



PORT OF KENNEWICK

REGULAR COMMISSION MEETING

JANUARY 25, 2022 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 Vice President Skip Novakovich 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: Skip Novakovich, President (via telephone)
Kenneth Hohenberg, 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 (via telephone)
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 Hohenberg moved to approve the Agenda as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

Randy Slovic, Richland. Ms. Slovic offered some information and stated she has a blog: *Tri-Cities Observer*. She has been working on some articles about Fortify in light of them wanting to buy the property under the Riverfront Hotel in Richland. Ms. Slovic has not been able to find any hotel that Fortify has completed or any units that are offered for rent now in the 16 hotels that they own. Yesterday, Ms. Slovic spoke with a representative from the Spokane permit office, and he told her that Fortify's projects had been shut down because they had proceeded without the proper permits. Ms. Slovic thought that Spokane would be the first project that Fortify completed because they bought those hotels in 2020. Apparently, Fortify started construction without proper permits and were shutdown. Ms. Slovic was told that a couple of people had already moved into the apartments at the Imperial, providing that as soon as the building was brought up to code, they could move into the apartments. Those are the only two buildings that are near completion and she does not know how long it will be. Ms. Slovic stated there is no track record, and that is what she is concerned about with this company that wants to buy public

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property.

Mike Thorn, Pasco. Mr. Thorn works for Cliff Thorn Contraction, a local builder. Mr. Thorn has been working with Rob Jacobs over the past few years, but our relationship really goes together with our parents. That relationship has lasted over 20 years, so for Mr. Thorn, personally, it is a great opportunity together with Rob and continue that relationship that our parents started. Mr. Thorn is excited to work with Fortify Holdings on some of our current projects and believes we have been doing a lot of good around town as far as renovating and making things new again and eliminating the potential for some of the drug problems and uses with some of the old rundown buildings. Mr. Thorn offered some talking points for the Clover Island Inn hotel. We all know that the Covid restrictions have been very tough for our market, and with that, Mr. Thorn thinks its a good time to look at a new view on some new uses for that building and that property. It would be refreshing and invite not only visitors but be a nice local riverfront for our current members of the Tri-Cities. The project would solve two problems that we have been seeing. It solves the hotel issue we have seen with the pandemic; rundown hotels are an invitation for drug issues and many problems. And secondly, it provides a solution to the current housing shortage that we have seen. Mr. Thorn thinks our local people would be very excited and he thinks our visitors would also be attracted to the new riverfront improvements.

Guy Stein, Richland. Mr. Stein stated there is not enough parking to facilitate 200 residents on the island. The average family has almost two cars, 1.8 average cars. Mr. Stein drove through last week, shows about 365 parking spots total on the island, and that is without no other development. We want other development on the island, not just parking lots for residents that are there. Mr. Stein thinks the traffic is, it's an island, there is one way in, one way out on the peninsula and he thinks it is an accident waiting to happen every day. Mr. Stein thinks traffic, small families, there is nothing for kids, there is no transportation, there are no services available, but number one is the parking.

Troy Lynch, Kennewick. Mr. Lynch believes this is a great idea what Fortify is doing. He has seen the plans that they are doing with it, and it looks like they are going to do a lot of neat things there and really develop that. It is a neat area, and he thinks putting in the studio apartments will make it really nice. It has a rooftop patio that they are looking at, the parking, the concerts that they have had there before, it looks like they are going to continue having those. Mr. Lynch thinks it is a great benefit, such a beautiful area that is close to that bridge. He thinks a lot of people want this done.

Mark Williams, Pasco. Mr. Williams stated with all due respect to Mr. Thorn, it is his experience, the only people that are scrambling for a 250 square foot apartment at that kind of price point that Fortify is talking about, can actually afford a full-blown house. It is really executives that would be looking for that. No one is looking for a 250 square foot to move into, even for a short term. In fact, if you go to Commercial Avenue, and look at the trailer park, the type of employed transients that are coming to the Tri-Cities are bringing their 5th wheels and moving into a dirt-cheap complex where they can hoard their hard-earned money for the next job that they move to. Mr. Williams would submit that the only people looking for that size are not transient employees, but another class of individual altogether. Mr. Williams seconds Mr. Stein's idea that parking down there would be an issue as well. Given that this company that is proposing to buy this has zero track record of completing any facility anywhere in the U.S., even though they have several projects that they have started. The idea that we would be excited about having them come in and half-bake another project that doesn't get completed but just turns into another eye sore on

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the Columbia River really needs another look in Mr. Williams opinion.

Tom Galioto, Kennewick. Mr. Galioto has used the Clover Island Inn for a number of events for different groups and it has been a great venue for those groups to meet. We also have used the launch several times with friends and enjoy coming down there and enjoy the environment of Clover Island. Mr. Galioto agrees with most of the concerns that were mentioned today about parking, transiency, and the market for such small apartments at such high prices, major concerns. The only thing Mr. Galioto would add to that is that he would really encourage the Port Commissioners, when they do ultimately vote on this, and he knows that it's a real challenge to look beyond the \$20,000,000 investment. A lot of money is being committed here, is hard to ignore. Mr. Galioto would encourage the Commissioners to be diligent and do due diligence with the staff, because the taxpayers are the ones that will pay for any faults in the contracts or any delays in the contract or any negative affects it may have. Please, if you are going to move forward with this at all, please do your due diligence effectively.

Julie Oldman, Kennewick. Ms. Oldman thinks it's a great idea and has seen some of the projects that Fortify has done and they really do a great job and are very detailed about the construction that they do. Ms. Oldman thinks just to have updates on the property would be a great thing and there is a huge demand for housing right now and she thinks it would be great for the community. Ms. Oldman stated Fortify is a very responsible company and she thinks they will finish the job, because she has seen some of the projects they have done, and they are very high quality and thinks it is a great idea.

Ryan Smith, Kennewick. Mr. Smith is pro for building on the island and bringing more venues to the island and seeing it prosper, and beautifying it, and beautifying Clover Island Inn specifically. What Mr. Smith would like to see, if the Port is seriously considering selling the land, he feels that the Port could open up this to a lot of different people who could potentially bid on potentially overhauling Clover Island Inn for renovating it into a newer hotel and other things. Mr. Smith thinks it should be put out a competitive bid for other companies to potentially see this. At this point in time, it is not really advertised out to anybody else, if that is the potential that might happen.

No further comments were made.

CONSENT AGENDA

A. *Approval of Direct Deposit and E-Payments Dated January 19, 2022*

Direct Deposit and E-Payments totaling \$71,850.44

B. *Approval of Warrant Register Dated January 25, 2022*

Expense Fund Voucher Number 103463 through 103505 for a grand total of \$178,311.30

C. *Approval of Regular Commission Meeting Minutes January 11, 2022*

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

NEW BUSINESS

A. *State Auditor's Office 2019-2020 Accountability Audit*

Mr. Kooiker stated the State Auditor's Office (SAO) recently completed the accountability audit for 2019-2020, which ensures compliance with applicable requirements and the safeguarding of

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public resources. The SAO reviews various items such as, accounts payable, Vista Field debt compliance, payroll, information technology policies, open public meetings compliance, and overall financial condition and conflicts of interest. Mr. Kooiker stated the SAO is very thorough in their procedures and this is the first year the Port Commission received a management letter, the first in a 27-year history of clean audits (*Exhibit A*). Mr. Kooiker stated every other area the SAO audited was clean and the Port's financial position and internal controls are very strong. Mr. Kooiker stated as the CFO, he is proud that the Port's procedures and processes that have been implemented to maintain SAO compliance. Mr. Kooiker is not surprised the Port received a management letter for the Commission action last spring. Mr. Kooiker did everything he could to defend the Port; however, there was no way to defend something the SAO deemed as an illegal action by the Commission. The SAO performed a review the Meeting Minutes from last spring, and the legal opinions from Foster Garvey. The audit letter states that reimbursing former Port Commissioner Don Barnes' legal fees was not an allowable expense and state law was not followed. The Commissioner seeking reimbursement should not have voted on a matter for which he directly benefited. As CFO, Mr. Kooiker advised the Commission that he had concerns with this process, of reimbursing funds to Commissioner Barnes last spring, and he reiterated he had concerns with the process of reimbursing was legal. Mr. Kooiker presented the Commission with a memo and a proposed Resolution 2021-07, indicating his concerns that he could not substantiate the amount of money being disbursed. There was discussion at the March 23, 2021, April 13, 2021, May 11, 2021 and May 25, 2021 Commission Meetings regarding this issue. As Mr. Kooiker referenced in the Resolution, staff could only advise the Commission, but the final decision ultimately rested with the Commissioners. In this case, the decision the Commission made resulted in a management letter from the SAO. The SAO challenged the Port to follow the policies and state law and recommended the Port conduct an additional legal review to determine if any further action, such as repayment of legal fees are necessary or required by law. Mr. Kooiker stated while he is disappointed the Port received a management letter, he is proud of our team at the Port because we have maintained compliance in every area we could. Mr. Kooiker stated the next audit is scheduled for 2023, for the years 2021-2022.

Mr. Arntzen would like to recuse himself from this matter and that any questions related to additional action are directed to Ms. Luke, Port Counsel or Mr. Kooiker.

Commissioner Novakovich expressed that he is extremely disappointed and stated he is not surprised by the State Auditors management letter. He stated for the record on numerous occasions that he thought his fellow Commissioners would be subjecting themselves to a finding because of the way they were handling reimbursement of legal fees. He raised objections and abstained from those votes. In Commissioner Novakovich's opinion, he thought it was illegal for two Commissioners, former-Commissioner Don Barnes and Commissioner Thomas Moak, who both voted in favor of the repayment, and he thinks they should be held in full responsibility for their decision. Commissioner Novakovich shared a quote from Commissioner Moak from the May 25, 2021 Meeting that said "everything has been done in accordance with legal counsel, despite the fact that one Commissioner (referring to Commissioner Novakovich) believes he knows more about the law than legal counsel that has been employed as special counsel by the Port." Commissioner Novakovich was not trying to be legal counsel, he was only pointing out what was in the RCW's and in the Port's policies and procedures. Commissioner Novakovich

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did not have any issues with paying a Port Commissioner, with paying those fees, if policies and procedures were followed; they were not. And it appeared to Commissioner Novakovich that the two Commissioners were not concerned with ethics, perceptions, conflict of interest or state law. And that led to an elected official, former-Commissioner Don Barnes, asking for reimbursement for his own legal fees and twice voting to authorize compensation for himself, while Commissioner Moak seemed so frustrated, he seemed to want to put the issue behind him and was willing to authorize a random amount of money just to move on. Commissioner Novakovich pointed out that what we were approving was redacted invoices that never showed what we were paying for.

As the process unfolded, Commissioner Novakovich went on the record and repeatedly warned the Commissioners about this and said that we were going to have some findings from the SAO and he thought it might be a conflict of interest. Well, the SAO actually said, it wasn't just a conflict of interest, it was illegal. And now we have a blemish on what would have otherwise been 27 years of clean audits. And that is something that this Port Commission will have to work very hard as elected officials to overcome. We have a new Commissioner on the board this year and Commissioner Novakovich welcomed Ken Hohenberg to our team, and he is looking forward to leading this organization as President. And he is hopeful that we can take a closer look at Commission policies and procedures and seriously consider how we move forward to ensure a return to transparency and that we are safeguarding the public's resources and trust and abide by state law and federal law and our own policies and procedures.

Commissioner Hohenberg inquired of Ms. Luke what are the Commission's options and if she has any recommendations.

Ms. Luke recommended that the Port retain outside counsel to conduct further legal review and to advise the Port on whether further action is necessary or required by law. Ms. Luke does not think this matter should be left as is, and thinks this matter requires further legal review and analysis and there may be further action that should be required in order to correct, to a degree possible, the issue that has resulted in the SAO management letter.

Commissioner Hohenberg stated how do we close out this issue without ending up in more litigation and determining whether it is legal for the current Commission to review this and take action on it or what that legal review and recommendation would be.

Commissioner Moak stated when we were discussing this, we relied on outside counsel, Mr. Steve DiJulio, who has advised the Commission as well as other public entities on different matters. Commissioner Moak relied on Mr. DiJulio's recommendation, he spent a lot of time, we went back, we had several different sessions with counsel on this matter to try to make sure the numbers that then Commissioner Barnes and what the Port staff had, so that we were in consistent and compliance with the Port rules and we went back and forth on that. Mr. DiJulio's recommendation to the Port that it was in fact, appropriate to pay those legal fees and on that basis, Commissioner Moak made the motion to pay those. Commissioner Moak thinks it is appropriate for outside legal counsel to review. Commissioner Moak does not think, he puts more trust in legal matters and Mr. DiJulio than he does in the SAO, and he puts more trust in

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the SAO's office on the audit process than he would with a lawyer such as Mr. DiJulio. Each of them has their specialties and they should be relied on for that purpose. When we employ outside counsel and that outside counsel reviews the policy, they review the state law, and they make a recommendation, it was on that basis that Commissioner Moak voted to approve the legal fees that were there. Commissioner Moak welcomes a legal review of the SAO comments because he thinks that was not the opinion that was given to the Port Commission at that time.

Commissioner Novakovich was reviewing some of the minutes and he thinks if you look at the minutes of the meeting, Mr. DiJulio did put forward a resolution; however, he said it was the responsibility of the Commission to be responsible for that. When Commissioner Novakovich asked Mr. DiJulio about the SAO, that he could guarantee us that we would not receive a finding based on what he was proposing, he said he could not. Mr. DiJulio refused to back up what he was recommending, which is in the minutes of the meeting.

OLD BUSINESS

A. *Clover Island Housing Project*

1. *Clover Island Inn, Fortify Holdings Proposal*

Mr. Arntzen introduced Rob Jacobs and Ziad Elshahili of Fortify Holdings who will be making a brief, follow-up presentation regarding the Clover Island Inn.

Ziad Elshahili and Rob Jacobs are very excited for their vision for the Clover Island Inn and the island. Mr. Elshahili and Mr. Jacobs presented their plan for a \$20,000,000 investment in the Clover Island Inn (*Exhibit B*). Fortify plans to purchase the Clover Island Inn regardless of the outcome of the land sale; however, their investment strategy does change dramatically with the purchase of the land. Fortify Holdings stated their goal is to purchase the land so that they can invest and help build the vibrant, fun, clean, safe, and attractive island that is desired in the Master Plan. Mr. Elshahili and Mr. Jacobs outlined their investment proposal.

Mr. Elshahili encouraged the Commission to allow this process to be completed in its entirety and review all of the information before making quick any decisions.

Commissioner Hohenberg confirmed that Fortify intends to purchase the Clover Island Inn regardless of the Commission's decision to sell the land.

Mr. Elshahili stated that is correct, Fortify plans to purchase the hotel either way.

Commissioner Novakovich stated if Fortify didn't purchase the land but had a long term lease with favorable terms, wouldn't they have more money to improve the property.

Mr. Elshahili stated depending on the terms of the lease, there could be an argument made that would justify some more capital improvements, but Fortify's preference is to own the land that we are improving upon. It is possible, but it is not preferred.

Commissioner Novakovich stated if it were possible and we were to enter into a favorable long term land lease, would Fortify be willing to make similar type improvements that was proposed if you owned the land.

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Mr. Elsayhili stated we would have to evaluate the terms before committing to anything. If that is the route the Port would like to explore, we can discuss that.

2. Clover Island Land Lease Policy

Mr. Arntzen stated Fortify has requested to purchase the land that Clover Island Inn rests upon. Mr. Arntzen stated the question of whether or not to sell the land would most likely be applicable to others as well. Mr. Arntzen stated the Clover Island Master Plan is six months old and the Port team believes it was the intention of the public, based upon the comments in the Master Plan, that the Port should not sell land on Clover Island. Mr. Arntzen stated the Commission could rescind the policy; however, the Port invested time and \$250,000 formulating the Master Plan which included many public comments. Mr. Arntzen stated in compliance with the public Master Plan, he does not believe the Port can sell property on Clover Island.

Mr. Peterson stated on page 54 of the Master Plan, the economist touched on the implication of the land lease policy on island development. It was included in the report to strengthen the Commission's decision of being good stewards of the waterfront which outweighed the potential land sales and development opportunities. The economist's report states that some favorable lease terms could be contemplated, and the Master Plan states in several places that the land should be retained because of its unique position. Mr. Peterson stated several perspectives were contemplated; however, the Commission made the decision in June of 2021, following a year-long public process, to continue being good stewards of the public's resource for the implementation of the Clover Island Master Plan.

Commissioner Hohenberg stated it is difficult to find the balance between public versus private or government versus private. Commissioner Hohenberg believes the Port has an obligation of being good stewards of the waterfront. Commissioner Hohenberg has no reason not to trust Fortify; however, commitments that are made today could change in the future if the property is sold. The only way the Port can ensure public access to the waterfront, which is really entrusted upon all of us to ensure that occurs, is to make sure we retain that property. For that reason, Commissioner Hohenberg is not in favor of selling any of the property on the island.

MOTION: *Commissioner Hohenberg moved approval of Resolution 2022-05 reaffirming and ratifying the policy to not sell any land on Clover Island, to any third party, consistent with the Waterfront Master Plan; and that the Port of Kennewick Board of Commissioners hereby endorse and approve all action by port officers and employees in furtherance hereof; and authorize the Port Chief Executive Officer to take all action necessary in furtherance hereof; Commissioner Novakovich seconded.*

PUBLIC COMMENT

No comments were made.

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Discussion:

Commissioner Moak has been in favor of not selling land for the eight years he has sat on the Commission; however, he thinks times have changed and even changed in the last six months. First, we have someone who wants to invest in the island, and in the eight years he has been on the Commission, we haven't had anybody interested in investing on Clover Island, other than the Port and our public partners, which includes the US Army Corps of Engineers and the City of Kennewick. When Commissioner Moak sees that private enterprise is interested in investing, then he is interested. When he sees the proposal actually works on implementing things in the Master Plan, where the Port doesn't even have a plan to invest money to further the Master Plan. And the Master Plan is primarily a design plan, it's not an economic plan, the Commission did not have a discussion with the economist, and we didn't really discuss the idea of leasing versus owning. Clearly, we had no proposal on the table either of anybody who not only wanted to own the property but make substantial improvements to that property. We see neighboring jurisdictions are bringing a lot of jobs to the community, such as Amazon, Darigold, and a variety of businesses and there is no housing. Commissioner Moak thinks things have changed over the last year. Does it mean the Port ought to jump into bed right away with Fortify today, no. Commissioner Moak likes the proposal and stated we have a hotel that has been under-performing for years and is status quo. Fortify said they will buy the hotel and keep it status quo, and he does not see how that benefits the Master Plan, the Port or economic development. Commissioner Moak sees a lot more discussion taking place about how the Port and the private sector could work better to improve our waterfront. Whether Commissioner Moak thinks Fortify today is the right person, they intend to buy the hotel. The question is, do we want to see the improvements or not. Commissioner Moak thinks saying no today, without discussing what it means or what could be built into a land sale that would ensure public access is provided. Fortify talks of partnering with Port, we need to discuss what that partnership would consist of and tying those things down. If it weren't for that, we are back to square one and not implementing the Master Plan at all. Commissioner Moak thinks it is premature and he does not think we are the only ones who could be great stewards of Clover Island. Additionally, he does not think that others can't be or that sales agreements can't be made, that it helps maintain the character of the island and enhances the public amenities that people enjoy and provides enhanced opportunities for a lot of people. Commissioner Moak is opposed to the motion in front of us.

Commissioner Novakovich would tend to agree with Commissioner Hohenberg, and that we need to protect the land on the island. If we were to change the Master Plan on the island and allow for land sales, we would need to go through a series of public hearings, and he thinks we haven't closed the door. If we can agree to not sell the land, we still have the option of working with Fortify on a favorable lease to where they can make those improvements. Commission Novakovich thinks we are protecting the Port's right to preserve what the public wants on the island and the surrounding area, by agreeing to approve Resolution 2022-05, but we are not shutting the door on what becomes of the island, because we still have the option, as we heard, to give consideration to a long-term lease and possibly the hotel could still be refurbished.

Commissioner Hohenberg appreciates Commissioner Moak's and Commissioner Novakovich's comments, and he feels the same way. Commissioner Hohenberg does not think we are closing the door, and he does strongly believe that Clover Island is unique. The fundamental question is

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do we sell property on the island or don't we. Commissioner Hohenberg feels like the Port of Kennewick is the sole owner, beside the U.S. Federal Government, with the Coast Guard Station of Kennewick, which he served in. Commissioner Hohenberg thinks it is important that we retain that. He would also say, even though Clover Island Inn is over 40 years old, the current owners and general manager, Mark Blotz, have done a really good job of trying to manage the property. Commissioner Hohenberg is looking forward, regardless of what happens in the future, it will continue to get better and that is his hope. Commissioner Hohenberg stands by original motion and does not believe we should sell any property on the island.

With no further discussion, motion carried . All in favor 2 Aye (Commissioners Hohenberg and Novakovich) : 1 Nay (Commissioner Moak).

3. Public Comments Regarding Multi-Family Housing Project

Mr. Arntzen stated this is related the Fortify Holdings Clover Island Inn proposal and the public outreach process for the Commission to gage public input. Mr. Arntzen initially envisioned a special public comment section related to the proposal during one of the Commission Meetings; however, in the interim, there have been several articles published by print or television media related to proposal which has garnered a lot of public interest. Mr. Arntzen asked the Port team to capture comments from the media sources and any direct comments sent to the Commission or staff. We did our best to capture all the comments that have come in up to this point and as of now, we have logged over 460 comments related to the proposal. Mr. Arntzen stated in almost 20 years, this is the most extensive public comment process he has ever witnessed. Mr. Arntzen stated the public initiated the comments and he proposed that the Commission could take the viewpoint, if they chose, that we have completed the action item for the public comment portion. The review that we have done at a team level says that the vast majority are of the opinion that the Port should not entertain the proposal to convert the Clover Island Inn to the high-density housing project. Mr. Arntzen believes that by the vast majority, more than 80% of the comments oppose this proposed conversion.

Commissioner Hohenberg believes the Master Plan included condos, but not to the degree of density the proposal and inquired if that is correct.

Mr. Arntzen stated that is correct and the Master Plan reviewed the possibility of residential housing on the island, but he recalls they would be individually owned condos, which is different from the current proposal. Also, the Master Plan addressed medium density as opposed to high density. Mr. Arntzen believes the Fortify proposal of 200 rooms is beyond the contemplation of the residential identified in the Master Plan. Mr. Arntzen asked Mr. Peterson to offer his comment.

Mr. Peterson stated the Master Plan talked about a mixed-use development with the inclusion of condos, which have ownership as opposed to a rental situation. The current shoreline Master Plan with the City of Kennewick limits the density to 27 units per acre, which is considered high density in this community. Mr. Peterson believes the Master Plan did not contemplate the proposed density of 65-70 units per acre per the proposal.

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Commissioner Hohenberg inquired if that was due to the parking issues.

Mr. Peterson stated the Master Plan looked at the question of how parking fits and there is an inherent limiting factor about what can fit on the island and still meet the parking needs or requirements for that particular use. Mr. Peterson stated the site has 170 parking spaces, yet 200 residential units, a roof top event space, restaurant, retail, and service activities, parking would be a significant challenge. Additionally, the Master Plan contemplated what can be built on the island and how much of that can make it with one ingress and egress. Mr. Peterson stated single density would consume the capacity on island from a traffic and parking standpoint.

Commissioner Hohenberg would like to table the item and allow Fortify an opportunity to review the Master Plan. Commissioner Hohenberg expressed his concern over the parking, the density, and housing and stated it is up to the developer to do the work, not our staff. If Fortify purchases the hotel and leaves it as is, or if they move forward and make improvements that conform to the Master Plan, we should give them an opportunity to review the Master Plan and make recommendations based on that.

Commissioner Novakovich confirmed that Commissioner Hohenberg would like to table the issue for another meeting.

Commissioner Hohenberg stated it should be tabled for an appropriate time for Fortify to do their due diligence and bring back an appropriate proposal.

Commissioner Moak is fine with postponing any consideration of this.

It is the consensus of the Commission to table Resolution 2022-06, Public Comments Regarding Multi-Family Housing Project for the first meeting in March.

B. Carbitex Lease Amendment

Ms. Hanchette stated Resolution 2022-03 is a 12-month lease with Carbitex, which exceeds the CEO's Delegation of Authority, therefore, the lease requires Commission approval.

MOTION: *Commissioner Moak moved approval of Resolution 2022-03, approving a one-year lease with Carbitex LLC and further authorize the Chief Executive Officer to execute all documents and agreements and that all action by Port officers and employees in furtherance hereof is ratified and approved; Commissioner Hohenberg seconded.*

PUBLIC COMMENT

No comments were made

Discussion:

Commissioner Hohenberg stated this is straight forward and thanked Ms. Hanchette for her work.

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

C. Oak Street – Three Rivers Acquisitions LLC

Ms. Hanchette outlined the history of the property purchased by Three Rivers Acquisitions in 2018. The Commissions granted an extension of the 18-month obligation to construct in 2020, which expired in December 2021. Ms. Hanchette reported that Three Rivers Acquisitions has made significant progress and is ready to construct and presented Resolution 2022-04 releasing the Port's buy back clause.

Brad Rogers of Three Rivers Acquisitions stated after numerous roadblocks and issues, we are moving forward with construction and currently waiting on permits.

MOTION: *Commissioner Hohenberg moved to approve Resolution 2022-04, releasing the buy back clause for Three Rivers Acquisition and further authorize Port's Chief Executive Officer to execute all necessary documentation associated with and to take all other action necessary to finalize these transactions; and further ratifies and approves all action by port officers and employees in furtherance hereof; Commissioner Moak seconded.*

PUBLIC COMMENT

No comments were made.

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

PRESENTATIONS

A. 2021 Friend of the Port

Commissioner Novakovich stated today the Port is recognizing Don Britain as an outstanding advocate for Clover Island, Columbia Drive, and the City of Kennewick. Commissioner Novakovich offered comments on Mr. Britain's work with the Port and thanked Mr. Britain for his leadership and read the inscription of the plaque that was delivered earlier:

"Presented to Don Britain in recognition of your stalwart support of Port endeavors; efforts to foster vibrancy within Kennewick's Historic Waterfront District; and outstanding leadership in helping transform Vista Field into an urban town center."

Mr. Britain thanked Commissioner Novakovich for his comments and thanked the Commission and staff for the award for 2021. Mr. Britain shared his thoughts on the partnership between the Port and the City of Kennewick and how that partnership has helped to better our community.

B. Cable Bridge Lighting Project

Commissioner Novakovich introduced Karen Miller and Kathy Lampson, who will be making a presentation on replacing the lights on the Ed Hendler Bridge/Cable Bridge (*Exhibit C*).

Ms. Miller and Ms. Lampson outlined the history of the bridge and previous lighting projects, which required a plastic plate to be installed over each light, making it labor intensive and expensive. Updating the lighting with energy efficient LED technology would enable the lights

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to be easily changed for promotional and artistic opportunities and the reduce the energy consumption.

The Commission thanked Ms. Miller and Ms. Lampson for their presentation and supports the relighting of the Cable Bridge.

RECESS

Commissioner Novakovich called for a recess at 4:06 p.m. until 4:15 p.m.

Commissioner Novakovich reconvened the meeting at 4:15 p.m.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Kennewick Waterfront

1. Sale of Property

Ms. Hanchette stated she received a letter of intent from Pipeworks LLC (Bruce family) to purchase 215 East Columbia Drive to build a facility for Swampy's BBQ. Ron Swanby, owner of Swampy's BBQ has been an advocate of Columbia Gardens for a long time and his food truck has been an anchor at the food truck plaza. Ms. Hanchette outlined the details of the property and draft Purchase and Sale Agreement (PSA). Mr. Swanby and the Bruce family would work with Michael Dale, of Meier Architecture and Engineering, as town architect, to review all drawings and collaborate to create a building design consistent with the Port's design standards. Ms. Hanchette stated the Port is working on the Covenants and Restrictions (CCR) for Columbia Gardens and the buyers are comfortable moving forward with the PSA, understanding that the CCR's and Owner's Association are still being developed.

Ron Swanby thanked Ms. Hanchette for her support through this process and he is looking forward to growing his business with the Port and the City.

MOTION: Commissioner Hohenberg moved to approve Resolution 2022-07 authorizing the Port's Chief Executive Officer to execute all necessary documentation associated with the land sale to Pipeworks, LLC and to take all other action necessary to close this transaction; Commissioner Moak seconded.

PUBLIC COMMENT

No comments were made.

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

B. Vista Field

1. Progress and Tasks Status Update

Mr. Peterson outlined the remaining tasks that need to be completed at Vista Field and policy questions for the Commission to consider (*Exhibit D*).

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 25, 2022 MINUTES

Mr. Peterson inquired the following:

1. Does the current Commission support initially only marketing that portion of the Vista Field improved area south of Vista Field Boulevard (phase 1A)?
2. Are the initial parcel offer prices, that were established by Resolution 2021-20 deemed acceptable to the current Commission?

Commissioner Hohenberg supports the previous commitment of only marketing the portion of the Vista Field improved area south of Vista Field Boulevard. The only caveat he would put on this, is if staff believes there is an opportunity that happens to be 20 feet across the borderline, that they are empowered to do what they need to do, to bring something forward and be the resilient organization that the Port of Kennewick is. As far as pricing, Commissioner Hohenberg leaves that to our in-house experts to do that and bring that forward as well. Commissioner Hohenberg knows that depending on what the market bears, once again, he has a high degree of trust in staff, to bring us what we need.

Commissioner Moak has no changes needed at this time and agrees with Commissioner Hohenberg that sometimes circumstances do change and sometimes we need to look at that.

It is the consensus of the Commission to reaffirm the marketing plan and initial parcel pricing presented by Mr. Peterson.

C. 2022-2023 Commission Committee Assignments

Ms. Scott presented the Commission Committee Representation list and inquired what revisions the Commission would like to make (*Exhibit E*).

Commissioner Novakovich stated perhaps some committees could be eliminated: Local Good Roads, the Historic Downtown Kennewick Partnership (HDKP) Organization Committee, and the Washington Public Ports Association (WPPA) Economic Development Committee. Commissioner Novakovich believes the Benton Franklin Council of Governments (BFCOG) handles transportation issues. Additionally, he does not believe the WPPA Economic Development Committee has ever met. Lastly, Commissioner Novakovich reviewed the HDKP bylaws and there is no provision that states a Port representative should sit on the HDKP Board. Commissioner Novakovich believes having Commissioner Moak on the HDKP Board is a violation of their bylaws. Commissioner Novakovich asked each Commissioner to disclose other board affiliations that are not appointed by the Port Commission Committee Assignments that could be seen as a conflict of interest.

Commissioner Novakovich inquired if Commissioner Hohenberg is willing to accept the following committee assignments: HDKP representation to downtown, the Regional Chamber of Commerce Board, Visit Tri-Cities Board, TRIDEC Board and the TRIDEC Executive Board, and the WPPA Marina Committee.

Commissioner Hohenberg is willing to accept those Committee Assignments outlined by Commissioner Novakovich.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 25, 2022 MINUTES

Commissioner Novakovich will be accepting the following committee assignments: BFCOG Board, the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) Board, the Hispanic Chamber of Commerce, the West Richland Chamber of Commerce, the WPPA Board of Trustees, the WPPA Legislative Committee, and the WPPA Marketing Committee. Additionally, Commissioner Novakovich sits on the HAEIFAC Board, HAEIFAC Private Loan Committee, Wallowa Band Nez Perce Trail Homeland Executive Committee, Tamastslit Trust Board through the CTUIR, Pacific Printing and Industries Board, Printing Industries of America Board, and the Washington State Army Advisory Counsel.

Commissioner Hohenberg serves on three state boards; Washington State Criminal Justice Training Center, Washington Auto Theft Prevention Authority Board, and the Northwest High Intensity Drug Trafficking Area. Those memberships will conclude at the end of February, upon his retirement from the City of Kennewick. Currently, Commissioner Hohenberg serves on the Hapo Community Credit Union Board and the advisory committee of the Boys and Girls Club of Benton and Franklin County.

Commissioner Moak stated in addition to the Port appointed boards, he sits on the Kennewick Housing Authority Board and the Kennewick Kiwanis Club.

Commissioner Novakovich stated if there are no objections, there is the Committee list for 2022-2023.

Commissioner Moak stated his assignments were not reviewed.

Commissioner Novakovich did not assign Commissioner Moak any committees due to the issues of creating a hostile work environment and the SAO management letter and mishandling of former Commissioner Barnes' reimbursement.

Commissioner Moak disagrees with that and any of Commissioner Novakovich's concerns about that have anything to do with the Committee Assignments that he has been assigned to.

Commissioner Novakovich thinks we just agreed on the Committee Assignments and per the Commission Policies and Procedures, there are consequences to not following our policies and procedures, and one of those is sanctions. And sanctions involve taking away Committee Assignments.

Commissioner Moak stated he has not been sanctioned on that.

Commissioner Novakovich believes Commissioner Moak has just been sanctioned.

Commissioner Moak appealed the Ruling of the Chair.

Commissioner Novakovich stated there is an appeal to the Ruling of the Chair and inquired if there is a second.

The Appeal fails for lack of second.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 25, 2022 MINUTES

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

Commissioners reported on their respective committee meetings.

E. Non-Scheduled Items

Ms. Hanchette reported that Cave B Estate Winery is closing their tasting room at the end of February.

Commissioner Novakovich asked staff to send a letter thanking them for being our first tenant in our new building and wish them future good will.

Mr. Arntzen stated he is making a commitment to the Commission that we will not inundate them with red tape related to Vista Field. Mr. Arntzen will continue to look for appropriate ways to disseminate the information to the Commission regarding the progress at Vista Field.

Commissioner Hohenberg appreciate Mr. Arntzen's update and agrees with his comments. It is nice to have an update from Mr. Peterson and Commissioner Hohenberg is still excited about the possibilities at Vista Field. Commissioner Hohenberg appreciates the feedback and does not like a lot of red tape as well. As we try to get things prepared, as it goes to the private sector, the sooner that we can, and the simpler we can make it, the better off we all are.

Commissioner Novakovich confirmed with Ms. Luke to follow up with an independent counsel for the SAO's comments.

PUBLIC COMMENTS

Ms. Scott read Tom Galioto into the record:

The Fortify plans for the Clover Island Inn sound very promising. However, I am most concerned with the potential for future failure, meaning that Fortify will not achieve their expected revenues from rentals to justify their initial \$20 mil investment and ongoing maintenance/operations costs. I believe that Fortify has NO track record on micro-apartment rentals. This location would provide very small living spaces, very high rental spaces, at a pretty far distance from the major possible market of Hanford workers/visitors. Has Fortify done any detailed study/survey in the Tri-Cities including the public, Hanford employers, other businesses that may use these apartments? Thank you.

No further comments were made.

Commissioner Novakovich anticipates the Executive Session will last approximately 30 minutes, Potential Litigation, per RCW 43.30.110(1)(i) with potential action expected. Commissioner asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

RECESS FOR EXECUTIVE SESSION

Commissioner Novakovich recessed the Regular Commission Meeting at 4:51 p.m. and convened the Executive Session at 4:55 p.m. for 30 minutes.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 25, 2022 MINUTES

Ms. Schumacher extended the Executive Session for 15 minutes at 5:25 p.m.

EXECUTIVE SESSION

A. Potential Litigation per RCW 43.30.110(1)(i)

Commissioner Novakovich adjourned the Executive Session at 5:35 p.m.

Commissioner Novakovich reconvened the Regular Commission Meeting at 5:36 p.m.

Commissioner Novakovich asked Ms. Luke to summarize the action the Commission needs to take.

Ms. Luke stated the Commission previously discussed the pending tort claim from Mr. Arntzen and indicated that it could be resolved. To facilitate discussions regarding potential resolutions and to explore those through the mediation process, additional time is needed. A Tolling Agreement would provide that time to the Port and Mr. Arntzen. Ms. Luke recommended the Port Commission authorize counsel to sign a Tolling Agreement on behalf of the Port and Commissioner Moak, which provides time up until June 1, 2022 for the Port and Mr. Arntzen to explore mediation. Ms. Luke inquired if there are any questions.

MOTION: *Commissioner Hohenberg moved to authorize Port Counsel to execute a Tolling Agreement in the matter of Tim Arntzen's tort claim against the Port and Commissioner Moak, and to take all action necessary in furtherance thereof; Commissioner Moak seconded.*

PUBLIC COMMENT

No comments were made.

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

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 5:39 p.m.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 25, 2022 MINUTES

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

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Skip Novakovich

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Skip Novakovich, President

DocuSigned by:

Kenneth Hohenberg

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Kenneth Hohenberg, Vice President

DocuSigned by:

Thomas Moak

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Thomas Moak, Secretary

PORT OF KENNEWICK

Resolution No. 2022-03

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A LEASE AGREEMENT WITH CARBITEX LLC

WHEREAS, the Port of Kennewick (POK) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

WHEREAS, a one year lease for 16,600 square feet of office and industrial warehouse space has been negotiated by Port staff with Carbitex LLC; and

WHEREAS, the Port Commission has called a regularly scheduled public meeting with notice of such meeting given as provided by law and such public meeting was held at such time and on said date; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Lease Agreement and find it is in proper form and it is in the Port's best interest; and

WHEREAS, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick approves a one year lease with Carbitex LLC as presented and authorizes the Port's Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

BE IT FURTHER RESOLVED 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 necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 25th day of January, 2022.

PORT of KENNEWICK BOARD of COMMISSIONERS

By: *Skip Novakovich*
SKIP NOVAKOVICH, President

By: *Kenneth Hohenberg*
KENNETH HOHENBERG, Vice President

By: *Thomas Moak*
THOMAS MOAK, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2022-04

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING THE RELEASE OF BUYBACK CLAUSE FOR 2018 LAND SALE TO THREE RIVERS ACQUISITIONS LLC

WHEREAS, the Port commission sold approximately 12.33 acres of the area graphically depicted on “*Exhibit A*” at the Port of Kennewick’s Oak Street Industrial Park, in Kennewick, Washington to Three Rivers Acquisitions LLC (Purchaser) April 24, 2018 for \$375,000; and

WHEREAS, a restriction to the Statutory Warranty Deed recorded June 28, 2019 allows the Port of Kennewick the option to repurchase the property should the Purchaser not develop the property within eighteen months of closing; and

WHEREAS, the Port Commission gave approval of the Purchaser’s request for up to a 12 month extension ending December 31, 2021 by consensus during the October 13, 2020 Commission Meeting; and

WHEREAS, the Port Commission finds that said property is outside the scope of the Port’s current Comprehensive Scheme of Development and releases such repurchase option from said property.

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 all documents and agreements on behalf of the Port to complete the release of the repurchase option as specified above.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 25th day of January, 2022.

PORT of KENNEWICK BOARD of COMMISSIONERS

By:

DocuSigned by:

Skip Novakovich

SKIP NOVAKOVICH, President

By:

DocuSigned by:

Kenneth Hohenberg

KENNETH HOHENBERG, Vice President

By:

DocuSigned by:

Thomas Moak

THOMAS MOAK, Secretary

EXHIBIT A



PORT OF KENNEWICK

RESOLUTION No. 2022-05

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK AFFIRMING AND RATIFYING
THE LAND SALE POLICY FOR CLOVER ISLAND***

WHEREAS, Fortify Holdings LLC has indicated a desire to purchase the Clover Island Inn and change its use from a hotel to a multi-family residential housing project; and

WHEREAS, Fortify Holdings LLC has requested that the Port Commission sell it the land under the hotel; and

WHEREAS, and the Waterfront Master Plan, completed in June 2021, and adopted by the Port Commission under Resolution 2021-12, indicates that the Port should not sell the land on Clover Island; and

WHEREAS, the Fortify Holdings LLC proposal has raised the larger issue of the Port selling a segment of the publicly owned Clover Island to the private sector; and


WHEREAS, the Port Commission is respectful of, and wishes to heed public input.

NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners hereby affirms and ratifies the policy to not sell any land on Clover Island to any third party, consistent with the Waterfront Master Plan.


BE IT FURTHER RESOLVED that the Port of Kennewick Board of Commissioners hereby endorses and approves all action by port officers and employees in furtherance hereof; and authorizes the Port Chief Executive Officer to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 25th day of January 2022.

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

By: 
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SKIP NOVAKOVICH, President

By: 
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KENNETH HOHENBERG, Vice President

By: NAY

THOMAS MOAK, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2022-07

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH PIPEWORKS LLC

WHEREAS, Pipeworks LLC (Purchaser), has offered to purchase approximately 2,949 square feet of the area graphically depicted on “*Exhibit A*” as 215 E. Columbia Drive at the Port of Kennewick’s Columbia Gardens Wine & Artisan Village in Kennewick, Washington from the Port of Kennewick (Seller) for \$36,863.00 or approximately \$12.50 per square foot; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Purchase and Sale Agreement and find it is in proper form with potential minor modifications and is in the Port’s best interest; and

WHEREAS, the Port Commission finds that said property is surplus to the Port’s needs and the proposed sale is consistent with all previous Port policies, including its Comprehensive Scheme of Development.

NOW, THEREFORE; BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorizes the Port’s Chief Executive Officer to execute a Purchase and Sale Agreement with Pipeworks LLC and hereby authorizes the Port’s Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

BE IT FURTHER RESOLVED that the Port Commission declares that said property is surplus to the Port’s needs and the proposed sale as referenced above is consistent with all previous Port policies, including its Comprehensive Scheme of Development.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 25th day of January, 2022.

PORT of KENNEWICK BOARD of COMMISSIONERS

By:

DocuSigned by:

Skip Novakovich

SKIP NOVAKOVICH, President

By:

DocuSigned by:

Kenneth Hohenberg

KENNETH HOHENBERG, Vice President

By:

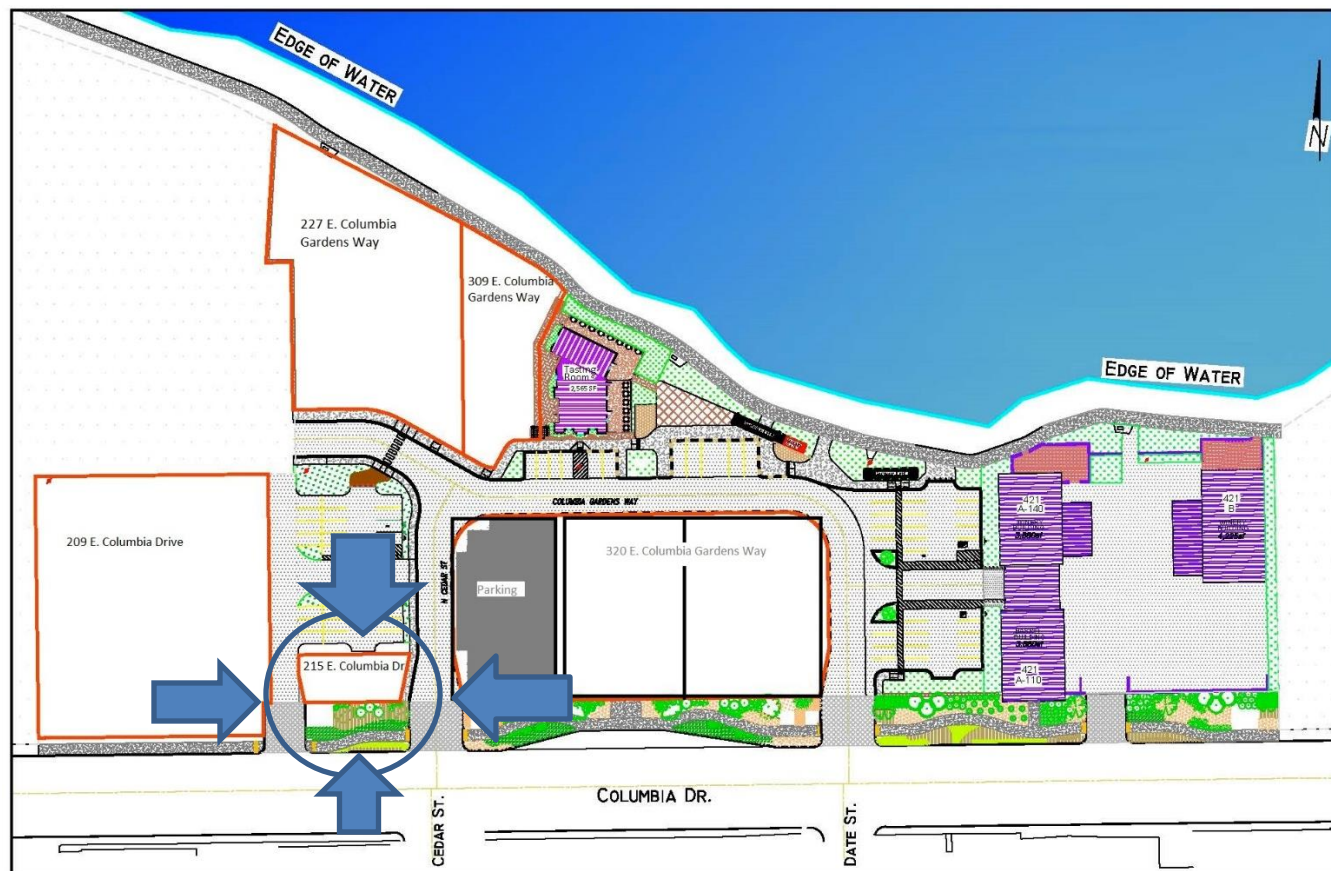
DocuSigned by:

Thomas Moak

THOMAS MOAK, Secretary

EXHIBIT A

215 E. Columbia Drive, Kennewick WA 99336





Office of the Washington State Auditor

Pat McCarthy

Exit Conference: Port of Kennewick

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2019 through December 31, 2020 – see draft report.

Recommendations not included in the Audit Reports

Management Letters

Management letters communicate control deficiencies, non-compliance or abuse with a less-than-material effect on the financial statements or other items significant to our audit objectives. Management letters are referenced, but not included, in the audit report. We noted certain matters that we are communicating in a letter to management related to the reimbursement of a Commissioner's legal fees.

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or non-compliance with laws or regulation that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/SAOPortal>.

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$11,550 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in 2023 and will cover the following general areas:

- Accountability for Public Resources

The estimated cost for the next audit based on current rates is \$11,850 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

If expenditures of federal awards are \$750,000 or more in any fiscal year, notify our Office so we can schedule your audit to meet federal single audit requirements. Federal awards can include grants, loans, and non-cash assistance such as equipment and supplies.

Working Together to Improve Government

Audit Survey

When your report is released you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation of the Office of the Washington State Auditor is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Kelly Collins, CPA, Director of Local Audit, (564) 999-0807, Kelly.Collins@sao.wa.gov

Tina Watkins, CPA, Assistant Director of Local Audit, (360) 260-6411 Tina.Watkins@sao.wa.gov

Ginny Waltman, Audit Manager, (509) 734-7104, Ginny.Waltman@sao.wa.gov

Jose Garcia, Assistant Audit Manager, (509) 581-3969, Jose.Garcia@sao.wa.gov

Debbie O’Leary, Assistant Audit Manager, CFE, (509) 581-3973, Deborah.O’Leary@sao.wa.gov



Office of the Washington State Auditor
Pat McCarthy

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Accountability Audit Report

Port of Kennewick

For the period January 1, 2019 through December 31, 2020

Published (Inserted by OS)

Report No. 1029722



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your smartphone's camera



**Office of the Washington State Auditor
Pat McCarthy**

Issue Date – (Inserted by OS)

Board of Commissioners
Port of Kennewick
Kennewick, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Port operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Port's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Port operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

However, we noted certain matters related to commissioner reimbursement of legal fees that we communicated to Port management and the Board of Commissioners in a letter dated January 19, 2022. We appreciate the Port's commitment to resolving those matters.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Port of Kennewick from January 1, 2019 through December 31, 2020.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Port's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2020 and 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – general disbursements and electronic funds transfers
- Compliance with revenue bond debt covenants
- Payroll – gross wages
- IT security policies, procedures, practices and controls protecting financial systems – patch management

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- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress
- Conflict of interest – expenditure approvals

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

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INFORMATION ABOUT THE PORT

The Port of Kennewick was formed in 1915 with the primary mission being to foster economic development. The Port boundaries encompass the cities of Kennewick and West Richland, the portion of Richland located south of the Yakima River and the surrounding areas of Benton County.

The Port is governed by an elected, three-member Board of Commissioners. Commissioners serve staggered, six-year terms. The Port's assets include marina facilities, an airport and multiple industrial parks. For fiscal years 2019 and 2020, the Port had about \$1.3 million in total operating revenues and \$4.3 million in tax revenue each year. The Port had \$2.5 million in operating expenditures each year. The Port has 14 full-time employees.

Contact information related to this report

Address:	Port of Kennewick 350 Clover Island Drive, Suite 200 Kennewick, WA 99336
Contact:	Nick Kooiker, CFO/Auditor
Telephone:	(509) 586-1186
Website:	www.portofkennewick.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Port of Kennewick at <http://portal.sao.wa.gov/ReportSearch>.

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ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

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- [Request public records](#)
- Search BARS manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov



**Office of the Washington State Auditor
Pat McCarthy**

January 19, 2022

Board of Commissioners
Port of Kennewick
Kennewick, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Port of Kennewick from January 1, 2019 through December 31, 2020. We believe our recommendations will assist you in improving the Port's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Port officials and personnel. If you have any further questions, please contact me at (509) 734-7104.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Ginny Waltman, Audit Manager

Attachment

Management Letter
Port of Kennewick
January 1, 2019 through December 31, 2020

Commissioner reimbursement of legal fees

In August 2019, the Port imposed sanctions on one of its Commissioners after an independent investigation found this person's behavior violated the Port's Rules of Policy and Procedure. This Commissioner then pursued arbitration related to the sanctions, incurring legal fees that he paid personally. In 2021, the Commissioner sought reimbursement of the legal fees from the Port.

State law and the Port's Rules of Policy and Procedure allow the Port to provide legal representation to defend a claim or lawsuit filed against Port officials unless they elect to provide their own representation. Because the Commissioner obtained his own representation rather than using a Port-appointed legal counsel, reimbursing the Commissioner's legal fees is not an allowable expense.

In April 2021, two of three Commissioners voted to approve the reimbursement of the Commissioner's legal fees totaling \$49,282.75. One of the two votes approving the reimbursement came from the Commissioner seeking reimbursement. State law does not allow an officer to benefit directly from a contract made through or under the supervision of the officer. The Commissioner seeking reimbursement should not have voted on a matter that directly benefitted him. Instead, the Commissioner should have recused himself from the vote.

We recommend the Port follow its own policy and state law. Further, we recommend the Port conduct additional legal review to determine if any further actions, such as repayment, are necessary or required by law.



Commissioners | Don Barnes | Thomas Moak | Skip Novakovich
350 Clover Island Drive | Suite 200 | Kennewick, WA 99336
509.586.1186 | FAX: 509.582.PORT (7678) | www.PortOfKennewick.org

January 19, 2022

Office of the Washington State Auditor
100 North Morain, Suite 216
Kennewick, WA 99336

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of the Port of Kennewick for the period from January 1, 2019 through December 31, 2020. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

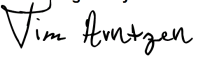
Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.


We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available requested and relevant information of which we are aware, including:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
 - d. Communications from regulatory agencies, government representatives or others concerning possible material noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
 - e. Related party relationships and transactions.
 - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.

2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.
3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. Except as discussed with you, we have complied with all material aspects of laws, regulations, contracts and grant agreements.
6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.
7. Except as discussed with you, we have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
8. Except as reported to you in accordance with RCW 43.09.185, we have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records, notwithstanding immaterial uncorrected items referenced below.

DocuSigned by:

897EAA4F32B4433...
Tim Arntzen, CEO

DocuSigned by:

0A6096A4B5BD4FB...
Nick Koosker, CFO/Auditor

A \$20 Million Investment in the Port District

Clover Island Inn: Creating a Catalyst for Economic Development

January 2022



Status Update on Fortify and The Clover Island Inn



Status Update

- Fortify plans to close by March 31, 2022 on the Clover Island Inn
- Proposing to purchase the land from the Port of Kennewick in order to invest heavily in building and island
- Due Diligence report has been ordered by Port
- Land appraisal has been ordered by Port
- Proposed Site Plan is complete
- First 3D architectural renderings of Fortify's long term vision for Clover Island Inn available



Framing the Discussion

Fortify plans to purchase the Clover Island Inn regardless of the outcome of the land sale. However, our investment strategy does change dramatically with the purchase of the land:

If Fortify **DOES** purchase the land:

- Major investment to renovate and dramatically enhance entire facility - interior, exterior, and common areas.
- Transformation of existing hotel into high end mixed-use property featuring: short term stays, long term housing (apartments), brand new restaurant, retail spaces, rooftop event venue
- Build a brand new entertainment venue on the island for summer concert series and other events.

If Fortify **DOES NOT** purchase the land:

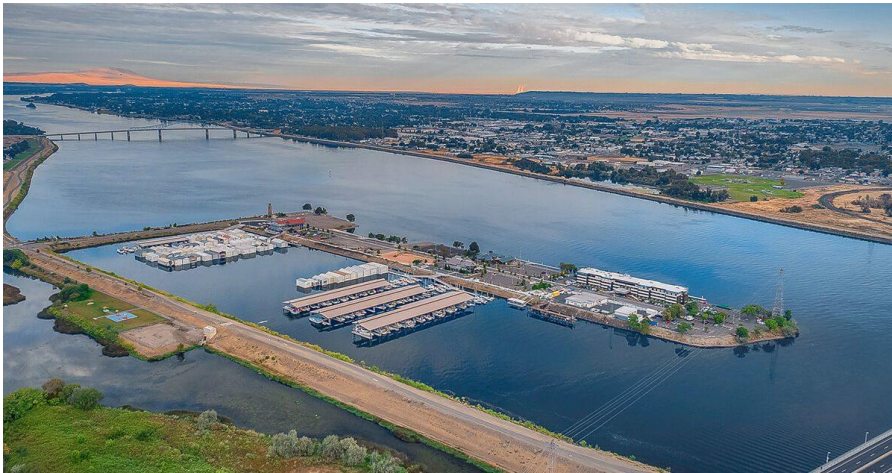
- Close on purchase of Clover Island Inn.
- Assume lease with Port of Kennewick.
- Maintain existing building as is.
- Operate the building consistently with zoning code and lease terms: as a hotel.
- Minimal additional investment consistent with lease terms.

It is our goal to purchase the land so we can invest and help build the vibrant, fun, clean, safe, and attractive port you desire in your Master Plan.

Renovation Plan and Renderings

Renovation Plan - Update

- Projected Total Investment: \$17 Million - \$20 Million
- Mixed-use property featuring a restaurant, shops, and apartment homes along with other amenities
- Renovations will include complete interior renovations, a new restaurant/bar, SUP/kayak rentals, new pool area, new landscaping, new exterior elements of the building (paint, siding, architectural elements, artwork, etc.), parking lot upgrades, new signage, and more



Increased public access to the river



New riverfront restaurant/bar

New rooftop event space
for wedding, reunions, etc.

New fixed concert
and public park space

New public riverwalk trail

Social Media Response

- TC Journal of Business Article
 - 116 total comments to article post on Facebook (20% / 50% / 30%)
 - 65 total "Likes" compared to 38 "Dislikes"
- Very positive article and comments in Tri-City Herald
 - <https://www.tri-cityherald.com/news/local/article257417442.html>
- **NOTE:** Negative comments are based on incomplete information. We are addressing the concerns and going a step further by including recommendations/solutions in our complete set of plans and will structure the Purchase-Sale-Agreement with the Port to address the pertinent issues.



Addressing Public Feedback

What Kind of Development is this and Who Will be the Renters?

- Our vision is for market rate apartments.
- Targeting a good mix of working professionals (both young and old), retirees, any residents seeking waterfront living.

Improving Public Access

- Improve public access to the building.
- Open the deck, patio, and dock to the public.
- Add walking trails, rooftop event space for banquets and weddings, add a kayak/SUP rental shop (does not currently exist on the island).
- New restaurant/bar.
- Work with the Port to find on-island and off-island parking solutions.

How Will this Help the Island?

- A renovated Clover Island Inn with permanent residents will enhance commercial activity.
- Benefits adjacent businesses (restaurants, breweries, the marina, wine village, etc.).
- Permanent residents = safer neighborhoods.
- Alleviates pressure on the over-stressed housing market.
- Brings in more property tax revenue for the city/county.

Consistent with the Clover Island Master Plan

- **Permanent Residents on Island**
- **Improve the old, outdated Clover Island Inn**
- **Add Permanent Entertainment Venue**
- **An Active Community**
 - Walking paths, kayak/SUP rentals, public access
- **Local Art & Architecture**
- **Drive Economic Activity**
 - New restaurant/bar
 - Kayak/SUP rentals
 - More residents = more commercial activity for the entire port district

The Master Plan: "Reconsider Land Sale Policy"

- Page 54 of the Master Plan specifically addresses the land sale issue in section titled "RECONSIDER LAND SALE POLICY"
 - Discusses how developers must be able to buy land in order to acquire financing and realistically be able to invest large amounts of capital resources
 - This section directs the Port to work on long-term leases with favorable terms for developers if the land sale policy is not updated
 - Port is actively marketing other parcels of land for sale
- PROS
 - Attract serious developers to invest in Port District
 - Use sale proceeds to invest across the Port and accomplish Port goals

Working Together

No matter the outcome of the land sale, Fortify will be a partner of the Port and work to further the Master Plan.

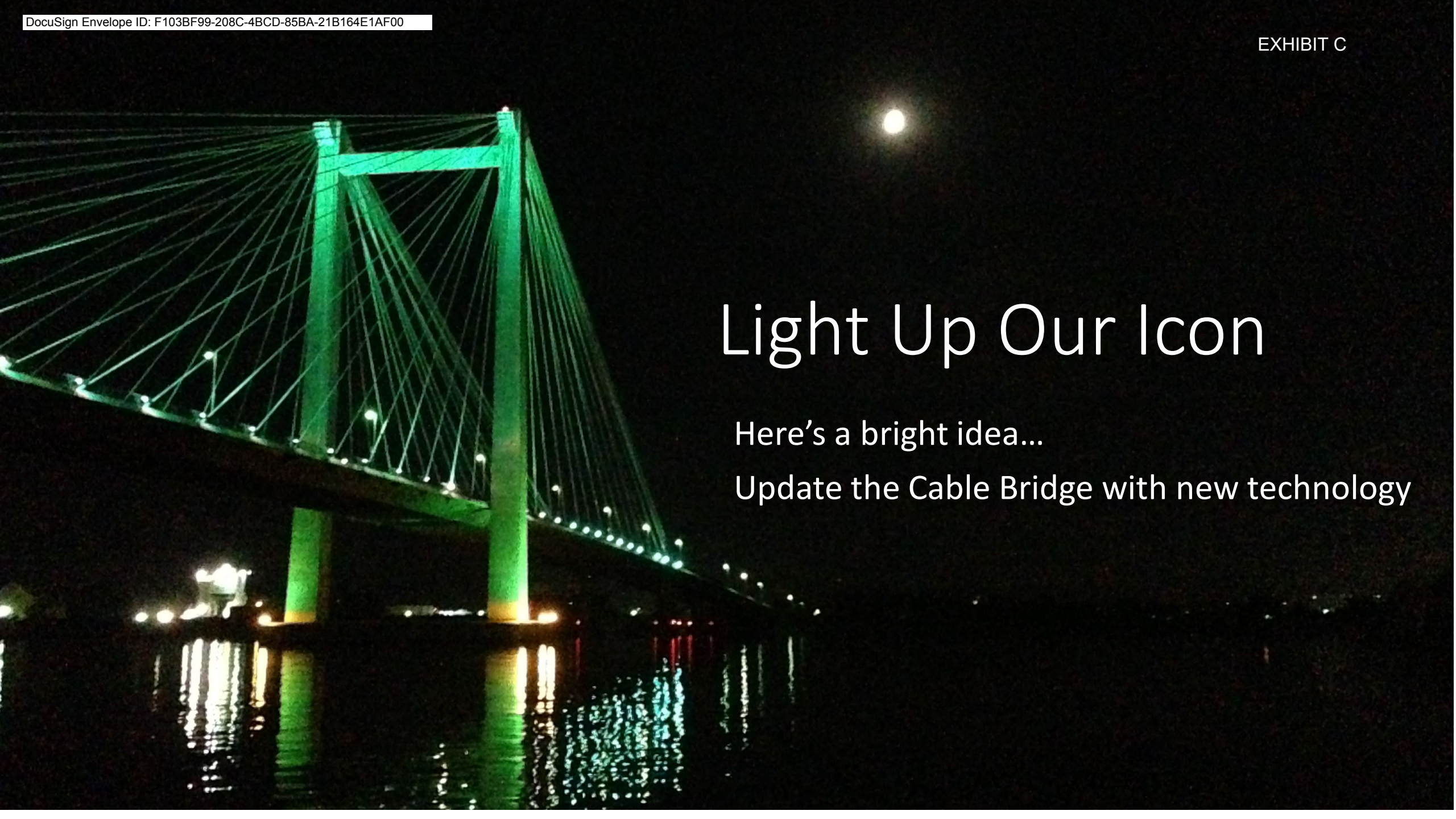
- **GOAL (Plan A): Purchase the land, invest \$20 million, partner with port to execute Master Plan.**
- Plan B: Purchase the Clover Island Inn, seek assignment of lease, and operate in a similar manner as it is today.

Across all communities where Fortify exists, we create partnerships with local stakeholders to advance interests of all parties.



Thank You

Questions / Comments



Light Up Our Icon

Here's a bright idea...

Update the Cable Bridge with new technology

Project Concept



Inspired by other cities who have turned bridges, buildings and arenas into artistic features, this proposal is to install a new, state-of-the art lighting system on the Ed Hendler Pasco/Kennewick cable bridge.

Why...

- Enhance the architectural design.
- Update antiquated lighting with energy efficient LED technology.
- Provide a tourism draw to the Tri-Cities, specifically Clover Island, Osprey Point and the river trails on both sides of the river.
- Highlight Osprey Point, Clover Island and other nearby Port of Pasco and Port of Kennewick projects.
- Connect the two cities visually and esthetically.
- Raise awareness of the value of the Columbia River system.
- Provide a revenue stream for lighting the bridge for special occasions.



The Tilikum Crossing Bridge, located in Portland OR

The dim challenge

The current white spotlights were a nice enhancement to the bridge when installed over 20 years ago, however the old technology limits the lighting capabilities.

Currently, to change the color of the lights, a plastic colored plate must be installed over each light making it labor intensive and expensive.

The bright solution

- A new lighting system with new LED technology will enable the lights to be easily changed for promotional and artistic opportunities.
- The new computer operated system takes minutes to change the lights multiple colors.
- The lights can be changed daily, weekly or monthly. An affordable fee would be charged to help offset the cost of the system.
- The creative ideas are tremendous -
 - Raising awareness for various causes (i.e. pink for breast cancer month)
 - School occasions (i.e. High school homecomings featuring the school colors.
 - Holidays (imagine red, white and blue lights for 4th of July and red, white and green for Cinco de Mayo)
 - Annual Light Festival (like Portland)



Bridge located in Minneapolis lit up in honor of Minnesota National Guard soldiers - MDOT



The Tilikum Crossing Bridge, located in Portland OR



The Lowry Bridge located in Minneapolis, MN

Cost of the project

- Approx. \$xxx.xxx – Includes:
- Life of the lights/upkeep cost
- Annual cost estimate compared to current annual cost
- Ease of operation/very little staff time

Technical Information

- 144 lights are currently on the bridge- one per cable
- Lights life are approx. 8,000 days @ 12 hours a night.
- 5 year warranty
- Useful lifetime - 70% output

PROS and CONS



Could LED Lighting benefit the TC's?

Incorporating Light Emitting Diode (LED) bridge lighting can be beneficial to a community. It offers a wide variety of advantages, new opportunities, and some much-needed upgrades. Adding LED lighting could be challenging as it will take a bit of a collaborative process, but the upside that it provides a community is priceless and offers a community a chance to strengthen its identity. It can capture the attention of hundreds and thousands of people and provides an opportunity for the community to still preserve the historic aspect of the structure.

- LED lighting sends a clear message of sustainability using 85% less energy than traditional lighting. At a maximum power consumption, a typical night uses the same amount of energy as two hair dryers being used.
- LED lighting is on the verge of becoming the main component of Li-Fi and may potentially replace Wi-Fi in commercial construction.
- It offers much more than "eye candy" to visitors - it provides added benefits for existing community members.
- San Francisco added LED to their bridges in 2013. This project supported 88 jobs and contributed \$10 million to the city's GDP while boosting the economy by \$97 million.
- Portland's annual Festival of Lights in February brings visitor revenue of >\$2 million during a slow tourist month and engages local artists, schools, and businesses.



Why is LED bridge lighting challenging to implement?

- LED lighting is expensive, invasive, and be a large obstacle for communities to consider.
- Starting roughly at \$2 million dollars, it can take many years for a community to finance.
- Updating a community bridge can provide several logistical challenges.
- Department of Transportation has to carefully analyze traffic patterns to not disrupt traffic flow during the update.
- The bridge spans are connecting two cities and two counties.
- Disruption to traffic below the bridge is also a concern as barge traffic uses below deck lighting to navigate the water at night.

- It will require a local team and the expertise of light designers to combine their expertise to provide a conceptual plan and complete such a project.

However, data points to the cost being worth every penny.

Reduced energy consumption, new jobs, and an increase in our community GDP are positive results of the LED lights illuminating the cable bridge in a dazzling display of vibrant colors.

And... other bridges over the Columbia could also be lit up in the future.

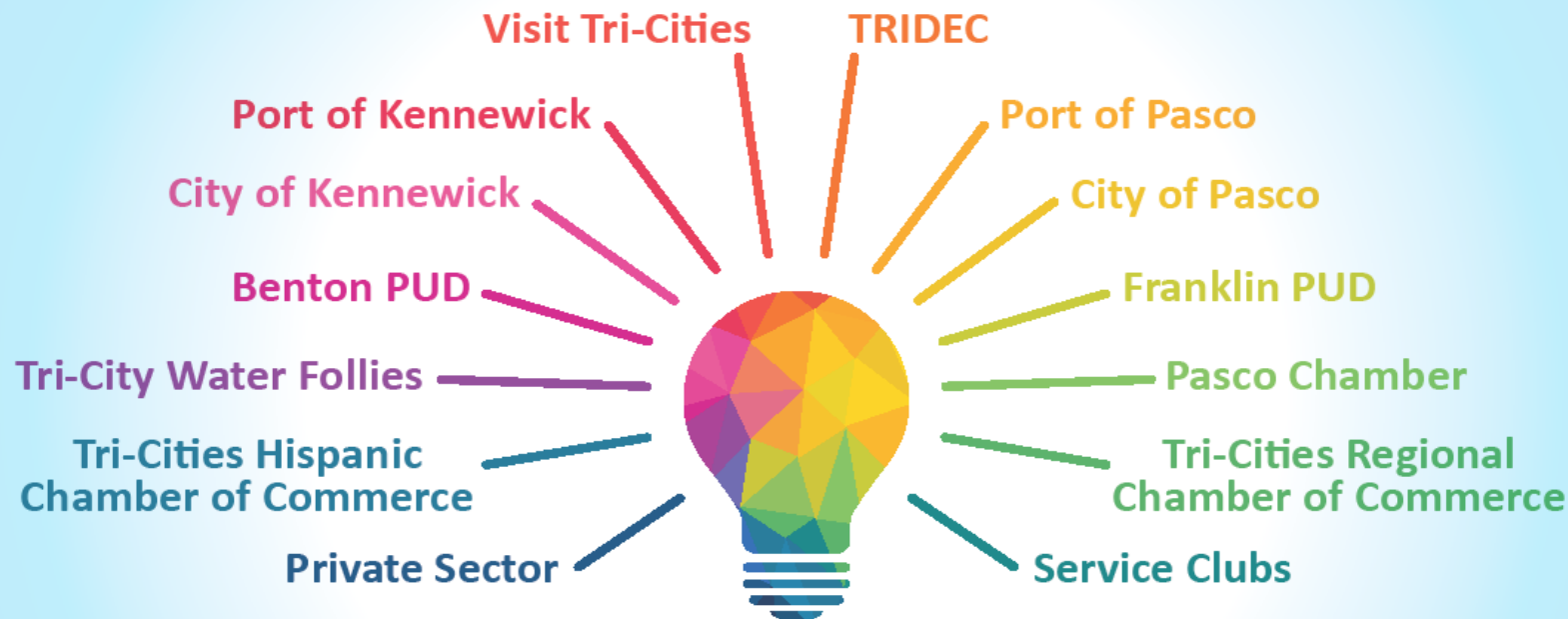
Fundraising

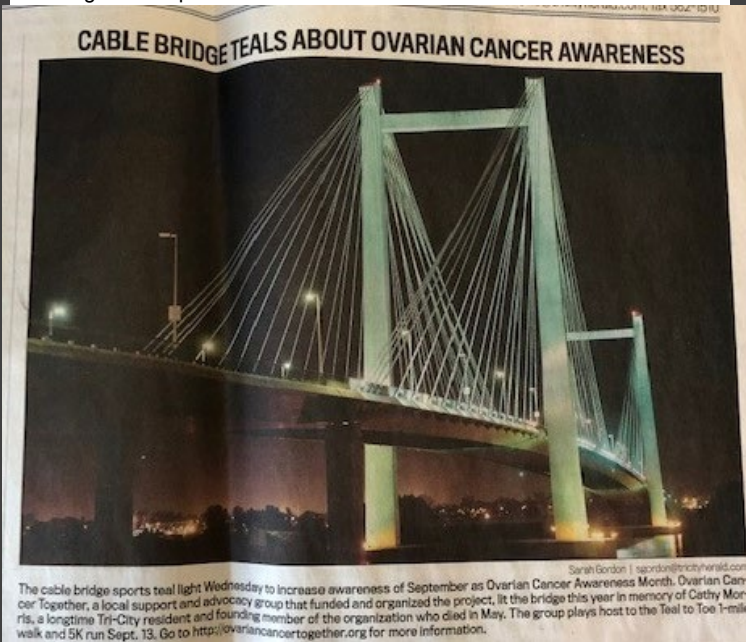
- Representatives from Cities, Counties, Ports, PUDs, local organizations.
- Interested citizens
- Pursue grant opportunities.

Operational responsibilities

- Operation of the lights.
- Determining the fee per day/per month and billing.
- Maintenance of the lights and system.
- Promotion of the lighting projects.
- Possible Annual Light festival featuring the bridge and other lighted structures throughout the community.
- Operations can be set up at nearby office space, perhaps either city or a Port office. Nominal staff time.

Light Up Partners

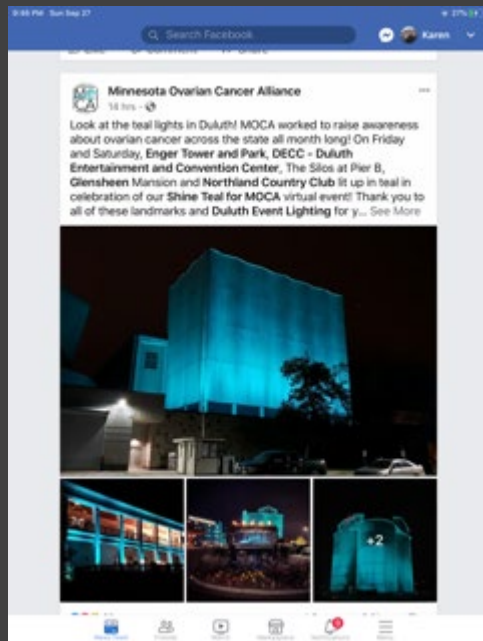




Background

In 2013 Ovarian Cancer Together, a local nonprofit support group, was the first group to pursue changing the bridge lights copying the Minnesota Ovarian Cancer Association who spearheaded lighting a bridge in Minneapolis. The lights were changed to teal-blue for the month of September. The media coverage was tremendous. The cost at the time was \$5,000 and paid for by a business sponsorship and a few generous contributors. Other local organizations have wanted to use the bridge lights to raise awareness for their cause but have been unable to because of the cost and difficulty.

Other cities have installed lighting systems to bridges and buildings including Portland, OR. There are now 14 bridges on the river through Portland that have a colored light system. The annual Portland Light festival was created to highlight the lights on the bridges and is coordinated with businesses located on the river for three nights in February. It has a budget of 1.4 million and 40,000 attendees. The Festival is managed by a separate committee from the operations organization.



Thank you!

For more information:

Memorandum

To: Tim Arntzen, Executive Director
From: Larry Peterson
Date: January 25, 2022
Re: Vista Field Policy Issues & Commission Decisions/Reaffirmations Needed

Together with the numerous staff is completing to bring the Vista Field Redevelopment project to market there is a need for several Commission policy decisions and/or reaffirmations of previous decisions. These policy decisions are proposed to be presented at the next three Commission meetings in a format that would allow for Commission decisions/direction at those meeting. Below is the proposed “agenda” for the next three meetings with details on the decisions.

❖ PROPOSED AGENDA & SCHEDULE OF POLICY ISSUES

January 25, 2022 Meeting

(Commission Reaffirmation sought via Consensus vote)

Initial Marketing Area
Initial Parcel Offer Prices

FEBRUARY 8, 2022 Meeting

(Commission Reaffirmation sought via Consensus vote)

Joint-Use Parking areas initially provided by the Port {inherent role of the developer}
Project Reinvestments triggered by initial development {inherent role of the developer}

FEBRUARY 22, 2022 Meeting

(Commission Reaffirmation sought via Consensus vote)

Vista Field Introduction to Governing Documents {helps to explain the regulator pieces}
Vista Field Declaration of Covenants {applies to entire site, regardless of use}
Vista Field Declaration of Covenants-Commercial Property {2nd layer for commercial uses}
Vista Field Association Assessment Structure {actual costs to owners based upon use}
Vista Field Association Appointment of initial Officers

(Shared with Commission for information but formal approval not required)

Vista Field Association Article of Incorporation {non-subjective, dictated by State law}
Vista Field Association By-Laws {non-subjective, dictated by State law}

❖ **POLICY ISSUES for January 25, 2022 meeting**

(Commission Reaffirmation sought via Consensus vote)

Initial Marketing Area

Following years of conceptual discussions about how New Urbanism development differs in numerous aspects from typical development occurring the last 60 years and the importance of placemaking, the issue of “focus efforts” was discussed with the Commission in April 2021. The Commission discussed the strategy of marketing just a portion of the improved properties to focus all activity into a node or center which would help yield that “place” envisioned by all. The impact of clustering the first five or six buildings together rather than spread-out from Deschutes to Grandridge was contemplated. Ultimately the Commission concurred with the cluster approach and directed staff to only market the lands from Deschutes to Vista Field Boulevard in the first phase (known as Phase #1A), which abuts the recently constructed special areas of the stream, bridges and woonerf. Attached is a memo which was shared with the Commission at the April 13, 2021 meeting.

QUESTION: Does the current Commission support initially only marketing that portion of the Vista Field improved area south of Vista Field Boulevard (Phase #1A)?

Initial Parcel Offer Prices

Following discussion at several meetings in summer and fall 2021 the Commission passed Resolution 2021-20 on October 13, 2021 adopting the parcel pricing for Vista Field Phase #1A. This parcel pricing was based upon an appraisal completed in 2021 and established lump sum prices for three types of parcels (Residential detached, Live/Work & Residential Attached aka Townhomes) and a per square foot price from all other parcels. Those prices are identified in Exhibit A of that resolution which is attached to this memo. The prices would be the initial offer prices; the starting point for the Port’s marketing and could be adjusted as dictated by market response. The Commission nor the private sector are bound to these exact prices and the builders could offer less... or more for the parcels... however this resolution helps the private sector understand the Port’s expectations.

QUESTION: Are the initial parcel offer prices established by Resolution 2021-20 deemed to be acceptable to the current Commission?

- - -

Memorandum

To: Tim Arntzen
From: Larry Peterson
Date: April 2, 2021
Re: Vista Field Phase #1A: Initial Marketing Area

OVERVIEW

Port funded horizontal infrastructure improvements (roads, utilities & water feature) to open the core of the redevelopment site for vertical improvements (buildings) have been completed. The recently completed infrastructure improvements are “front end loaded” with major cross site roadways & utilities, a significant amenity of the 850ft water feature and reservations for future public spaces. Phase #1 encompasses a total of 18.3 acres gross with improved City streets, sidewalks, woonerfs, alleys and parking area utilizing 4.9 acres and 2.5 acres for the water feature and future Daybreak Commons. Retaining 2.6 acres for future common parking areas and 1.0 acre for the three (3) corporate hangars yields 7.3 acres of land for vertical improvements.

FOCUS ON VERTICAL IMPROVEMENT POTENTIAL

DPZ recommends placing emphasis on what could be located on those 7 acres rather than “only having 7 acres to sell.” Basic building and land allocations with a presumption of one (1) and two (2) story buildings results in nearly 300,000sf of buildings within Phase #1, which would be more building area than in the entire 30+ acre Spaulding Business Park!

Working with DPZ to refine suggestions about what should be encouraged where, and possibly more importantly, when; has resulted in a recommendation to focus the initial private sector development around the Azure Drive woonerf area. New Urbanism is based upon several principles, a primary principle being the goal of creating a vibrant area through concentrating vertical improvements in a cluster or compact development.

The first attachment is the well-known Vista Field rendering shaded to highlight the Azure Drive node extending from the hangars along Deschutes Avenue to Vista Field Boulevard. Concentrating the marketing, parcel availability and private sector efforts to the central node has the potential to yield over 125,000sf of building improvements, seven (7) live/work units and four (4) single family detached units. **Wouldn't such a nucleus be considered a “great” start for the Vista Field project?** Conversely wouldn't spreading these first projects over the entire site resulting in a more typical scattered/sprawling pattern be considered a lost opportunity?

Also attached is a four-page document consisting of a map and spreadsheet of both the DPZ recommended “Round 1” area and the overall Round 1 & Round 2/all Phase #1 area.

Possibly this information is shared with the Commission at their next meeting and discussion about the DPZ recommended “Round 1” area occurs, without an expectation or ask for a decision.



VISTA FIELD Phase #1

Marketing Round 1

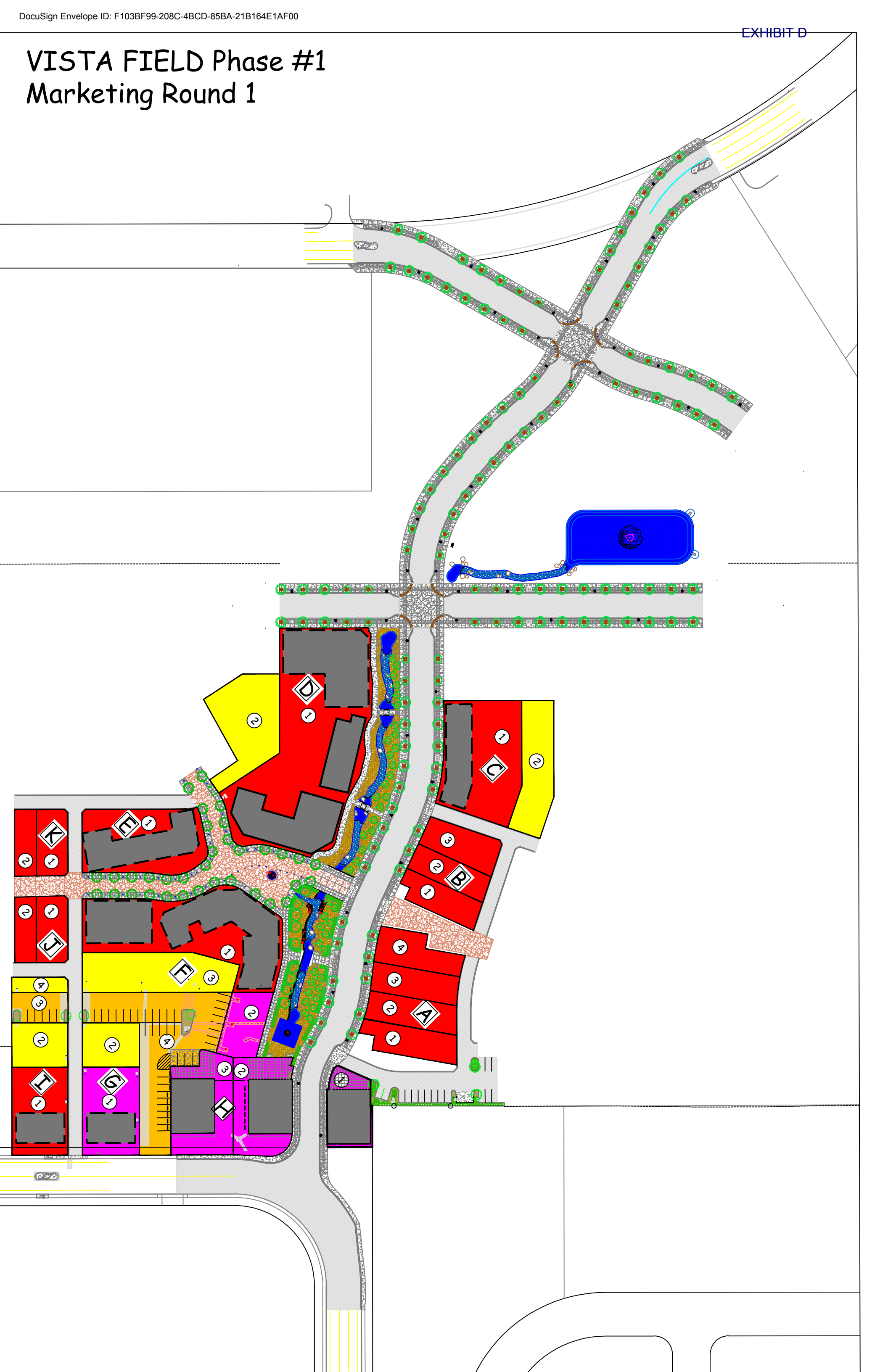


EXHIBIT D

February 24, 2021				
VISTA FIELD PHASE #1 - LAND OFFERED Round 1				
Block	ID	Street	Use Type	Specifics
A	1	Crosswind Blvd.	Live Work	Lot 1 (southern)
A	2	Crosswind Blvd.	Live Work	Lot 2 (south central)
A	3	Crosswind Blvd.	Live Work	Lot 3 (north central)
A	4	Crosswind Blvd.	Live Work	Lot 4 (northern)
B	1	Crosswind Blvd.	Live Work	Lot 1 (southern)
B	2	Crosswind Blvd.	Live Work	Lot 2 (central)
B	3	Crosswind Blvd.	Live Work	Lot 3 (northern)
C	1	Crosswind Blvd.	Mixed Use	Crosswind Blvd. Frontage
C	2	Crosswind Blvd.	Parking Lot	PORT Retained Future-Parking Area
D	1	Constellation Way.	Special Use	West of Stream Sidewalk
D	2	Constellation Way.	Parking Lot	PORT Retained Future-Parking Area
E	1	Azure Dr.	Special Use	Whole Block
F	1	Azure Dr.	Special Use	Southside
F	2	Crosswind Blvd.	Pop-Up Retail	PORT Retained Future-Building Pad
F	3	Azure Dr.	Parking Lot	PORT Retained Future-Parking Area
F	4	Azure Dr./Deschutes Alley	Parking Lot	PORT Retained EXISTING Parking Area
G	1	Deschutes Alley	Mixed Use	PORT Retained for Hangar Remodel Project
G	2	Deschutes Alley	Parking Lot	PORT Retained Future-Parking Area
H	1	Crosswind Blvd.	TBD	Shannon Hangar east of Crosswind Blvd.
H	2	Crosswind Blvd.	TBD	Musser Hangar B west of Crosswind Blvd.
H	3	Deschutes Ave.	TBD	Gaunt Hangar C fronting Deschutes
I	1	Deschutes Alley	Mixed Use	Westside of Alley of Alley
I	2	Deschutes Alley	Parking Lot	PORT Retained Future- Parking Area
I	3	Deschutes Alley	Parking Lot	PORT Retained EXISTING Parking Area
I	4	Deschutes Alley	Parking Lot	PORT Retained Future-Parking Area
J	1	Azure Dr.	SFDU	Southside Lot 1 (eastern)
J	2	Azure Dr.	SFDU	Southside Lot 2 (western)
K	1	Azure Dr.	SFDU	Northside Lot 1 (eastern)
K	2	Azure Dr.	SFDU	Northside Lot 2 (western)
NOTES:				
TOTAL (Square Feet)				

Square Footage		
TOTAL	OFFER	RETAIN
5,000	5,000	
4,971	4,971	
4,792	4,792	
4,948	4,948	
4,400	4,400	
4,142	4,142	
4,922	4,922	
17,127	17,127	
8,315		8,315
41,544	41,544	
10,910		10,910
14,489	14,489	
24,317	24,317	
5,010		5,010
11,136		11,136
19,662		19,662
9,463		9,463
4,753		4,753
6,194		6,194
10,743		10,743
11,276		11,276
9,264	9,264	
4,679		4,679
3,210		3,210
1,617		1,617
3,931	3,931	
2,676	2,676	
3,915	3,915	
2,745	2,745	
260,151	153,183	106,968
6.0	3.5	2.5

BUILDING SIZE			
Square Footage		Square Footage	
FOOTPRINT	X	STORIES	= AREA
5,000	2		10,000
22,000	2		44,000
6,950	2		13,900
15,500	2		31,000
4,800	2		9,600
2,750	1		2,750
4,500	1		4,500
4,500	1		4,500
4,500	1		4,500
2,750	1		2,750

PORT OF KENNEWICK**RESOLUTION 2021-20*****A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK AUTHORIZING
PARCEL PRICING FOR VISTA FIELD PHASE 1A***

WHEREAS, the Board of Commissioners received market data and pricing through the Vista Field Market Study and Analysis report; and

WHEREAS, the Commission has directed staff to add the 3% Art Policy fee to parcel valuations and sell parcels inclusive of the port's Art Policy.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of the Port of Kennewick hereby approves and adopts parcel pricing for Vista Field Phase 1A found in Exhibit A.

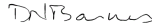
BE IT FURTHER RESOLVED that the Port of Kennewick Board of Commissioners hereby ratifies and approves all action by port officers and employees in furtherance hereof; and authorizes the port Chief Executive Officer to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 12th day of October 2021.

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

By:

DocuSigned by:



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DON BARNES, President

By:

DocuSigned by:



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SKIP NOVAKOVICH, Vice President

By:

DocuSigned by:



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THOMAS MOAK, Secretary

RESOLUTION 2021-20
EXHIBIT A

Parcel Pricing Model:

Urban Mixed Use Zoning Type of Use	Suggested Lot Price	Suggested Price Per Square Foot	Price Inclusive of Port 3% Art Policy
Residential Detached	\$85,000		\$88,000
Live/Work	\$95,000		\$98,000
Residential Attached (Townhomes, Duplex, Patio)	\$100,000		\$103,000
Commercial		\$20.00	\$21.00





PORT of KENNEWICK

2022-2023 COMMISSION ORGANIZATION REPRESENTATION

NAME	MEETING SCHEDULE	MEETING TIME	MEETING PLACE	2022-2023 COMMISSIONER REPRESENTING POK	2022-2023 COMMENTS
Benton-Franklin Council of Governments Board of Directors (BOD)	3rd Friday	10:00 AM	Benton Franklin Transit Conference Room	Commissioner Skip Novakovich	Alternate: Commissioner Ken Hohenberg
Confederated Tribes of the Umatilla Indian Reservation (CTUIR)	As Called			Commissioner Skip Novakovich	Alternate: Tim Arntzen
Historic Downtown Kennewick Partnership Board Meeting	4th Friday	5:30 PM	HDKP Conference Room	Commissioner Ken Hohenberg	Alternate: Commissioner Skip Novakovich
Tri-Cities Hispanic Chamber of Commerce (Luncheon)	3rd Tuesday	11:30 AM	Pasco Red Lion	Commissioner Skip Novakovich	Alternate: Commissioner Ken Hohenberg
Tri-City Regional Chamber Board of Directors Meeting	3rd Wednesday every other month	7:00 AM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner Ken Hohenberg	Alternate: Commissioner Skip Novakovich Meets Feb, April, June, August, October, December
Visit Tri-Cities (formerly Tri-Cities Visitor & Convention Bureau) (Full Board Meeting)	4th Wednesday	7:30 AM	Tri-Cities Business & Visitor Center Bechtel Board Room	Commissioner Ken Hohenberg	Alternate: Commissioner Skip Novakovich
TRIDEC Board of Directors Meeting	4th Thursday	4:00 PM	Tri-Cities Business & Visitor Center Bechtel Board Room & Virtually	Commissioner Ken Hohenberg	Alternate: Commissioner Skip Novakovich
TRIDEC Executive Board Meeting	2nd Thursday every other month	4:00 PM	Tri-Cities Business & Visitor Center Bechtel Board Room	Port of Pasco	Tri-Ports Executive Board Rep (Rotates Annually) 2022 - Port of Pasco 2023 - Port of Kennewick 2024 - Port of Benton Meets Feb, April, June, August, October, December
West Richland Area Chamber of Commerce (Luncheon)	1st Wednesday	Noon	The Mayfield Gathering Place	Commissioner Skip Novakovich	



PORT of KENNEWICK

2022-2023 COMMISSION ORGANIZATION REPRESENTATION

NAME	MEETING SCHEDULE	MEETING TIME	MEETING PLACE	2022-2023 COMMISSIONER REPRESENTING POK	2022-2023 COMMENTS
WPPA Board of Trustees	As Called			Commissioner Skip Novakovich	Alternate: Tim Arntzen
WPPA Legislative Committee	As Called			Commissioner Skip Novakovich	Alternate: Tim Arntzen
WPPA Marina Committee	As Called			Commissioner Ken Hohenberg	Alternate: Tim Arntzen
WPPA Marketing Committee	As Called			Commissioner Skip Novakovich	Alternate: Tim Arntzen

Non-Port Appointed Committees and/or Boards Commissioners Represent:

Commissioner Skip Novakovich

HAEIFAC Board
 HAEIFAC Private Loan Committee
 Wallowa Band Nez Perce Trail Homelands Board and Executive Board
 Tamastslikt Trust Board for the CTUIR
 Pacific Printing Industries Board
 Printing Industries of America Board
 Washington State Army Advisory Council

Commissioner Ken Hohenberg

Washington State Criminal Justice Training Center
 Washington Auto Theft Preventative Board
 Northwest High Intensity Drug Trafficking Area (HIDA)
 HAPO Credit Union Board
 Boys & Girls Club of Benton and Franklin Counties Advisory Committee

Commissioner Tom Moak

Kennewick Housing Authority
 Kennewick Kiwanis Club

PORT OF KENNEWICK

RESOLUTION No. 2022-08

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK ADOPTING THE
WILLOWS & CABLE GREENS DESIGN STANDARDS***

WHEREAS, MAKERS Architecture and Urban Design was contracted to assist the Port with preparation of the Design Standards for the Port's waterfront district properties known as the Willows & Cable Greens; and

WHEREAS, MAKERS Architecture and Urban Design prepared the draft Design Standards to complement the City's underlying Urban Mixed Uses (UMU) zoning and the Port's recently adopted Kennewick Historic Waterfront District Master Plan; and


WHEREAS, the Board of Commissioners has reviewed the Willows & Cable Greens Design Standards.

NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners hereby approves and adopts the Willows & Cable Greens Design Standards as prepared and revised by MAKERS Architecture and Urban Design (Exhibit A).


BE IT FURTHER RESOLVED that the Port of Kennewick Board of Commissioners hereby ratify and approve all action by port officers and employees in furtherance hereof; and authorize the port Chief Executive Officer to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 8th day of February 8, 2022.


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

By: 
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SKIP NOVAKOVICH, President

By: 
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KENNETH HOHENBERG, Vice President

By: 
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THOMAS MOAK, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2022-09

***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; and


WHEREAS, the Washington State Department of Corrections work crew continues to maintain a significantly reduced and intermittent schedule which may continue into 2022; and


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

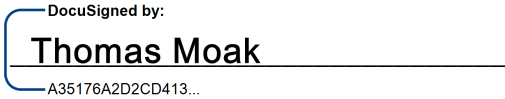
NOW, THEREFORE; BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorize the Port's Chief Executive Officer to execute a service agreement with Express Employment Professionals for \$100,000.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 8th day of February 2022.

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

By: 
0E53A30E1C8E442...
SKIP NOVAKOVICH, *President*

By: 
89F77EAC8921416...
KENNETH HOHENBERG, *Vice President*

By: 
A35176A2D2CD413...
THOMAS MOAK, *Secretary*