

**City of Benton City
Special Council Meeting Minutes
July 21st, 2016**

CALL TO ORDER – Mayor Pro Tem Coates called the July 21st, 2016 Special Council meeting at the Benton City Hall to order at 5:32 p.m. (Mayor Lehman not present) (00:04:22*Audio recording begins)

Mayor Pro Tem Coates: If everybody could be quiet; we do have two people who are going to be on the phone tonight, so if we could keep the noise down a little bit, so we could hear over the phone, so they can hear on the phone and we can hear them. We'll go ahead and do the Flag Salute and our flag's not here so, we have a flag on the wall, we'll use that.

PRESENTATION OF THE COLORS – Councilmember Sandretto led the Council and audience in the Pledge of Allegiance. (00:04:51*)

ROLL CALL (00:05:21*)

Council Members Present –

Mary Lettau – Via telephone

Dave Sandretto

Jake Mokler – Via telephone

Lisa Stade

Vanessa Coates

City Staff Present – **Stephanie Haug, City Clerk/Treasurer**

Other Professionals Present –

Lee Kerr, City Attorney, Kerr Law Group

Alan Rainey, City Engineer, Spink Engineering, LLC

Also in attendance –

Claude Oliver, Tri-Cities Realty Group, LLC

Bob Clark, Tri-Cities Realty Group, LLC

Chris Eerkes, CMCS Properties, LLC

Jared Franson, CMCS Properties, LLC

Cindy DeLeur, Kiona-Benton Sentinel

EXECUTIVE SESSION – RCW 42.30.110(c) (00:05:54*)

Mayor Pro Tem Coates: And then we just roll into Executive Session?

Councilmember Sandretto: Going into Executive Session for discussion of property matters.

Ms. Haug: You need to announce how, how long?

Councilmember Sandretto: Do we need much discussion on this, guys? About twenty minutes?

Councilmember Stade: Yeah, I think that would be good.

Councilmember Sandretto: Yeah, let's go with about twenty minutes to start and then we'll reconvene from that point

Mayor Pro Tem Coates: Okay, so we'll do a twenty minute Executive Session regarding the property and then we'll go from there.

Councilmember Sandretto: Sorry, folks, going to need to leave.

Mayor Pro Tem Coates: Sorry for getting cozy and kicking you out. (00:08:36* Audio recording ends)

<<< Executive Session begins at 5:34 p.m. >>>

<<< Executive Session is extended for ten additional minutes at 5:54 p.m. >>>

<<< Executive Session is extended for ten additional minutes at 6:04 p.m. >>>

<<< Executive Session ends at 6:15 p.m. >>>

<<< Special Council Meeting reopens at 6:15 p.m. >>>

PURCHASE AND SALE AGREEMENT – CITY LAND (00:00:45*Audio recording begins)

Mayor Pro Tem Coates: We're going to open up for just probably about fifteen minutes of public comment.

Councilmember Sandretto: They need to know what we're doing.

Mayor Pro Tem Coates: Oh, yeah! Lisa, go ahead and...

Councilmember Sandretto: Make a motion.

Councilmember Stade: Thank you for, thank you for coming. We requested this for the retail properties and so I would like to make a motion to authorize the purchase and sale agreement with the two addendums to CMCS Properties, LLC.

Councilmember Mokler: I second the motion.

Councilmember Sandretto: All in favor of that?

Councilmember Lettau: Aye.

Councilmember Mokler: Aye.

Mayor Pro Tem Coates: Do we do Roll Call?

Mr. Kerr: Yeah, well, you don't need to do a Roll Call because it's not the expenditures of fund, but this is an opportunity for discussion, that's (inaudible)...

Councilmember Sandretto: I probably should make this clear, it's the property on the southside of the freeway, okay, we're making a motion to sell that property.

Mayor Pro Tem Coates: How much property and how much are you selling it for?

Councilmember Stade: It's useable land, it's about 4.1 acres, and it's to a branded and franchised food company, and it's going to be a multi-use project. So they're buying the whole property as a complete, so we will not need to put in additional roads or easements or anything, just make sure the power is to the property, so the investment that we've done in the past...

Mayor Pro Tem Coates: For an undisclosed amount of money, for an undisclosed amount...

Councilmember Sandretto: We can disclose it.

Mr. Kerr: (Yes).

Councilmember Sandretto: It's \$504,000, it's more than adequate.

Cindy DeLeur: How much is the appraisal for it?

Councilmember Sandretto: I don't believe the land has been appraised, but I've checked local properties in Commercial zones in Prosser and the Tri-Cities and it's more than fair.

Mayor Pro Tem Coates: Seems like you should get an appraisal.

Mr. Safford: Yeah, it's nice you check that, I think we, have...

Mayor Pro Tem Coates: Why in the world, why in the world wouldn't you (inaudible) an appraisal?

Councilmember Stade: We checked nine, actually there was nine properties that were checked that were, that were, that had been sold for a retail in the last short period of time and the average was \$2.65; this is \$2.95. When we originally put in the dollar amount, it was, I was on the Council then, it wasn't appraised then, and we said \$5.00 and then when we realized that we don't have to put up the easement road in, which would have cost us, the access, that would have cost us \$200,000 so that brings it down to from what it was minus \$200,000 so what we're being offered is fair.

Mr. Safford: These properties that you're, I don't know, comparing them to, I mean, are they comparable, I mean (inaudible) freeway access and everything else?

Councilmember Sandretto: Yeah, they're freeway access...yep, yes sir. Out of Prosser and...

Mayor Pro Tem Coates: So say similar to like the truck stop area in Prosser where there's, you know, green grass area, you know, gas stations, food sections...

Mr. Safford: I just know there's a big difference, say a piece of property on Columbia Center Boulevard compared to something like this. * **Council Consensus** *

Councilmember Sandretto: Now, this was a, I checked with the Planning Department, City of Prosser and asked them what their average retail price is for an acre of Commercial zoned property along the freeway there and they advised me \$100,000.

Mr. Safford: What's Love's going for? That'd be the most current, best...

Councilmember Sandretto: I think that's where he got his quote, but I did not ask him that specifically, but our real estate person did, Mr. Oliver, did give us comparable and again, like Ms. Stade said, it was \$2.65 per square foot, we're getting \$2.95; that's thirty cents more per square foot.

Mr. Safford: How big's the whole parcel?

Councilmember Sandretto: It's 6.47, is that right?

Councilmember Stade: The usable is 4.1, and the...

Mr. Safford: I don't care about usable because usables, you can make usable, so...

Bob Clark: Not with the railroad easement (inaudible). You'll have to go look at it.

Councilmember Sandretto: Yeah, there's a railroad easement, and I believe...

Councilmember Stade: Would you come forward and then state your name and, you want to say, you want to come forward...

Mr. Safford: No, sit right here. Skip Safford, Dale Avenue, you'll get to know me well. So usable, except for right-of-way, I understand right-of-way, great, so that detracts from the six point something, leaving so much more and just because it has rocks or whatever on it, what, what makes it unusable?

Mr. Clark: Easements.

Mr. Safford: Less feasible; and so are we basing the \$2.95 a foot on usable?

Mr. Clark: Yeah, what you can, because the easements take up the rest, the railroad easement takes the rest.

Mr. Rainey: If there's a railroad easement, there's also a drainage easement in one of the corners, there's a stream that runs through there, so we can't do anything (inaudible).

Mr. Safford: There's a (inaudible) that runs...I see...

Mr. Rainey: Right. But there is that, too.

Mr. Safford: It's almost four acres?

Mr. Rainey: The usable, yeah...

Mr. Clark: It's actually a 3.95 of usable, if you want to know exactly. 3.95...

Mr. Safford: Of usable? I do.

Councilmember Stade: It is a cash, it's also a cash offer, so there's no other terms or anything, they don't have to finance or see about getting loans.

Mr. Clark: No contingencies.

Mr. Safford: What's the net to the City?

Mr. Kerr: The whole thing minus commission.

Mr. Safford: Okay, what's the net to the City?

Councilmember Stade: Calculate it...

Councilmember Sandretto: We'll have to calculate, let's see... \$504,000...

Councilmember Stade: \$504,000, subtract six percent...

Councilmember Sandretto: I'm trying to do the math real quick...

Mr. Safford: Minus \$30,000...

Councilmember Stade: Minus \$30,000?

Mr. Safford: And that brings it then, to how much a square foot...net? I want to know, it's a legitimate question.

Councilmember Stade: That question, if I were to sell a house, the amount I sell the house for and then the commission, I don't see why you're saying that's a separate amount; the \$504,000 is what they're offering cash, our real estate was able to procure the person, the company to do so, there's about twelve people, twelve businesses in our local area that have the kind of funds that could support this. Not only are they paying the \$504,000 but will be investing over a couple million dollars to get the multi-use going, so we wanted somebody that not only could purchase it, cash is even better, but also will also have the funds to be able to develop because if someone purchases the land and they don't have the cash or the funds to be able to develop it, it'll be no more than just the purchase price, so I want them to develop it. Yes, right, so they can develop it...

Mr. Safford: But we're not going to get the (inaudible). So you're saying we have a commitment from the purchaser for development. We have an actual commitment? * **Council consensus** *

Windy Welch: I've been waiting patiently...

Mayor Pro Tem Coates: I see you, Windy, come on up.

Ms. Welch: Windy Welch, 3rd Street. I have, my question is, is it guaranteed that there's going to be taxable businesses going in to this location and not the autistic, tiny homes, state-granted things? * **Council Consensus** * That's my biggest concern.

Mayor Pro Tem Coates: Heather?

Heather Duncan: Heather Duncan, outside City limits. First of all, I would like to thank these gentlemen very much for the confidence they have in our community; their willingness to invest and hopefully, the community will prosper as you prosper, and this is, this is huge, this has been a long time coming. We owe an immense gratitude, debt of gratitude to Randy and Larry and Mayor Carnahan and Bob and Claude. Claude has put over two years of effort into this without a single dime of return to him. Our E.D.C. has been hard at work for longer than that, again, going back to the previous mayor, everything that has been put into getting us to this point, and it is time for Benton City to join the rest of the world and move forward to. To City Council, I'd just say, "Let's get'er done!" That's all.

Councilmember Sandretto: Thank you, Heather.

Councilmember Stade: Yeah, excellent! Thank you, Heather. Thank you for acknowledging all the people who have come before and made this, help make this happen, and presently help.

Mr. Safford: Okay, that's way different than you made it sound like.

Mayor Pro Tem Coates: So, do we have a motion and a second?

Ms. Haug: There's a motion on the floor and it's been seconded, so you can call for a vote.

Mayor Pro Tem Coates: So, call for a vote.

Brenda Trammell: I have, I just have, had no chance. I was wondering, I had a couple of things. One is, what exactly are they proposing to put over there, what, on the, on the property, what kind of businesses or development?

Councilmember Stade: At this point, a multi-use facility, branded and franchised, food name and they're going to be able to do so within thirty-six months, groundbreaking and get going.

Ms. Trammell: Three years before they ground break anything...

Councilmember Sandretto: No, no, no...it'll be done and in place and finished.

Ms. Trammell: It's in phases...

Chris Eerkes: We hope to break ground, I mean, you know, we hope to break ground in, in the, you know, in the May, in the May/June timeframe, it would, there shouldn't be any problems...

Ms. Trammell: What year?

Councilmember Sandretto: Next year.

Mr. Eerkes: 2017.

Councilmember Stade: 2017.

Mr. Eerkes: So we put some provisions in here with the City, so that there isn't a vacant lot out there, they'll have the right to purchase it back for what we purchased it for if we don't, if we don't come through on our commitment so we've been, we've been doing this for a long time, this isn't, this definitely isn't our first rodeo, this'll be, you know, Site No. almost 100 of developing these sites and I think, I think you guys will be proud of what we put in there, so definitely to answer your question, we will be bringing tax revenue to, to the City for sure...

Mr. Oliver: And jobs.

Mr. Safford: Tax incentives?

Mr. Eerkes: Well, tax incentives, I don't, I don't, I don't know anything about that. I don't, I don't, I don't do any that, so I'm sorry.

Councilmember Stade: We didn't offer any. We didn't offer any. They didn't ask, we didn't offer.

Mr. Eerkes: But, but we're going to build commercial businesses there, I mean, that's our, that's our...

Ms. Duncan: Is it going to be a hotel?

Mr. Eerkes: Yeah, well, I mean, you, you know, it's, it'd be great for our business if it was, so I mean, you know...

Councilmember Stade: Do you mind coming to the microphone? Just so we can have this public record, we need to have it on microphone and no more speaking from the seats, all of us.

Mr. Eerkes: Sure. So my name is Chris Eerkes. We, we have been in the fuel and gasoline business for, for a long, long time. My, yeah, I mean, we're all trying to protect our interests, so somebody else doesn't go in there and, and build around you, but, but, you know, whatever, for whatever it's worth, we, we have built multiple fuel stations, convenience stores, fast food, Subway franchising; we've, we've been a Jack in the Box franchisee for, for a lot of different fast food and then also, different, different businesses. We market all over the State, we went as far as east as Ritzville, and then we market all up and down. We have not been to Spokane, but,

yeah, I mean, our intention is to, is to build a large destination point with hopes of tying into the Red Mountain community. We've done some, we've worked with a lot of different wineries around here and one of my close friends is the Alexanders up there. We helped them build their, their tasting room at there at Analare, and worked with a number of folks in the Prosser area and Charlie Hoffa's and those guys out there in the Red Mountain area, so our goal is to, is to build a beautiful brand new state of the art facility out there and we're in a good position to do that stuff, so...

Ms. DeLeur: Are you not at liberty to say what will go in there or is it just not that far planned out? As far as business names?

Councilmember Sandretto: It's about business.

Jared Franson: Yeah, I mean, it's just too hard, because we haven't committed to any of the franchises yet, so if we release that information, then somebody else can put in for the franchises, so if that makes sense.

Mr. Eerkes: Yeah, we, we have, we have a great facility signed; I, I'd love to have a signed purchase and sale agreement before we, we throw that out there just so that it's just somewhat protected with this, but, you know, we, we've been a, we've been a part of the community, it's a family owned business. My great grandfather opened up his first store in 1918 at Fifth and Yakima Avenue. My grandfather moved to the Tri-Cities in 1956. Dad took over 1980 and I, I've been with him since, since '99 so, you know, we intend to, this isn't something that we just, we come in and we're in and out of, we'll be part of, our goal is to be part of the community, I mean, we understand where, where our bread is buttered, if you will and we work with a lot of different, I maybe saying, saying too much, but we do, we work with a lot of different things. I've worked with Lee's Kerr, Lee Kerr's life on the Children's Reading Foundation, on the board; I sit on the board of the Boys & Girls Club. We're working to do, build a large facility for them in the, in Kennewick, and, you know, these are the kind of things that we're, I guess if there are any other questions. I don't mean to be vague, I mean, by any means, (inaudible) I'm just...yeah, we look at that property. It's got fantastic visibility from both directions. You can see it from two miles heading east. It's got a great, great visibility heading west and now with all the infrastructure and stuff that you guys have put in, with the roundabouts and making it a lot easier to get to it, its' very attractive.

Ms. DeLeur: Just out of curiosity...

Larry Howell: Who's your grandfather?

Mr. Eerkes: Jerry Eerkes.

Mr. Howell: Oh, so this guy's no newby, then?

Ms. DeLeur: Just for factual parts for the newspaper, what drew you to that piece of property after it's been there for two years.

Mr. Eerkes: You know, we've been trying to identify key locations, and, and we're really looking for large parcels where people feel comfortable getting in and out. Not a little cracker jack, you know, a small little spot and, you know, we sold, we sold a number of locations in town and because it was, it was difficult to compete, I mean, my dad used to always say when you have two or three other locations wanting to compete, I think it was probably more than that, but we feel like if we can build a, we can get away from some of that and build these destination points, that we're going to be a little bit better off, so that's what we were looking for. We have, this is going to be one of many in, in the area, in fact, this wasn't even, originally designated to be the next one on the list. We have one that we're breaking ground in, in about three weeks or a month or something like that, you know, might even be pushed off to September, because there's been some zoning issues and what not, but the, so, you know, we're, we're, we're looking at this

location now with what, with what's out here as being, as being the number two spot, which would put us in that, in that, you know, April, May, June time frame.

Councilmember Sandretto: Thank you, Chris. Does anybody else have anything real quick?

Mayor Pro Tem Coates: Ready for a vote?

Ms. Haug: All those in favor...

Mayor Pro Tem Coates: Yeah, we're all in favor...

Councilmember Stade: Say, say "All those in favor?"

Mayor Pro Tem Coates: All those in favor? * **Council Consensus** *

Councilmember Stade: Jake, we heard you?

Councilmember Mokler: (Aye).

Councilmember Stade: Mary, are you there?

Councilmember Lettau: I am, an aye for me. Sorry!

MOTION #1– C. D. Stade moved and C. J. Mokler seconded to authorize the Purchase and Sale Agreement with the two addendums to CMCS Properties, LLC.

**VOICE VOTE #1– C. D. Sandretto, C. L. Stade, C. J. Mokler, C. M. Lettau, C. V. Coates
ALL YEAS. Motion carried.**

Mr. Kerr: With a vote, that means that the City's approved it. We need now, to authorize Mayor Pro Tem to sign the Purchase and Sales Agreement with addendums and so we can go ahead and execute the Agreement. We, then, get it to the title company, start the closing process and anticipate closing probably within about thirty days.

Councilmember Sandretto: So, do we need to make a motion on that piece?

Mr. Kerr: Make a motion to authorize the Mayor Pro Tem...

Councilmember Sandretto: Make a motion to authorize the Mayor Pro Tem to sign the Public Service...

Councilmember Stade: Purchase and Sale...

Councilmember Sandretto: Purchase and Sales Agreement with CMCS Properties, LLC.

Councilmember Stade: Second.

Councilmember Sandretto: All those in favor?

Mayor Pro Tem Coates: All those in favor?

Councilmember Sandretto: Motion carries.

Councilmember Stade: Thanks for your committee involvement in the other cities; that will really mean a lot for the kids.

Mr. Eerkes: Absolutely, yeah, we'll be really involved in the community, I mean, you know how that is, yeah, we're excited.

MOTION #2– C. D. Sandretto moved and C. L. Stade seconded to authorize Mayor Pro Tem Coates to sign the Purchase and Sale Agreement with CMCS Properties, LLC.

**VOICE VOTE #2– C. D. Sandretto, C. L. Stade, C. J. Mokler, C. M. Lettau, C. V. Coates
ALL YEAS. Motion carried.**

ADJOURNMENT – (00:18:33*)

Councilmember Sandretto: Meeting adjourned.

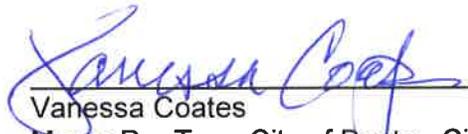
Councilmember Coates: Motion to adjourn.

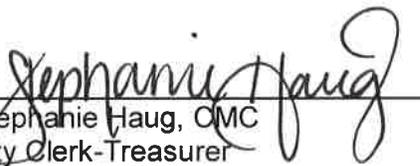
Councilmember Sandretto: Second.

MOTION #3– C. V. Coates moved and C. D. Sandretto seconded to adjourn the July 21st, 2016 Regular Council Meeting at 6:33 p.m.

**VOICE VOTE #3– C. D. Sandretto, C. L. Stade, C. J. Mokler, C. M. Lettau, C. V. Coates
ALL YEAS. Motion carried.**

Meeting adjourned at 6:33 p.m. (00:18:50*)


Vanessa Coates
Mayor Pro Tem, City of Benton City


Stephanie Haug, OMC
City Clerk-Treasurer

Date: 8/16/16