

The Port of Kennewick: Working to Build Prosperity, Enhance Community

The Port of Kennewick will celebrate its centennial in 2015. As Washington State's fifth-oldest port district, the Port of Kennewick began by putting the development and operations of waterfront trade under the control of an elected commission. Over time, the role of the Port has expanded to encompass the development of trade and commercial centers, promotion of economic development, and tourism.

The Port is not a private-sector, for-profit entity. While we are deeply involved in economic development, our role is not to make money or even to create jobs ourselves. Rather, our role is to create the foundation for private sector economic growth and job creation, and to make investments in those amenities that draw visitors to the Quad-Cities and raise the quality of life for local residents.

Healthy Financial Indicators

Some have criticized the Port for maintaining an "operating gap" shortfall between revenues from Port holdings and the cost of maintaining Port operations, which is closed via levy revenues. In actuality, governmental accounting standards do not allow the Port to include land sale proceeds in operating revenues, which contributes to having the operating gap appear larger than it truly is. Including the proceeds from land sales in our operating revenue would offer a clearer picture of the Port's true financial condition--**if those revenues were included, the average annual Port cash profit since 2004 would be \$562,000 before tax revenues were included.**

Indeed, *an operating gap is typical for ports actively engaged with development projects* (the state auditor's office reports that on a three year average 94% of ports operate at a loss). All other financial measures—like the *value of capital assets* (which have increased by \$24 million since 2004) and a *25 percent reduction in the levy rate* since 2001—indicate the Port of Kennewick is financially healthy and is creating value for taxpayers. In fact, the Port has **very little debt** (only a zero-interest \$63,000 CERB loan which is being repaid under a tenant lease); has sufficient cash-on-hand to fund planned projects; and since 2004 **has increased taxpayers' equity by \$23.5 million.**

Investments for the Future

The Port continues to take actions today to ensure that future budgets will rely less on taxes. Instead, the Port's development projects themselves will generate significant resources the Port can apply toward fostering additional community benefit and spurring further economic development. The activities the Port is currently undertaking are projected to provide **positive return on investment in the future.** By 2020, these actions should **reduce the current operating gap by 76%** and, in tandem with the benefits to be realized from closing and redeveloping Vista Field, are projected to create **a net profit of \$1.1 million for the Port before tax revenues.**

Projects that Matter

The Port's role is to make investments the private sector may be reluctant to make because the payoff is far into the future. Whether it is transforming Clover Island, redeveloping Vista Field, or revitalizing Columbia Drive, **the Port is committed to fostering job growth and creating positive public spaces** that enhance quality of life.