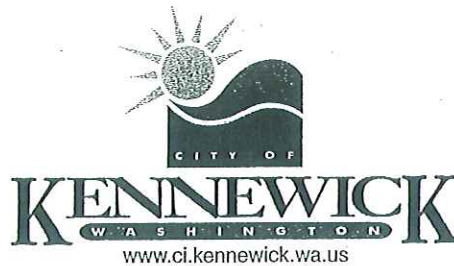


ATTACHMENT A



August 11, 2003

Gene Wagner, President
David Hanson, Vice President
John Olson, Secretary
Port of Kennewick
101 Clover Island Drive
Kennewick, WA 99336

RE: Future of Vista Airport

Gentlemen:

At a May 27 joint workshop with the City Council, you discussed a number of subjects of mutual interest to the Port and City. Vista Airport was one topic and at that workshop it was agreed it was time to review the future of the airport. In follow up meetings involving Port and City staffs, it has been suggested that an economic evaluation of the airport and its potential closure be undertaken since the airport's location is in the heart of limited light industrially zoned property in Kennewick and given that economic development is such an integral part of our respective organizations' missions.

The evaluation conducted by the Washington State Department of Transportation, Aviation Division (attached) represents the only known economic evaluation of Vista Field at this point in time. The field occupies approximately 90 acres of land - what would the impact of the development of that land be given its potential for redevelopment as light industrial property or other uses? We simply do not know. However, looking around Vista Field it is easy to see the types of existing light industrial development that have already occurred. A simple review of that development, the value of improvements, assessed valuation, and number and payroll of jobs created would be an indicator of what a redeveloped Vista Field could be for the community and Port District. It is this type of analysis that should be prepared by a competent party so the Port Commissioners and City Council would have a legitimate basis for comparison.

A general review of twenty-eight privately developed businesses on approximately 48 acres of property surrounding Vista Field provides a snapshot of potential impacts one could expect with redevelopment of Vista Field. These surrounding properties represent

PUBLIC WORKS DEPARTMENT

almost \$20M in property and improvements paying \$272K in property taxes annually. It appears these businesses may be employing up to 500 people in jobs ranging from manufacturing to distribution. This is approximately half of the area of the airport. What are the other options - the lost opportunities?

A portion of the study should also address potential losses associated with airport closure. For instance, how many of the jobs identified in the WSDOT economic study would be irretrievably lost by airport closure? What would be the cumulative economic impact of airport closure while the property is being redeveloped?

Finally, the study should evaluate the impacts on taxpayers from either option. Currently airport ownership and operation is a special district function and is being subsidized in both operations and capital. Clearly a purpose of government is to provide tax subsidized services as a means of preserving the public health, welfare and safety. A primary question is how will the taxpayers be best served. Balanced, factual data is needed to assist in answering this question.

The Kennewick City Council encourages the Port of Kennewick Commissioners to embrace a study of the economic and other impacts of a potential closure of Vista Field. As was noted by the editorial board of the Tri-City Herald, on June 6, "The Port of Kennewick and the Kennewick City Council are asking the right question by considering whether Vista Field is a keeper. There is no correct answer, at least at this point in the discussion. But by posing the question, the port and council are challenging themselves to think beyond the status quo. ... The pros and cons deserve to be explored."

Sincerely,



Robert R. Hammond
City Manager

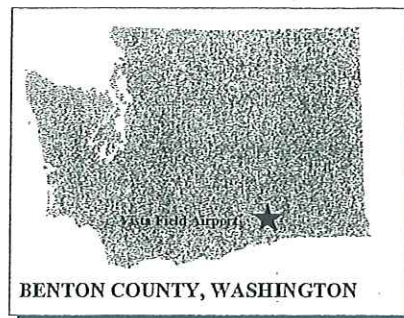
Encl: WSDOT Report - Vista Field Airport



AIRPORT: Vista Field (S98)
ASSOCIATED CITY: Kennewick
ARC: B-II
REGION: South Central

AIRPORT DATA AND FACILITIES

Vista Field is located 3 miles northwest of Kennewick in Benton County. The Airport bases 40 single-engine aircraft. The latest available data indicate that the Airport experienced 45,000 annual operations. The annual operations total included flight activity conducted by the United Parcel Service (UPS) operating in Fairchild-Merlin Metroliners, as well as Raytheon/Beechcraft 99s. The air cargo volume and operations by UPS is not readily known. Runway 2-20 is the only runway supporting operations at Vista Field. This



runway is 4,000 feet long, 150 feet wide, has an asphalt surface, and is equipped with pilot controlled medium intensity runway lights. Precision approach path indicators provide vertical guidance to each runway end. Neither runway end has a published instrument approach.

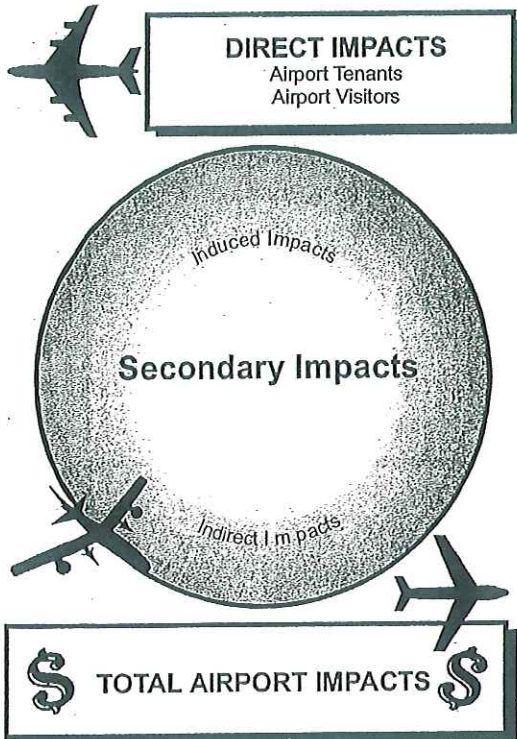
ECONOMIC IMPACTS

The economic impacts of Washington's airports were calculated using a methodology, which has evolved over the past decade and is nationally recognized as the standard for conducting economic impact studies of airports. The methodology is consistent with analytical models used by the Federal Aviation Administration (FAA), and employs the use of direct survey information and an input/output model (IMPLAN) as developed by the U.S. Department of Commerce to determine multipliers specific to the state of Washington for "secondary" economic impacts.

Types of Economic Impact - This study identified and examined those aviation activities at the public use airports in Washington that created economic impacts. These impacts are generated in three ways: 1) Direct, 2) Indirect, and 3) Induced Effects. Combined, the three impact types yield the total economic impacts of an airport, as described below:

Does the POK have more current info?





DIRECT ECONOMIC IMPACTS

These economic impacts occur as a consequence of providing aviation services. These impacts usually occur at the airports, and comprise the financial expenditures by firms which carry passengers (air carrier, air charter or air taxi) or cargo; firms which serve the air carrier and general aviation functions (airport tenants); governmental agencies which support aviation; ground transport firms; and others. In every instance, the impacts include only expenditures where the recipient is located within each airport's service area.

The sole aviation related business located at Vista Field is Kennewick Aircraft. General aviation operational activity at the airport accounted for nearly 13,500 passengers and visitors. The total combined direct economic output of airport patrons,

passengers and visitors, as well as the airport tenant to the airport was \$6,180,374. These first-round expenditures at the airport accounted for 101 jobs with combined wages of approximately \$1,564,590.

INDIRECT ECONOMIC IMPACTS (Secondary Impact)

These economic impacts occur as a result of the use of aviation service. They include the regional expenditures made by air passengers who visit the region (at hotels, restaurants, ski facilities, etc.); expenditures by the region's residents associated with their use of aviation; and expenditures by firms having economic activity which is dependent on the airport. These indirect economic impacts accounted for indirect output of \$1,291,704 while providing 16 jobs with a combined \$429,337 in indirect wages.

INDUCED ECONOMIC IMPACTS (Secondary Impacts)

The "indirect" and "direct" impacts represent increases in regional final demand. Such increases do not represent total economic impact; there is also a "multiplier" effect. This multiplier effect comprises the local value of money as it circulates through the local economy and as individuals or firms associated with airport business buy goods and services in the local economy. Induced output for Vista Field was \$1,385,395 and provided 19 jobs which generated \$451,748 in induced employee compensation. Each airport's total economic impact is the sum of the three types of impacts.





TOTAL ECONOMIC IMPACTS

The total economic impacts across the state were quantified by adding together the direct, indirect and induced impacts for each airport, and interpreting, comparing, and presenting the results.




The output of the IMPLAN model enabled the presentation of total economic impacts by airport in terms of three economic impact measures: 1) jobs (employment); 2) earnings (payroll), and; 3) economic activity (output). Each of these was determined based on individual multipliers per industry categories. In each case, total impacts include the aviation sector itself, as well as the "multiplier effect" of the aviation sector. The impacts were estimated using Year 1998 data.

All three indicators of economic impact are useful; however, the monetary measures should not be added together, as discussed below:

- **Jobs (Employment)** - The number of employees who are employed in the aviation industry, plus the aviation-oriented share of those that are employed in sectors that support the air passenger (hotels, restaurants, etc.) plus those employed in the industries included in the multiplier effect impacts. The number of jobs attributable to an industry is always greater than simply those in the industry itself, due to the "re-spending" of money. Total employment impact was approximately 137 jobs.
- **Labor Earnings (Payroll)** - The sum of the wages and salaries to all employed persons that the aviation industry pays, directly or indirectly, to deliver the output of final aviation demand. Earnings Impacts are always included in the Economic Activity totals, so they should not be summed with the Economic Activity impact. Earnings are a very conservative proxy for "value added." Earnings may be greater or less than the Direct and Use values depending on the industry type. Total earnings impact generated by Vista Field was \$2,445,675.
- **Economic Activity (Sales Output)** - The value of the aviation final demand (aviation or airport service), plus the "multiplier" effect (the sum of all of the intermediate goods and services needed to produce the aviation final demand, plus the induced impacts of increased household consumption). Total economic activity equals the sum of intermediate demands, consumption demand, government demand, investment demand, and net export demand. Economic Activity is always larger than both the Direct and Use values because it includes the multiplier effect. The total economic impact generated by Vista Field was \$8,857,472.

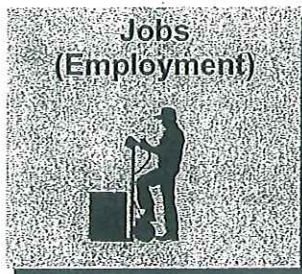




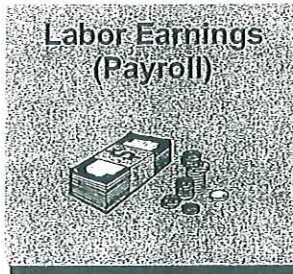
	Direct Impacts	+ Indirect Impacts	+ Induced Impacts	= Total Impacts
Jobs (Employment) 	Number of Jobs Supported	Number of Jobs Supported	Number of Jobs Supported	Total Number of Jobs Supported
	101.0	16.2	18.7	136.5
Labor Earnings (Payroll) 	Annual Salary Supported	Annual Salary Supported	Annual Salary Supported	Total Annual Salary Supported
	\$1,564,590	\$429,337	\$451,748	\$2,445,675
Economic (Sales Output) 	Contribution to Economy (Dollars)	Contribution to Economy (Dollars)	Contribution to Economy (Dollars)	Total Contribution to Economy (Dollars)
	\$6,180,374	\$1,291,704	\$1,385,395	\$8,857,472

SUMMARY

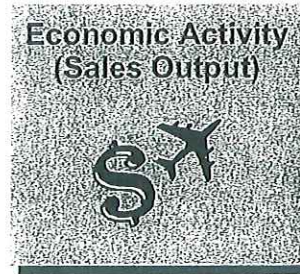
On an annual basis, Vista Field's tenant and its visitors in Benton County, Washington contribute the following total annual economic benefit:



Total 136.5



Total \$2,445,675



Total \$8,857,472

