (Nick).

Perhaps just a mention that the budget is conservative, balanced and provides for the "must do" projects, with no large sums for "discretionary" projects, other than the line item for Vista Field (possibly hangars, etc.). The budget also takes into account increased funding for "maintenance" of the things the port has constructed in the past (i.e. Vista Field).

3. Plug Line Item for Vista Field. (Larry).

The commission needs to go forward with a budget and work plan prior to having clear direction on what to do with the hangars. As a result of this "timing" issue, staff has prepared a "plug" line item for various capital projects at Vista Field, which could include hangar work; preparatory work on a park; work on a gateway feature or additional infrastructure, by way of example.

4. 1135 Project. (Tana).

Potential increase in Port funding.

4. VFDF Remodel (Amber).

Amber can introduce the idea of remodeling the revenue-producing building, with rough budget numbers and a basic idea of items included and whether the remodeling can be pieced out over the next two years or longer or whether it needs to be done now.

5. Funding of Buyback Clauses (Tim).

Tim will briefly discuss this issue, noting that Amber will discuss it in more detail further down the agenda. Tim will introduce the concept of limited revenues in the budget, and funding buyback clauses likely will make it impractical to fund other capital items including but not limited to publicly-requested improvements at the Wine and Artisan Village.

6. Public Projects at the Wine and Artisan Village. (Tim).

Through the master planning process, and as a result of discussions with tenants, a list of potential items for the Wine Village has been created. Funding for these items would likely be as an alternate to funding buyback clauses (i.e. on or the other) due to limited budget funding.

7. Covid Account/Reserve Account (Nick).

While staff is encouraging the commission to plan for a downturn in revenues due to Coronavirus, it is the opinion of the CEO and CFO that the current reserve fund balance is likely sufficient to cover anticipated financial impacts, at least in light of currently available information and past port experiences. Additionally, the reserve fund is likely sufficient to fund a buyback or two, should the need arise.

8. Funding for the Vista Field Implementation Team (Nick).

The current draft budget provides for staffing necessary to implement early stages of Vista Field implementation, consistent with the updates provided previously by the CEO.

Vista Field Proposed Organizational Structure, Page 1: Formation

	Port Authority/Developer	City	Vista Field Association	Commercial Property Association
Role and how established	The Port is the owner of the property and the declarant under the Declaration of Covenants and Restrictions (the Declaration). The Declaration establishes the rights of the Port in developing Vista Field, subject to limitations in the Washington Uniform Common Interest Ownership Act (the "Act").	N/A	The Declaration creates a mixed-use association, the Vista Field Association (the Association) under the Act. As provided in the Declaration, all owners of property within Vista Field, including commercial property, are members of the Association and pay mandatory assessments. The Association is regulated by both the Declaration and the Act.	A separate instrument, the Declaration of Covenants, Conditions and Restrictions for Village Center ("Commercial Declaration"), establishes the commercial property owners' association (the "Commercial Property Association"). Only commercial property owners would be members and pay assessments. Residential property within the Village Center would be excluded from the effects of the Commercial Declaration.
Personnel responsible for carrying out development and operation of Vista Field	The Port will designate a project manager whose responsibilities could include supervision of construction, advice concerning implementation of master plan, marketing strategy and sales, including sales to builders with take-down agreements.	N/A	The Association board will designate a Community Association Manager, either an existing Port employee or management company, or an individual hired specifically for this position with an on-site office. A Community Association Manager is expected to have knowledge of the Act as it affects association operation. At the direction of the board, the Community Association Manager will manage the financial accounts of the Association, oversee any employees such as maintenance and landscape personnel, negotiate contracts for outside service providers and oversee work. As the project develops, the Community Association Manager will conduct voting for the board of directors, help prepare the budget (to be approved by the board) and collect assessments.	In addition to a General Manager to oversee maintenance and management of the shared facilities serving commercial property, such as plazas, public parking, drinking fountains, public restrooms, street furniture, the budget for commercial operation should include hiring a Marketing Director to oversee events, promotions, holiday decorations and other activities. This may be one or more people and may be contracted services, or full or part time staff, and could include the same staff working for the Vista Field Association.
Evolution of Port control during buildout	The Declaration provides protection for the Port to complete development work, including design review, even after control of the board of the Association is turned over to owners.	N/A	The Port as master developer can select a majority of the board until 75% of build-out of the entire 103-acre project. Board members selected by the Port have a duty to the Association to act reasonably and in the best interests of the Association. The Act requires transition from the developer to owners at 75%. There is no time limit on when this transition occurs, which may take many years.	It is expected that the Port would be the major commercial property owner in the Village Center for an extended period of time. Because the Commercial Property Association is not subject to the Act, there is no limit to how long the Port could control the Commercial Property Association.

Vista Field Proposed Organizational Structure, Page 2: Responsibilities

	Port Authority/Developer	City	Vista Field Association	Commercial Property Association
Maintenance	The Port's job will be oriented toward development—for instance, planting of new landscaping, rather than trimming and other maintenance. However, the Port may subsidize Association's cost of maintenance in early years through deficit funding.	<ul style="list-style-type: none"> • All through streets and sidewalks 	<ul style="list-style-type: none"> • Woonerfs • Alleys (may be assessed to adjacent owners) • Parks and landscaping • Water features • Lighting • Recreational facilities (if any) • Care for street trees and strips 	<ul style="list-style-type: none"> • Maintenance of shared facilities serving commercial property as described above • Additional level of care as required for parks and other Vista Field Association Common Elements that are used for events and commercial activities
Services	No direct delivery of services unless the Port decides to get into businesses such as landscape maintenance.	<ul style="list-style-type: none"> • Utilities • Snow removal for streets maintained by the City • Police/fire emergency 	<ul style="list-style-type: none"> • Snow removal for streets maintained by Association • May provide landscape and maintenance services to private properties and assess to benefited owners 	<ul style="list-style-type: none"> • May manage parking and/or dumpsters • Marketing/promotion of businesses • Events and programming of open space within Village Center, both Common Elements and Limited Common Elements • Holiday and other decorations
Source of Income	<ul style="list-style-type: none"> • Sale of parcels • Income from commercial property retained by the Port, whether rental income or direct income from businesses operated by the Port. May include parking. • Possible broker income from dedicated on-site real estate sales office, particularly for resales. 	<ul style="list-style-type: none"> • Sales tax • Property tax • Utilities taxes 	Mandatory assessments from all parcel owners. In accordance with the Act, mandatory assessments are based on "Allocated Interests." Allocated Interests must be based on a formula and established when property is added to the Declaration. The Declaration provides formulas for residential and commercial property.	Commercial property will be assessed under the Commercial Declaration for maintenance and services described above. The cost will be divided among commercial properties in accordance with a formula, which may be based on assessed value. Costs related to events and other business development activities may be assessed based on revenue as reported for sales tax or other formula so that the cost is assumed by those benefited. Some special events may generate revenue.
Design Review	The Port retains control of all design review throughout the Development Period, which is defined in the Declaration and extends beyond the turnover of the Association board. The Port would hire firm to prepare any necessary code and perform the review process during the development stage.	The City issues building permits. May require Vista Field design approval first.	At the end of the Development Period, the review rights would be assigned to the Association for all parts of Vista Field other than for the Village Center.	The Commercial Property Association will assume design review for the Village Center at the end of the Development Period.

MEMORANDUM

To: Port Commission

From: Tim Arntzen, CEO

Date: September 8, 2020

Re: Vista Hangars, Further Discussion

Background

The Commission has had substantial discussion related to formulating a development strategy with respect to the Vista Hangars. This memo builds on the consensus and momentum resulting from discussion which occurred during the August 25, 2020 commission meeting.

Discussion

Staff has listened to comments offered by the Commission. Based on that, and as a potential path forward, the port CEO will direct the port CFO and Director of Planning & Development to:

1. Proceed with the budget and work plan, presenting draft and final documents to the Commission on the following schedule:

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

The budget and work plan can move forward while the Commission takes the time necessary to strategically consider what to do with the hangars as major assets at Vista Field.

2. Pursuant to Commission direction, establish funding for “capital projects at Vista Field” which could include projects yet to be determined (which may or may not include the hangars). More detail can be fleshed out as the draft work plan progresses.

The CEO would like authorization from the Commission to contract with a firm to research other viable options for the hangars. Research would include the issues the Commission identified in the August 25, 2020 meeting, which are set out in Exhibit “A” to this memo. I anticipate developing a detailed scope of work and a plan for the selection of the consulting team, which will be shared with the Commission. I anticipate that these tasks could be accomplished this fall. Work in earnest on the hangar analysis “plan” could commence in January, with a draft report expected within 120 days (+/-). As the Commission can see from the diversity of issues to be addressed (Exhibit “A”), several disciplines will need to be part of the team, including

planners, real estate professionals and others. It would be my intent to treat this as a “modest” project with respect to funding and timing, yet treat it as the important task that it is. Thus, I would strive to keep the budget in check and have a useful product developed in a timely manner. Because of the magnitude of this inquiry, I suggest the Commission adopt this as a CEO goal, enabling me the ability to marshal the necessary assets to successfully complete the task.

In addition, I recommend that the Commission authorize me to contract with an economist to provide a skilled review and guidance related to Coronavirus impacts on the local, state and national economic picture. Most focus would be on how the virus has changed the local playing field and what we might expect in the future (i.e. which industries are failing, what our financial impact might be, etc.). Not only would this information assist the Commission in deciding what uses the hangars might have, but it would also help us assess our overall actions moving forward. I anticipate a project such as this to be of modest cost, with a time frame of 120 days from its “start”. TRIDEC has expressed some level of interest in assisting with this analysis. I would also ask the Commission to establish the economic report as a CEO goal as this information will be valuable to our overall lines of work, and will be instrumental in properly addressing the hangar issue.

Conclusion

Staff will undertake the following actions:

1. The CFO and Planner & Development Director will proceed with the preparing and presenting a draft budget and work plan on the schedule described above.
2. The CFO will insert a “placeholder” in the budget for capital project(s) at Vista Field, which may or may not end up being used for the hangars.
3. The CEO will request that the Commission to authorize him to contract with a firm capable of providing:
 - a. The deeper analysis with respect to the future of the hangars, with the general scope of the analysis as set forth in Exhibit “A”; and
 - b. The Coronavirus economic component described in the body of this memo and Exhibit “B”.

Impact on Pending RFP

Port staff are working to bring crucial decision points to the Commission for final determinations in advance of a winter/spring 2021 Request For Proposal (RFP) process for the Vista Field properties. Ideally the hangar path (renovation or land lease) would be identified before the RFP is issued and the vision shared with prospective investors of adjacent properties or the lease opportunities included with the adjacent sales offerings. It should be noted that as proposed the hangar analyses timeframes would parallel the RFP process and obtaining the desired sequencing [decide hangar path and share with RFP respondents] would require either acceleration of the analyses (unrealistic) or delay of the RFP issue (undesirable).

EXHIBIT “A”

Potential Issues for Hangar Review

Retaining Control of the Project. The Commission has reached consensus that the master developer (Port) will retain control of all elements of the project deemed necessary to the overall success of the project (in this case the ultimate end use of the hangars). This concept might need to be further refined throughout this or another process (perhaps the process we already have underway with DPZ). Also as identified below, one option currently under consideration is selling the hangars and ground leasing the land. That option will be explored under the assumption that it is consistent with the port “retaining control of the project”. However, an outright sale of the land and hangar buildings with no strings attached is beyond scope of a proposed hangar study.

PATH #1 - Lean Renovation Options. There may be other options available rather than just a full buildout. The report will provide two examples of what a “lean” redevelopment might encompass with sketches or photos and with a basic cost to construct analysis. One example might be the “Box Park” type development in Savannah, GA; Miami, FL, and Las Vegas, NV; each of which use cargo containers as lean, vibrancy-building techniques.

- a. Financial Partnerships.** The report will address whether port partners would contribute to a hangar remodel. This could be an option under the “Lean” option as well as the “Ground Lease” option.
- b. Rural County Capital Funding (RCCF) Eligible Projects.** As part of the review process, staff will keep the availability of RCCF in mind. The hangars initially appeared to be a strong candidate for RCCF funding, and a remodel could likely meet statutory and county requirements for funding.

PATH #2 - “Cedars Style” Ground Lease. The report will assess the viability of the port offering the hangar buildings for sale on a ground lease. The purchaser would own the building and make port-approved modifications and establish businesses which meet zoning and port approved uses. The port would continue to own the land under the building and would ground lease at fair market value to the building owner, i.e. as is the case with Cedars and the Clover Island Inn.

EXHIBIT “B”

Potential Issues for Hangar Review

Coronavirus Impacts. Based on pre-Covid contract and scoping, the Vista Hangar report identified potential uses which are currently struggling. The port may decide to steer away from improving the hangars for industries which are foundering under pandemic restrictions. The time needed to assess the best use of the hangars could also provide the time necessary for the port to obtain professional data and advice with respect to potential economic and business impacts from the Covid-19 Pandemic. This information would likely be beneficial before making any decision which may significantly impact the southern entrance to Vista Field or other properties within the Port's portfolio.