

The Governor's proclamation 20-28 regarding the Open Public Meetings Act and Public Records Act temporarily prohibits in-person public attendance at meetings subject to the OPMA.

A GoToMeeting has been arranged to enable the public to listen and make public comments remotely. To participate remotely, please use the following call-in information:

Via GoToMeeting: 1-877-309-2073, Access Code: 966-378-341

AGENDA

***Port of Kennewick
Regular Commission Business Meeting
Port of Kennewick Commission Chambers (via GoToMeeting)
350 Clover Island Drive, Suite 200, Kennewick Washington***

February 23, 2021
2:00 p.m.

- I. CALL TO ORDER**
- II. ANNOUNCEMENTS AND ROLL CALL**
- III. PLEDGE OF ALLEGIANCE**
- IV. APPROVAL OF AGENDA**
- V. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- VI. CONSENT AGENDA**
 - A. Approval of Direct Deposit and ePayments Dated February 17, 2021
 - B. Approval of Warrant Register Dated February 23, 2021
 - C. Approval of Regular Commission Meeting Minutes February 9, 2021
- VII. EMERGENCY DELEGATION UPDATE (TIM)**
- VIII. PRESENTATION**
 - A. Quarterly Finance Update (NICK)
- IX. REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Vista Field (LARRY)
 - B. Historic Kennewick Waterfront (LARRY)
 - C. Governance Audit Update (TIM)
 - D. Commission meetings (formal and informal meetings with groups or individuals)
 - E. Non-Scheduled Items (TANA/NICK/LARRY/AMBER/LUCINDA/TIM)
- X. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- XI. ADJOURNMENT**

PLEASE SILENCE ALL NOISE MAKING DEVICES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

FEBRUARY 9, 2021 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; 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 February 2, 2021**
Direct Deposit and E-Payments totaling \$88,193.41.
- B. Approval of Warrant Register Dated February 9, 2021**
Expense Fund Voucher Number 102672 through 102708 for a grand total of \$113,259.48
- C. Approval of Regular Commission Meeting Minutes January 26, 2021**

MOTION: Commissioner Barnes moved to remove Item B, approval of warrant register dated February 9, 2021 to Item 8 D-1 for discussion; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

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

EMERGENCY DELEGATION UPDATE

Mr. Arntzen and Ms. Hanchette have nothing to report.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Vista Field

Mr. Peterson reported DPZ has been working on the recommendations for Vista Field Phase 1A for Commission review. Mr. Floyd of White Bluffs Consulting and Doris Goldstein continue to work on the Owners Association and refining the details related to the Articles of Incorporation.

Ms. Hanchette stated to open the main roads, staff will need to set a perimeter around Phase 1A that is aesthetically pleasing. Additionally, staff will be working on site clean-up and preparation for marketing efforts, such as clearing vegetation and removing sagebrush. Staff will establish barriers between Phase 1A and the remaining acreage, including setting ecology blocks, fencing, and using boulders to define lot boundaries.

B. Kennewick's Historic Waterfront

Mr. Peterson reported Makers Architecture and Urban Design are currently taking comments for the third open house, which is going on right now through February 16, 2021. On February 8, 2021, Makers and Mr. Peterson made a virtual, open house presentation which is available at www.Kennewickhistoricwaterfront.org. (EXHIBIT A)

The Port is partnering with City of Kennewick to enhance and improve Washington Street. The City recently awarded the bid to Ray Poland and Sons.

C. Oak Street/Verbena Auction

Ms. Hanchette stated at the November 10, 2020 Commission Meeting, it was the consensus of the Commission to surplus three parcels in east Kennewick owned by Port. Page six of the appraisal shows the potential auction value of \$890,000 for all three parcels. The Port will be retaining our water rights associated with those properties. Ms. Hanchette invited Scott Musser to answer any questions related to the auction process.

Discussion between staff and the Commission commenced regarding the three parcels.

Mr. Musser outlined the three options for auction: sale subject to seller approval, absolute method, and minimum opening bid.

PUBLIC COMMENT

No comments were made.

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MOTION: *Commissioner Novakovich moved to approve the Resolution 2021-02 authorizing the Chief Executive Officer to execute a contract with Musser Bros. Auction and Real Estate firm regarding the property at Oak Street and Verbena; Commissioner Moak seconded.*

Discussion:

Commission Barnes inquired if the motion clarified which option the Port would be utilizing, whether it is the power parcel approach without setting an opening bid or is that it is unspecified.

Ms. Hanchette stated for clarification, one Commissioner supported the power parcel method. Mr. Musser presented two other options: the absolute method or minimum bid opening. Ms. Hanchette inquired if the Commission had any preferences regarding the auction process.

Commissioner Moak believes the methodology is a staff decision based upon what staff believes is the best way to achieve the Commission's goals. Commissioner Moak is not able to say one option is better than the other and believes it is his job to set the policy to authorize staff to make those decisions.

Commissioner Barnes clarified that the motion does not specify which option the Port will utilize for the auction process.

Ms. Hanchette stated that is correct.

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

D. Citizen Complaint Decision and Investigation Cost Inquiry

Mr. Arntzen stated there has been discussion among the Commission and staff related to costs incurred by the Port related to the citizen complaint, investigation, and appeal process. The Port contracted with an outside CPA firm to prepare a report for the Commission.

Mr. Kooiker wanted to take this opportunity to respond to the recent criticism staff received about how long it has taken to compile these costs. Unfortunately, it is not as simple as running a quick report; every invoice needs to be sorted through and discretion needs to be used to determine if the costs were related to the complaint. For example, when the Commission modified the Rules of Policy and Procedure Section 5 in 2019, someone had to determine what legal fees were associated with this process. Mr. Kooiker stated the Port hired an independent CPA firm to conduct this cost review because it would have compromised his independence as a Port Auditor. Furthermore, this could have been seen by the public as a staff member taking a political position and we did not want to put the Port into that position. Mr. Kooiker received the report yesterday and summarized the costs: (EXHIBIT B)

- Total approximate costs: \$395,000;
- Investigation approximate cost: \$60,000;
- Appeal approximate cost: \$180,000;
- Public Records Request approximate cost: \$159,000.

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Mr. Kooiker stated we received a letter from our insurance carrier regarding coverage and this is not covered under the Port insurance policy.

Commissioner Barnes appreciates the work on this request and offered his apologies and stated it was ignorance on his part to think it was simply adding up some numbers, which was the basis of his earlier criticism. Commissioner Barnes is astonished by the total cost and thanked Mr. Kooiker for providing the information.

Further Commission discussion commenced regarding the report. Please go to the following website: <https://www.portofkennewick.org/commission-meetings-audio/> for further review of Commission comments.

1. Approval of Warrant Register Dated February 9, 2021

Commissioner Barnes inquired about the Carney, Badley, Spellman invoice for \$21,000 on the February 9, 2021 warrant register and asked for an explanation of the charge.

Mr. Kooiker stated the invoice is for the December costs related to the December 4, 2020 Public Hearing. Mr. Kooiker stated the \$21,000 was included on the CPA report and included in the total approximate cost for the Commission request. Mr. Kooiker received the invoice last week and forwarded it on to the CPA firm for further analysis.

MOTION: Commissioner Novakovich moved to approve the Warrant Register dated February 9, 2021; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

E. Governance Audit

Mr. Arntzen discussed the memo dated February 9, 2021 (EXHIBIT C) related to the Governance Audit. In October 2020, the Commission considered adding the governance audit to the CEO Goals and Objectives and after the previous discussion on January 26, 2021, Mr. Arntzen believes it should be added to the CEO Goals and Objectives. The Commission has asked staff to proceed with the Governance Audit post haste and although there was a healthy discussion, the finer details were not determined. Mr. Arntzen would like to work with an outside consultant to define the scope of work and have them set up appointments with the Commission and staff individually for additional comments. Then move forward with a Request for Qualification (RFQ) or Request for Proposal (RFP).

Commissioner Barnes is not sure what the scope of work should include but believes the Commission Rules of Policy and Procedure should be addressed.

Commissioner Moak agrees with Commissioner Barnes and Mr. Arntzen's comments and stated a lot of it centers around how the Rules of Policy govern what the Commission does and how the Port of Kennewick needs to move forward from the last two years. Commissioner Moak believes Mr. Arntzen's suggestion is the way to move forward and stated it is never a good time, but there is never a time that it is more needed. Commissioner Moak would like to move forward with input from all three Commissioners and staff.

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Commissioner Novakovich believes it is important to interview staff and the Commission to further define a scope of work.

Mr. Arntzen stated, based on today's comments, he will move forward and will provide regular updates to the Commission. Additionally, the Commission may need to prioritize future projects for staff based on the direction of moving forward with the Governance Audit.

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

Commissioners reported on their respective committee meetings.

G. Non-Scheduled Items

Mr. Arntzen reported that the Port hired special counsel to assist staff and Ms. Luke with the water rights transfer.

The Port will be sending out notices to vendors, customers, and tenants related to the cyber incident in compliance with Washington State law. Also of interest, the State Auditor recently had a cyber incident.

Commissioner Barnes is a member of a local Kiwanis Club, and last year they asked him to make a presentation regarding the Port. Recently, Ms. Bader Inglima stated it is Port policy that any Commissioner running for re-election forgo presenting in that calendar year. Commissioner Barnes requested permission to present to his Kiwanis Club.

Mr. Arntzen does not believe Commissioner Barnes needs permission and is not sure if it is a Port policy.

Ms. Bader Inglima stated it is not a policy, but standard past practice. In previous years, if a Commissioner is up for re-election, then they would let another Commissioner or CEO make the presentation. Steve DiJulio and the Office of Public Disclosure counseled the Port on this standard practice.

Commissioner Barnes will respond to his Kiwanis Club and see what they want to do.

No further comments were made.

PUBLIC COMMENTS

No comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:12 p.m.

**PORT OF KENNEWICK
REGULAR COMMISSION MEETING**

FEBRUARY 9, 2021 MINUTES

DRAFT

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Don Barnes, President

Skip Novakovich, Vice President

Thomas Moak, Secretary

Port of Kennewick

Quarterly Budget Update 4th Quarter 2020

Managing Resources & Accountability

by Nick Kooiker, CFO/Auditor





Operating Division

Revenue & Expenses



**Revenues:
\$2,593,582**

- Benchmark of 100%
- 113% collected through year end
- Impacts of COVID-19 may not be realized yet
- Shows how resilient the Port tenants have been
- Oak Street properties fully leased



**Expenses:
\$4,900,309**

- Benchmark of 100%
- 93% expensed through year end
- Originally budgeted for additional shoreline maintenance expenses



Non-Operating Division

Revenue & Expenses



**Revenues:
\$17,542,100**

- 100% Benchmark
- 104% collected through year end
- Ad Valorem Taxes were slightly higher than budgeted
- Southridge and Oak Street Land Sales



**Expenses:
\$2,464,230**

- 100% Benchmark
- 78% Expended through year end
- Port owes about \$4.6M on Vista Field Loan

Capital Projects

2019/2020 Capital Projects

PROJECT	BUDGET	19/20 ACTUAL	REMAINING
Shoreline Restoration	\$ 1,500,000	\$ 264,150	\$ 1,235,850
Clover Island Master Plan	\$ 250,000	\$ 100,913	\$ 149,087
Vista Field Redevelopment	\$ 7,809,314	\$ 7,059,390	\$ 749,924
Vista Field Traffic Impacts, Owners Assn, Town Planner	\$ 335,000	\$ 93,583	\$ 241,417
Vista Field Loan Payments	\$ 450,000	\$ 449,080	\$ 920
Columbia Drive	\$ 2,406,165	\$ 2,203,214	\$ 202,951
Columbia Park Trail Improvements	\$ 800,000	\$ 0	\$ 800,000
ROI Project	\$ 0	\$ 0	\$ 0



Thank You

Nick Kooiker, CFO/Auditor
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PORT OF KENNEWICK

Financial Highlights

UNAUDITED & IN DRAFT FORM - ACCRUAL BASIS OF ACCOUNTING

Jan 1, 2020 through December 31, 2020

Financial Highlight Summary				
* Benchmarks	100%	Revenues	100%	Expenses
* Ending Cash/Investments	\$	12,398,216		
* Cash Restricted by Commission	\$	2,500,000		
* Accounts, Notes, & Taxes Receivable	\$	1,472,062		
* Total Assets	\$	67,438,859		
* Total Liabilities (not including OPEB or Pension)	\$	993,717		

DESCRIPTION	2019 & 2020 BUDGET	2020 ACTUAL	2019 ACTUAL	2019/2020 Actual Total	UNDER BUDGET (OVER)	% Reached To Date
OPERATING REVENUES						
Marine Division	\$ 596,242	\$ 331,079	\$ 306,073	\$ 637,152	(40,910)	107%
Property Management Division	\$ 1,708,450	\$ 990,672	\$ 965,758	\$ 1,956,430	(247,980)	115%
Total Operating Revenues	\$ 2,304,692	\$ 1,321,751	\$ 1,271,831	\$ 2,593,582	(288,890)	113%
OPERATING EXPENSES						
Marine Division	\$ 570,291	\$ 301,885	\$ 246,080	\$ 547,965	22,326	96%
Property Management Division	\$ 2,440,166	\$ 978,738	\$ 1,019,529	\$ 1,998,267	441,899	82%
Corporate Division	\$ 2,286,426	\$ 1,155,787	\$ 1,198,290	\$ 2,354,078	(67,652)	103%
Total Operating Expenses	\$ 5,296,883	\$ 2,436,410	\$ 2,463,899	\$ 4,900,309	396,574	93%
OPERATING PROFIT (LOSS)	\$ (2,992,191)	\$ (1,114,659)	\$ (1,192,069)	\$ (2,306,727)		
NON-OPERATING REVENUES						
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	\$ 422,835	\$ 2,068,787	\$ 7,491,623	519,377	94%
Ad Valorem Tax	\$ 8,529,907	\$ 4,357,962	\$ 4,214,230	\$ 8,572,193	(42,286)	100%
Other Non-Operating Revenues	\$ -	\$ -	\$ -	\$ -	0	
Interest Income	\$ -	\$ 118,052	\$ 208,840	\$ 326,892	(326,892)	-
Total Non-Operating Revenues	\$ 16,940,907	\$ 4,899,850	\$ 7,642,251	\$ 17,542,100	(601,193)	104%
NON-OPERATING EXPENSES						
Real Estate Division	\$ 144,579	\$ 31,433	\$ 49,723	\$ 81,156	63,423	56%
Economic Development & Planning Division	\$ 352,708	\$ 208,962	\$ 211,023	\$ 419,985	(67,277)	119%
Public, Governmental Relations, and Other Non-Operating Cost	\$ 2,611,977	\$ 1,020,315	\$ 914,395	\$ 1,934,710	677,267	74%
Vista Field Ongoing Closure & Decommissioning Cost	\$ 42,097	\$ 28,378	\$ -	\$ 28,378	13,719	67%
Total Non-Operating Expenses	\$ 3,151,361	\$ 1,289,088	\$ 1,175,142	\$ 2,464,230	687,131	78%
Operating & Non-Operating Revenues Over Expenses (Under Expenses)	\$ 10,797,355	\$ 2,496,103	\$ 5,275,040	\$ 12,771,143		
CAPITAL EXPENDITURES	\$ 14,773,736	\$ 3,041,217	\$ 7,731,544	\$ 10,772,760	4,000,976	73%