



SPECIAL COMMISSION RETREAT

PORT OF KENNEWICK

SEPTEMBER 10, 2016 MINUTES

CALL TO ORDER

Commission President Skip Novakovich called the Special Commission Retreat to order at 10:00 a.m. in the REACH Museum, located at 1943 Columbia Park Trail, Richland, Washington 99352.

The following were present:

Board Members: Skip Novakovich, President
Thomas Moak, Vice-President
Don Barnes, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Tana Bader Inglima, Deputy Chief Executive Officer
Amber Hanchette, Director of Real Estate and Operations
Nick Kooiker, Chief Financial Officer/Auditor
Larry Peterson, Director of Planning & Development
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

INTRODUCTIONS

PLEDGE OF ALLEGIANCE

Ms. Bader Inglima led the Pledge of Allegiance.

PUBLIC COMMENTS

No comments were made.

COMMISSION COMMENTS

Mr. Barnes stated the retreat is an opportunity for the Port Commission to take a broad overview of Port projects and outline the priorities. The retreat will help the Commission define the projects and make any necessary adjustments and evaluate ways the Port can utilize the limited resources, in ways that best serve our constituents.

Mr. Moak stated the retreat is a chance to narrow the focus of the Draft Comprehensive Scheme and it is important that the Commission, staff and public agree with the direction the Port is moving. This meeting is an opportunity to focus on important Port projects and for the Commission to help develop a plan and move forward as a unit.

Mr. Novakovich stated as the Commission moves forwards with Mr. Floyd's guidance, the Commission will discuss the primary lines of business, further define the Port's mission, who we are, and create a roadmap to follow.



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Ben Floyd of Anchor QEA stated the purpose of today's meeting is to address several items that have been flagged as priorities, reflect on what we hope to accomplish and build upon Commission expectations. Mr. Floyd will share results from the qualitative survey that was prepared by Anchor QEA which involved Port staff, the Commission, and Port partners and stakeholders, and members of the public. The study focused on how the public views the Port, and the Port's strengths, weaknesses, opportunities, and threats facing the Port. Additionally, we will be focusing on the Port's current four main redevelopment properties. Mr. Floyd indicated that Mr. Peterson will brief the Commission on the four main areas/projects and will discuss the background, development plans and the current schedule for development. Mr. Floyd stated the public will have an opportunity to comment on each property, provide input, and ask questions on each Agenda item. In the afternoon, we will narrow the focus, specifically on the four properties and address any changes in course direction, areas the Commission wants to further emphasize and the links or triggers of each property. Mr. Floyd stated it is the intent of the retreat to verify that the Port is following the right course of action and that the Commission's directives are reflected in the Comprehensive Scheme. Lastly, Mr. Kooiker will address the financial aspect and the fiscal reality of the Comp Scheme.

RECESS - 10:15-10:45

Anchor QEA led a team building event with the Port Commission, staff, and members of the public for the Safe Harbor Crisis Nursery.

PRESENTATION

A. Retreat Purpose and Focus

1. Context and Expectations

Mr. Arntzen stated the context of today's meeting will be driven by the Commission, public comments and the four major projects. The expectation of the retreat is to further define "who the Port is," and how the Commission would like to proceed regarding the four projects. Should the Port focus on transportation, which is traditionally what ports do, or do we focus on what makes the Port unique and successful, by developing Vista Field and redeveloping Columbia Drive. Lastly, Mr. Arntzen would like the Commission to manage expectations for the four projects by focusing on the "what and when" of the projects. The Port is currently working on a Master Plan for Vista Field and the Tri-City Raceway (TCRW) but neither plan is fully complete, which leads to the following questions: when does the Port start a project; is it the right time to start the project; and are there triggers that should be in place before we start the project.

Mr. Moak stated as the Commission reviews the four projects, we may find that the Port can do more with less or using the same resources or continue creating partnerships with other agencies to help us to do more and manage those expectations.

Mr. Novakovich stated the Commission needs to be mindful of who we are and then we can decide how we apply the resources and focus on the projects we want to complete.

Mr. Barnes stated part of this discussion is how the Port fits in with our partners, not only jurisdictional partners but with the many other entities that we interact with regularly.



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2. History of Comp Scheme Development and Updated Timeline

Mr. Peterson stated the Comprehensive Scheme was adopted by the Port Commission in 1955 which focused on the industrial opportunities. Until 2011, the Port had a legally sufficient Comp Scheme, which was based on a series of resolutions that gave the Commission authority to invest in opportunities district wide (482 miles), but without a formal direction. The 2011 Comp Scheme focused on priority projects throughout the port district while concentrating on property closer to the waterfront and divesting of certain industrial lands and activities. Over the past several years, the Port divested of rail and approximately 400 acres of property to focus on properties in the core area. Over the last several years the Commission and public began focusing more on opportunities on Clover Island and Columbia Drive, Vista Field, the TCRW, and the Richland Wye/Island View area. By focusing primarily on those four properties the Port has effectively evolved into a redevelopment entity, although not formally. The Port redeveloped Spaulding Business Park and is currently redeveloping the TCRW industrial property, Clover Island, Columbia Drive and Vista Field.

3. Comp Scheme Work Completed to date, Focus for today and how do we input used

Mr. Floyd reported the Commission and staff have been working through the process of updating the Comp Scheme since 2014. We began by meeting with our partner agencies, Ports of Benton and Pasco, City of Richland, West Richland, Benton City and Kennewick, and Benton County. We wanted input from our partners that included: where our partners see the Port; where they see the assets of the Port; and future opportunities for teaming relationships. We held public meetings in West Richland, Richland and Kennewick and surveyed the public on Port branding and perception among community and stakeholders. We have been working in a deliberate manner and today is the opportunity to confirm the Commission's direction and priorities, and incorporate projects the Commission wants to see included in the Comp Scheme. Furthermore, the document now includes the property descriptions, the latest development plans, and an updated economic condition summary. The updated Comp Scheme will include a detailed Capital Improvement Plan, which sets the stage for the next 10 years. The Comp Scheme is designed to set the framework for the budget and capital improvements and establish Port priorities.

Mr. Floyd stated this meeting will determine if the Commission's focus is on the four main properties: Clover Island and Columbia Drive, Vista Field, and Richland Wye/Island View, and the TCRW. Furthermore, if the Commission desires to broaden the focus, we will establish a different set of priorities. Our job today is to confirm the Commission's priorities and incorporate them into the updated Comp Scheme. Mr. Floyd stated by the end of 2016, the Commission will have the updated Comp Scheme to approve, which will set the Port's direction for the next 10 years. Once the updated Comp Scheme is approved, the Commission will have the opportunity to revisit and update the Capital Improvements section in the next 4 to 7 years, to further refine the priorities. Furthermore, we will discuss the direction of the four main projects and get Commission guidance on moving forward, as well as identify linkages and/or triggers, partnerships, staffing capacity, flexibility and follow up actions.

Mr. Novakovich stated at this point, the Commission will now begin to accept public comments.



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B. Strengths, Weakness, Opportunities, Threats Qualitative Survey Results

Early this year, Anchor QEA conducted a survey with the assistance of Ms. Bader Inghima. We surveyed the Commission, staff, reached out to stakeholders and development partners, and members of the public and community organizations. There is a lot of good information that came out of the survey, which was to organized include strengths, weakness, opportunities, and threats and also the Port image and branding in the community. Mr. Floyd stated the Commission will receive a report of the survey as a follow up to the meeting. There was a clear agreement about the main purposes of the Port and are as follows:

- Clear agreement around economic development and job creation;
- Enhancing the quality of life for citizens within the Port district;
- Being a fiscally responsible organization and providing return on investment for your projects and activities.

There were other purposes identified and these came from a variety of different sources:

- Place for entrepreneurs to grow their business;
- Urban redevelopment organization;
- Selling, maintaining and leasing properties to create jobs and promote private sector investment.

The Primary Business lines and focus of the Port are:

- Strong emphasis on redevelopment: Vista Field, Columbia Drive and Clover Island, TCRW, and Island View/Richland Wye;
- Maintaining and growing rental income (Marina).

Other questions that were mentioned; should the Port should divest of some property management areas, such as Oak Street.

Mr. Floyd outlined the survey results:

STRENGTHS:

- Strong leadership;
- Excellent staff with capability to manage large and complex projects;
- Significant economic development opportunities that make a difference in the region;
- Transparency;
- Strong financial position;
- Ability to work with diverse interests and organizations.

WEAKNESSES:

- Tendency to overcommit;
- Priorities regularly changing;
- Difficulties in forming mutually beneficial partnerships;
- Limited staff capacity;
- Limited available capital;
- Projects can take too long to complete.



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Mr. Arntzen addressed the weaknesses and stated we need to learn from the survey and agrees that the Port priorities are regularly changing is a true statement, because sometimes you do not want to pass on an exciting opportunity that has benefits. As a result of these opportunities, the Port been able to work on some first-class projects. Mr. Arntzen stated the Port was previously viewed as a department of other entities, who supported other jurisdictions projects. However, the Port has evolved and changed, out of necessity and that we did not have a solid Comp Scheme in place when we were evolving. Mr. Arntzen believes if you make the sideboard too high, then you become an institution that lacks vision and no longer innovates.

Mr. Floyd stated the survey reflects people's perceptions, which are not necessarily right or wrong, but feedback the Port may want to consider.

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick noticed strong financial position is listed under strengths and then under weaknesses, limited available capital is sighted. Mr. Burdick stated that seems like a paradox.

Mr. Floyd stated the Port is in a strong financial position because they have reserves that are set aside for these projects and priorities that they are working on. However, all it takes is a few lean years and some incorrect assumptions could result in a deficiency.

Mr. Arntzen understands Mr. Burdick's comment and had the very same thought, and concluded that the Port is in a strong financial position for a very small port. Furthermore, Vista Field is a project that Port of Seattle or Tacoma may develop; but the Port of Kennewick, which is very small, is undertaking this massive project on our own. Mr. Arntzen stated Mr. Floyd and Mr. Kooiker will present the 10 year financial snapshot and believes the Port is in a very good financial position for at least the next decade. Mr. Arntzen is very proud of his staff for working alongside Mr. Floyd to create a draft plan that addresses these four projects and factors in items such as the Benton City Shoreline Master Plan. Mr. Arntzen stated we can have all the great ideas in the world, but if we don't have the finances behind it, none of it is possible.

Mr. Floyd stated unlike the 2011 Comp Scheme which outlined only the Port's business lines and focus, the updated Comp Scheme will address how the Port is going to accomplish those priorities.

OPPORTUNITIES:

- Significant economic development project opportunities:
 - Vista Field;
 - Columbia Drive/Clover Island redevelopment;
 - West Richland light industrial property (TCRW);
- Opportunities exists to establish additional partnerships

THREATS:

- Changing Port priorities or to many priorities dilute efforts;
- Changes in regional economic conditions;



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- Threats specific to how projects, i.e. Vista Field are developed;
- Challenges in securing funding for projects;
- Changes in public support.

How the Public Views the Port:

- Generally not that familiar with the Port's mission and activities;
- Sometimes confused between City of Kennewick and Port;
- More visible projects (lighthouse, Badger Mountain parking improvements) are recognized by public;
- Port stakeholders understand Port business and view the Port favorably;
- Stakeholder perception that Port staff may be stretched thin.

Mr. Floyd stated the other item the survey addressed was how effective are Port communications and do changes need to be made.

Ms. Bader Inglima stated Port communications provided are: newsletter, media outreach, the Port website, and emails. Furthermore, the Port utilizes our jurisdictional partners' social media and newsletters, attends community luncheons and Commission speaking engagements throughout the year. Ms. Bader Inglima stated, given the limited budget, we try to find a balance between what we do versus putting the money into capital projects.

Mr. Floyd stated the Port does not utilize social media, such as Twitter or Facebook.

Ms. Bader Inglima stated the Port does not utilize social media, as a conscious effort, due to public records and the need to archive metadata. Archiving the data is expensive and the Port has had a number of public records requests over the past several years that have given us pause. From a legal perspective, not having a social media account has not been challenged in the court system. At this time, there aren't any clear boundaries or a definitive answer about what an entity needs to do to manage and maintain for public records through social media, however, we effectively use our partner's social media accounts to advertise our events.

Mr. Novakovich stated staff has done an excellent job, but part of the challenge goes back to limited staff resources, not just funding. It is difficult to perform additional public outreach with the limited resources that we have. Mr. Novakovich mulled, could the Port do more, yes, but only if we had more resources.

Mr. Floyd outlined the Port Communications

- Professional, visually appealing and informative communications;
- Mixed internal opinions on use of social media;
- Some stakeholders suggest Port use social media;
- More staff, changes in staff assignments or contract support may be needed to further enhance communications;
- Build trust through quality and consistency in Port products.



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OTHER FINDINGS:

- No consensus on name change;
- Merging with another Port was raised;
- Focus on doing good work and deliver projects and public awareness will increase;
- Continue to work at and foster partnership relationships.

Mr. Moak stated with regards to a merger with Port of Benton, the outlining factor would be the Port of Kennewick's limited resources. Combining resources with the Port of Benton could help us move forward and utilize resources and do bigger and better economic development projects. Mr. Moak thinks it may be something the Commission should consider addressing long term. Regarding Port communications, Mr. Moak believes the Port is spending too much money on print communication and not enough on social media. He would like to see more electronic communications and less print media.

Mr. Barnes believes the ability to adapt and change should be added to Port strengths. The decision the Commission made at Vista Field has affected the strengths, weaknesses, opportunities and threats (SWOT Analysis) findings. When the Commission decided to close the airport and to change the course, the Port became more of a redevelopment entity. However, by making that decision the Port generated some weaknesses because of the size of the project and our limited resources. Mr. Barnes is very proud of the Port of Kennewick's ability to adapt in our efforts to serve our constituents and the fact that we have divested of property and holdings that weren't working is a strength that should be identified. By making these changes, it has brought on some weaknesses, however, Mr. Barnes is confident we can work through them. Mr. Barnes stated in years past, the airport operated at a \$400,000 deficit which brought a lot of stress onto the Port, but now that it is closed we have a new stress of a different kind.

Mr. Novakovich stated the stress of redevelopment is something that should be seen as positive not a negative, and the work that the Commission and staff have done over the past few years is the right direction for our constituents.

Ms. Bader Inglima appreciates the time and work that Mr. Floyd put into the SWOT Analysis and the patience the Commission has demonstrated as staff worked through this process while dovetailing it into the Comp Plan. It is important to take a step back and get the perspective of staff, the Commissioners, stakeholders and our partners, to determine if there is a disconnect. It is essential to recognize that a lot of these items dovetail nicely with the policies and direction the Commission has given staff and the projects we are working on, along with the expectations of our clients, customers, and stakeholders.

Mr. Floyd stated the nice thing about updating the Comp Scheme and having a detailed financial plan, is, if the Commission believes an idea has merit, it can be addressed down the road. The Commission has the opportunity to capture ideas, which are in the best interest of the organization, but the timing and sequencing isn't right now, and put them on a timeline to address later. Mr. Floyd encouraged the Commission to think about ideas or concepts today that they may want to explore in the future, such as a merger or utilizing social media.



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Mr. Novakovich clarified that once the Commission approves the Comp Scheme, the Commission has flexibility and the Comp Scheme can be modified on an annual basis, depending on the circumstances.

Mr. Burdick, 414 Snyder Street, Richland. Mr. Burdick stated one strength that wasn't included on the list is the Port Commission. Mr. Burdick has had the opportunity to watch the Commission over the past several years and appreciates how well they work together and how committed they are to transparency and public involvement. Mr. Burdick thanked the Commission for their work.

Mr. Arntzen asked the Commission if they would like staff to track other items that require further consideration.

C. Developing Properties Discussion

Mr. Peterson stated the four properties: Vista Field, TCRW, Richland Wye/Island View and Clover Island and Columbia Drive, have been addressed on the Commission Agenda for the last two years. Mr. Peterson presented the Commission's current priorities and plans.

- Clover Island and Columbia Drive:
 - Gathering Place (formerly known as Village at Island Harbor);
 - Ready corner parcel (old Port office) for development;
 - Columbia Gardens Phase I;
 - Utility Work;
 - Construction of 3 Winery Buildings;
 - Columbia Gardens Phase II;
 - Loop road and joint use parking lot;
 - Willows Road and utility improvements.
- Vista Field:
 - Phase I infrastructure, plaza, water feature, pavilion and remodel corporate hangars.
- West Richland:
 - Racetrack Development:
 - Master plan completion;
 - Entitlements: BPA Easement Crossing;
 - WADOT SR-224 Access;
 - Keene Road Access;
 - Kennewick Irrigation District Inundation Clause Removal.

Mr. Arntzen stated the Port purchased a distressed piece property that had several administrative issues, such as entitlements and an inundation clause. Staff is slowly checking items off the list, to ready the property for redevelopment. The TCRW is a tribute to this Commission and the Commission that was in place when the property was purchased, because ports step up when no one else will.

Mr. Novakovich stated this is why projects take so long and why triggers are important. There are several triggers for the redevelopment of the TCRW and removing the inundation clause is one that is very important to complete prior to moving forward. Solving issues takes time and



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there are too many triggers involved to move forward.

Mr. Peterson stated when the Port purchased the TCRW property, it was outside the Urban Growth Area and the city limits, which means it was not connected to the city's municipal utilities. It was a challenge to get the property included into the Urban Growth Area (UGA) and within the city limits, which was a major entitlement issue that wasn't even on the list. The city was able to get the property into the UGA and annexed into the city limits in early 2016.

Tim Arntzen, 99905 East Reata Road, Kennewick. Mr. Arntzen stated he is he is unaware of how much he pays how much he pays in taxes to the Port each year, but realizes it is a small amount. As a taxpayer, Mr. Arntzen likes what the Commission is doing and the fact that they build new things without increasing taxes. Many of his neighbors don't know who the Port is, but they do know they can utilize the lighthouse or go to Ice Harbor and when Vista Field is developed, visit a cool urban village. Mr. Arntzen does not believe the Port Commission gets enough credit for all they are doing in West Richland. As a resident of the Port District, it bothers me that all the Commission get is criticism and questions of why aren't they moving faster. Mr. Arntzen stated the Commission purchased the property with major hurdles and should be commended for all the items that have been completed, to ready the property for development.

Mr. Barnes thanked Mr. Arntzen for his comments and stated as Mr. Peterson has previously stated, the Port should get it right, not right now. The Commission and staff heard from Oneza and Associates regarding the TCRW Master Plan and if the property had remained in the County, the economic development impact in our area would have been substantially less than if the property was brought into the City and developed at a higher density with more economic impact. To adequately address these entitlement issues take time, so in order for the Port to get it right, it does not mean right now.

Mr. Peterson continued outlining the current priorities and plans.

- Richland:
 - Spaulding Business Park;
 - Island View

Mr. Floyd introduced Heather Shindihight, who represents Safe Harbor Support.

Heather Shindihight, 4818 Kalahari Drive, Pasco. Ms. Shindihight stated we are here today from My Friends Place Homeless Teen Shelter, a sub-group of Safe Harbor Support Center. Ms. Shindihight is the supervisor for the teen shelter and introduced Destiny and Sienna, a case manager at the center. Ms. Shindihight stated My Friends Place houses 13-17 year old homeless youth in our community.

Mr. Novakovich inquired how the center finds youth and how long do kids normally stay.

Ms. Shindihight stated we have an outreach program and visit several places in the community and place flyers and cards everywhere. Ms. Shindihight stated there is a high population of homeless kids in high schools and high school counselors are very helpful. The biggest issue



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is that the community isn't aware a program like this exists in the Tri-Cities and our goal this year is to focus on community outreach. Regarding the stay, My Friends Place does not have a time limit, however, based on Benton County Code, there is a 30/60/90 day stay; 120 if approved. However, we are not fully funded by the County, so after 120 days, the child is removed from the County's books, but can still stay at My Friends Place.

Mr. Novakovich stated Safe Harbor and My Friends provides wonderful services for our community and thanked Ms. Shindihight.

Mr. Floyd presented Ms. Shindihight with the Anchor QEA donation, assembled by the Commission, staff and public, from the team building event: 10 Backpacks that include folders, composition notebooks, bus tickets, water, and hygiene kits. Mr. Floyd thanked Ms. Shindihight for the service their facility provides.

Mr. Peterson stated Mr. Kooiker will present a draft 10 year Capital Budget and the Commission can make suggestions about moving projects around with the ability to see the effect on the budget. For example, in Richland, if the Commission desires to have a presence in the Richland Wye/Island View area, they may consider a land purchase or look at a partnership project with the City of Richland, similar to what we completed at Badger Mountain Trailhead.

Mr. Barnes stated it would prudent to meet with the City of Richland to discuss what their priorities are, for example, shoreline development. The Port values the relationship with the City of Richland and we want to work with our jurisdictional partner; however, if we work with water or shoreline redevelopment effort, then we are restricted to the WYE area or Island View.

Mr. Moak likes the Island View area, but is not convinced there is a real commitment on the part of the Richland City Council to redevelop Island View. Mr. Moak believe the biggest obstacle to Island View is assembling the properties for redevelopment.

Mr. Arntzen stated Resolution 2014-31 outlines the Port's Budget, Financial, and Operational Philosophy, which suggests the Port partners with entities that demonstrates support. The paradigm of that philosophy is the Port needs to find projects where the partner is willing to help contribute funds, especially if the entity benefits from the project.

RECESS

Mr. Novakovich recessed the meeting at 11:45 a.m. for lunch and will reconvene at approximately 1:00 p.m.

Mr. Novakovich reconvened the Port of Kennewick Commission Retreat at 1:02 p.m.

D. Developing Properties –Port Commission Guidance

Mr. Floyd stated this morning we discussed our current development plans and priorities and things we learned from the SWOT Analysis. This afternoon, our focus will be on the four



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main properties and if the Commission would like to make any updates, changes in course, changes in priorities and emphasis.

Mr. Floyd stated the Port has evolved in recent years to become a redevelopment agency and asked if the Commission sees it differently or affirms that statement.

Mr. Barnes stated the Port's decision to close Vista Field Airport and divest of rail holdings and other properties triggered the Port into becoming a redevelopment agency, however; at the same time, Mr. Barnes is mindful of inhibiting further change or evolution by the Port in the future. At present, Mr. Barnes believes the Port is absolutely a redevelopment entity but believes there needs to be a placeholder for further change, further evolution.

Mr. Moak stated if the Port states it is a redevelopment agency, does that statement imply that we should divest ourselves of non-redevelopment activities, such as Oak Street, Twin Tracks, and Plymouth? The Port's finance department has reported that the Port receives revenue from these properties, therefore we should not sell them. Mr. Moak would like the Port to focus on redevelopment, and believes it's our niche, but it also brings something to our community.

Mr. Novakovich believes the Port has evolved into a redevelopment agency, and to affirm that we are a redevelopment agency is our primary description of who we are, but not our total description.

Mr. Floyd inquired if Commission believes redevelopment is the Port's primary focus for the next 5-10 years. Mr. Floyd stated it is important to have a clear scope of work, because that allows staff to be more effective implementing the Commission's directives and the Port is more consistent moving forward. Stating the Port is a redevelopment entity does not mean the Commission can't alter things over time, however; establishing priorities, dedicating resources to priorities, balancing staff workload with priorities, sticking with plans and working them diligently is where the clarity can be most effective to get things accomplished.

Mr. Novakovich believes the Port is a redevelopment agency and is in favor of affirming that, provided it doesn't limit us, and he does not believe it does, especially when the Agenda is focused on developing properties.

Mr. Barnes believes redevelopment is becoming a priority at the Port, however, we are only able to redevelop properties because we maintain our return on investment properties at the marina, Oak Street, and the Vista Field Development buildings. It is important to maintain those properties to continue growing at Columbia Drive, Clover Island and Vista Field, and eventually the TCRW. Mr. Barnes believes redevelopment is an emphasis of the Port to achieve objectives in economic development and job creation and with a focus on return on investment properties and our marina tenants and other tenants.

Mr. Arntzen appreciates the Commission comments and reiterated that the Commission believes the Port is redevelopment agency, whether it is the primary goal or secondary goal.



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Mr. Moak stated it might be beneficial for the Commission to direct staff to only bring forth redevelopment projects for the next 3-5 years.

Mr. Arntzen stated it would be helpful for staff to know if the Commission does not want to invest in additional properties. Furthermore, redevelopment might work hand-in-glove with return on investment opportunities, for example, does the Port sell the Southridge property and build a multi-purpose building in Vista Field that can bring in revenue.

Ms. Bader Inglima stated rather than stating the Port is a redevelopment agency, state, the Port is an economic development agency, focused on redevelopment.

Mr. Floyd agreed with Ms. Bader Inglima and offered another example, the Port focuses on redevelopment over a specific time period and will evolve as projects are completed and new priorities are identified.

Mr. Novakovich inquired if the Commission can agree with that statement.

Mr. Peterson suggested the Commission may consider retaining the warehouse buildings to generate revenue and jobs, but divest of the vacant property holdings the Port has owned since 1972. If the Port had additional dollars, would the Commission be interested in building more warehouses at Oak Street or keeping the revenue and divesting of the agriculture properties for private sector development?

Mr. Floyd stated there are endless possibilities and some of those opportunities are based on timing and sequencing. Mr. Floyd inquired if the Commission is open to those variations. And based upon the discussion thus far, the Comp Scheme will focus on establishing priorities for the four projects.

The Commission concurs with Mr. Floyd's assessment.

Mr. Floyd stated it is important to establish an emergent opportunities fund with specific rules. The Port receives requests from different community organizations, and partnerships for funds, however, the Port does not have unlimited funds and staff to dedicate to other items and projects. Mr. Floyd and staff have a draft proposal for how to manage an emergent opportunities fund.

Mr. Floyd outlined the benefits for redevelopment focus on Columbia Drive and Clover Island:

- Reconnect community area to waters, where possible;
- Concentrate investment in developed areas;
- Complement existing public and private investments;
- Encourage economic sustainability.



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Mr. Floyd inquired if the Commission had any adjustments to the current Columbia Drive and Clover Island redevelopment plans:

- Partnerships;
- Timing and sequencing/triggers;
- Staffing capacity;
- Additional planning;
- Other considerations.

Mr. Moak believes once the 1135 Shoreline project is completed in 2018, the Commission and staff will have a greater sense of what can be done on Clover Island, how to make it happen, and who the Port could partner with to get projects built.

Mr. Moak stated the entire Columbia Drive area is based around timing and currently the Port is focusing on the middle parcels of Columbia Gardens and have had some discussion regarding the Willows but have not delved into Cable Greens. Mr. Moak thinks the sequencing and timing of the entire Columbia Drive area should be based upon what we know about the environment and if our partnership with the City of Kennewick will continue to evolve into further development of the area. Mr. Moak would like to develop partnerships for the whole bridge to bridge area, because the Port can't do it all. Furthermore, how can the Port help our partners redevelop property to make our properties more useful and desirable?

Mr. Barnes agrees with Mr. Moak's comments and stated the partnership with City of Kennewick has evolved, however, it has not been well defined. Mr. Barnes welcomes adjustments and changes in the partnership, if, in the end, the Port has a better project. Mr. Barnes stated the three winery buildings are currently out for bid and believes the partnership that the Port should be focusing on and developing is one with the private sector for Vista Field and Columbia Drive.

Mr. Floyd reiterated Mr. Moak's and Mr. Barnes comments and added focusing on private sector partnerships for Columbia Drive and defining the City of Kennewick partnership to the list. Mr. Floyd inquired if the Commission had any comments specific to Clover Island.

Mr. Novakovich stated the Port has made improvements on Clover Island that have benefited the public and believes the Commission should continue with Clover Island redevelopment.

Mr. Barnes added if the Port could find a partnership that meets our criteria, to provide an amenity such as a viewing platform or stage or venue for performances for the public that might be something worth undertaking. Additionally, the boat ramp and restrooms, the artwork and the Lighthouse are just some examples of public amenities the Port has provided on Clover Island.

Mr. Floyd inquired if the Port has spoken to the City of Kennewick Parks and Recreation Department about a potential partnership, because they have resources as well.

Mr. Novakovich likes that idea and believes it would be a good partnership.



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Mr. Moak stated this is the first time the Commission has discussed Columbia Drive and Clover Island as one and would like to tie the two projects together.

It is the consensus of the Commission that Clover Island and Columbia Drive redevelopment will now be referred to as Kennewick Waterfront and bundled together.

Mr. Barnes noted, he really likes the fact that the Port is working with the Latino Heritage Mural Committee. The mural isn't just a piece of artwork, but a new opportunity to involve and encourage participation by other groups in our community.

Mr. Novakovich appreciates Mr. Barnes comment and stated the Port has also partnered with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) and the Kennewick Arts Commission on artwork as well.

Mr. Arntzen inquired if the Commission would like staff to continue looking for partnership opportunities other than our jurisdictional partners.

Mr. Moak asked what the status is for food truck vendors utilizing space at Columbia Gardens.

Mr. Barnes would like to see a placeholder for food trucks at Columbia Gardens.

Mr. Peterson stated in the 2017-2018 Draft Work Plan, the Port will partner with the City of Kennewick on the Phase II of Columbia Gardens joint use parking lot and the loop road. There will be a pad for 4-6 food trucks and the location is adjacent to the trail and near the winery buildings.

Additionally, the Port has partnered with Benton PUD, Frontier Communications, and Charter Cable, where each entity either donated money and/or work to Columbia Gardens.

Ms. Bader Inglima stated Port has had several non-traditional partnerships, such as the Department of Fish and Wildlife Service, who allowed us to clean up around Duffy's Pond.

Mr. Arntzen stated the Port has also partnered with a few churches, one in particular, who was very influential bringing in labor and assistance to help with Duffy's Pond cleanup.

Mr. Arntzen confirmed the Commission would like staff look for partnership opportunities other than our jurisdictional partners, with the caveat that those partners align with the Port's goals.

Mr. Arntzen stated the CTUIR has provided a lot of assistance to Ms. Bader Inglima on grants and Mr. Peterson on permitting. A partner does not necessarily need to bring funds, but can also provide leverage and in some cases staff assistance. Mr. Arntzen stated the Latino Heritage Mural Committee has provided enthusiasm and elbow grease to the mural project and contributed funds as well.



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Mr. Moak stated additional funds for the Latino Mural were donated by the Columbia Center Rotary Club, who has expressed that they would like to continue assisting the Port with projects. Mr. Moak stated it isn't just the Rotary who can contribute, the club members can get excited about a project and contribute as well.

Mr. Floyd inquired if there were any adjustments to the current plans for Vista Field.

Mr. Novakovich does not believe it is appropriate to make any adjustments at this time since we have not finalized the Master Plan.

Mr. Floyd stated Mr. Novakovich is correct, the Port has a plan in place and there isn't much that can be done. Mr. Floyd wanted to verify if the Commission is satisfied with that course of direction.

Mr. Moak stated Vista Field has always been his number one priority and inquired if the Port have the proper resources to move forward once the Master Plan is completed.

Mr. Floyd inquired once the Master Plan is complete and ready for implementation, if the Commission willing to reshuffle resources, to be able to move forward with advancing the Master plan.

Chuck Eaton, 2309 Davison Avenue, Richland. Mr. Eaton inquired if the Vista Field Draft Master Plan needs to be adopted by the City of Kennewick prior to any activity taking place such as, the sequence of development in Phase 1, which involves the Vista Arts Center, a public space, and possible residential housing. Furthermore, Mr. Eaton stated the arts organizations are part of the private sector and are focused on partnering at Vista Field. The art world is very different from the business world, and those of us in the arts community are willing to learn how the business world and the Port conducts its business, but we aren't quite sure that the Port sees the arts community as an economic force, and as private sector partnerships. The arts community is willing to make a personal investment in Vista Field and Mr. Eaton believes those discussions seem to be taking a while.

Mr. Novakovich asked Mr. Peterson to address Mr. Eaton's comments regarding the City of Kennewick and the Master Plan.

Mr. Peterson stated the Port has been operating on a parallel path, while the City has been reviewing the sections of the Draft Master Plan, staff and consultants continue to work through the details of the Draft Master Plan, such as: entitlement issues, zoning issues, and the development agreement so the Port can construct a great urban center. Furthermore, the Port is running a parallel path with the engineering work and completing site specific work that involves a preliminary survey, layout of the infrastructure, and layout of the basic water and sewer lines. Staff is currently working on the financing plan, so when the Vista Field Master Plan is approved by the City of Kennewick, the Port is able to finance the infrastructure and make improvements to the hangars and the public space. When the Vista Field Master Plan is approved and adopted by the City, the construction and design documents will be completed and the funds will be available to make those improvements. The City has to change a lot of



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regulations to allow for Vista Field to occur; such as how they regulate land use, how roadways and traffic are controlled, and how the fire department will view building permits. All of these items need to be changed on the City books to allow Vista Field development to occur. Staff has been addressing all of the entitlements and making sure all of the authority to construct or build are in place before the Port starts marketing to the private sector. The Capital Plan outlines Vista Field utilizing the majority of the funding for the next 10 years, with a lump sum of activity right at the beginning due to the influx of cash due to a loan. The debt service of the loan will be paid by proceeds of land sales at Vista Field and the Port will not be taxing the citizens. Staff is taking steps beyond the regular budget to find additional dollars to start Phase IA of Vista Field, and continues to run a parallel path to ensure construction, while awaiting adoption of the Master Plan.

Mr. Floyd inquired if there were any adjustments to the current plans for West Richland Industrial Site. Previously, the Commission stated they would like to have the interstate off-ramp and the infrastructure in place prior to redevelopment. What, if any additional changes does the Commission want to see for the plans for West Richland?

Mr. Barnes stated Mr. Peterson has already addressed entitlement issues and the inundation clause in an excellent manner, and those are the keys that need to be taken care of before anything can happen. Furthermore, the property needs to have access to the waste water treatment facility before redevelopment can begin. Mr. Peterson is methodically addressing all of the trigger points for the TCRW property, to meet Mayor Gerry's expectations for the City of West Richland.

Mr. Floyd inquired if the Commission has any specific partnership expectations they would like to see with City of West Richland.

Mr. Novakovich would like to see the City of West Richland make a personal investment, whether it's installing infrastructure or brining the wine effluent capability to the TCRW property or monetary funds, but there needs to be some kind of investment. Mr. Novakovich agrees with all of the triggers and the question is, does the Port have the staff time and resources to develop it right now?

Mr. Moak agrees with Mr. Barnes and Mr. Novakovich and believes the Duportail Bridge will be more important in terms of development than the Red Mountain Interchange, because of all the development taking place on Keene Road. Mr. Moak is unaware where the TCRW fits into the City of West Richland's Comp Plan and where is the City developing. Mr. Moak believes the real partnership needs to be with the businesses located on Red Mountain. Mr. Moak believes the City's main focus is on the Belmont and Keene corridor and the riverfront entrance. Mr. Moak does not believe, in the short term, the TCRW is where the Port needs to focus. There are too many factors to consider and other things might be happening on surrounding properties.

Mr. Novakovich stated the interchange will break ground in 2017 with a completion date of 2021 according to Washington State Department of Transportation schedule.



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Mr. Floyd confirmed that the Commission would like to see the Draft Comp Scheme reflect a timeframe for the TCRW between 4-7 years. This will give staff the time to work through the remaining entitlements and other identified issues. When the TCRW becomes a priority, the Commission expects the City to support the redevelopment in a more substantive manner. Furthermore, the Commission would like to see staff work with private sector on Red Mountain.

Mr. Moak stated most of the City of West Richland Council is new this year and the Port has not had a joint meeting to discuss any projects, however, the mayor has spoken with the staff and Commission. Mr. Moak stated it is the City Council who makes the decisions, in terms of budget and determining priorities.

Mr. Novakovich appreciates Mr. Moak's comments and stated the TCRW should be a 4-7 year project. Mr. Novakovich stated in the meantime, does the Port take on a smaller project to show the City that the Port is still interested.

Mr. Arntzen appreciates your summary and the discussion has been very beneficial. Mr. Arntzen stated the 4-7 year timeline is a perfect timeframe and gives staff time to address all of the issues. Mr. Arntzen believes the Commission has two options regarding West Richland. The Commission can instruct staff to identify an interim project in the 1-3 year range or bank up capital so when TCRW is ready to go, the Port has the money to start the redevelopment.

Mr. Novakovich stated setting funds aside makes more sense, however, the community may not understand the Port's line of thinking and may want to see a completed project in West Richland. Mr. Novakovich stated it is a tough decision and he is not advocating either way.

Mr. Moak asked if the Port has a policy that says the Port's only project in West Richland is the TCRW.

Mr. Peterson is unaware of a Commission limitation or formal adoption regarding West Richland.

Mr. Arntzen stated West Richland staff is eager to speak to Port staff to determine the next project, however, maybe staff can come back at a later time with our view of an interim project.

Mr. Moak would like you to speak with the West Richland City Council before any decisions are made regarding potential projects.

Mr. Novakovich stated the Economic Development Committee is made up of the mayor, City Council, and staff.

Mr. Moak stated it's the Council that makes the final determination and inquired if the mayor would acquiesce to the 4-7 year timeframe.

Mr. Arntzen believes he would not.



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Mr. Moak stated then he has no other answer at this point until that is determined and then the Port can consider other projects.

Mr. Arntzen stated West Richland has a strong mayor form of government, not only is he an elected official, he is also like the city manager. Mr. Arntzen stated protocol states he cannot meet with City Council members and the mayor's chosen course of action is all communication goes through him.

Mr. Novakovich stated when the Comp Plan is adopted, the Port has an established policy regarding the TCRW in West Richland. Mr. Novakovich believes the Commission should meet with either the City Council or the Economic Development Committee and outline the Port's long term plan regarding the TCRW. The Port and City can hold a joint meeting and the Port can outline the two short term options for West Richland and get the Council's input.

Mr. Floyd believes that is a good strategy without additional homework in the interim.

Mr. Moak stated if the Port chose another project in West Richland, it should be focused on redevelopment.

Mr. Barnes appreciates the discussion and likes the concept of banking funds and continuing to work on the entitlement issues and when all the trigger points are ready, the Port has the resources ready to take meaningful action right away. At the same time, this is Mr. Novakovich's district and he represents the people of West Richland and Mr. Barnes is mindful of that. Mr. Barnes stated whatever staff can do to communicate to and work with West Richland, he is interested in doing.

Mr. Moak stated he has not heard the West Richland citizens saying the Port should be doing something. He has only heard the mayor and City staff expressing that the Port should be doing something.

Mr. Arntzen stated the Port does not have to redevelop the property right now, however, it can become a catalyst for redevelopment by the private sector; by getting the property ready, having a master plan in place, and helping the City with the wine effluent treatment plant.

Mr. Moak stated it is a timing issue and suggested the Port sell the property and put it back into the private sector domain and then look for a redevelopment project in West Richland.

Mr. Arntzen stated in regards to Mr. Moak's comment, the Port could work through the inundation clause and entitlements and have beautiful master plan in place, which is added value, and then see if the private sector is interested in purchasing the property. Mr. Arntzen inquired if Commission views that as an option for the TCRW, to release the property back and the private sector could develop consistent with the master plan.

Mr. Novakovich believes that is always a choice.



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Mr. Barnes stated that is another option, however, Mr. Barnes has had some discussions about a potential partnership with the Aqualini Development group, who has made significant investments in Red Mountain. It is not out of the realm of possibilities to think about a joint partnership with the Aqualini Development group,

Mr. Floyd reiterated that West Richland, with the current issues that are being addressed, could go various directions, which is another reason why you extend the timeframe, so you have time to think these options through and see how the market evolves and select a course down the road.

RECESS

Mr. Novakovich recessed the meeting at 2:19 p.m. and will reconvene at approximately 2:22 p.m.

Mr. Novakovich reconvened the Port of Kennewick Commission Retreat at 2:22 p.m.

Mr. Floyd stated there isn't much to report on Island View (WYE Area) and staying the course may be something the Commission might want to consider. Mr. Floyd asked what are the Commission's thoughts are related to partnerships, sequencing, staff capacity and additional planning in Richland.

Mr. Moak stated the City of Richland has a 1998 plan for Island View that staff implemented. Mr. Moak would love to partner with the City of Richland on Island View, but believes the City needs to address significant parts the redevelopment.

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick stated one thing missing from the Island View discussion is the potential breaching of the Bateman Island Causeway and believes something will eventually need to be done there. The Commission should look at that, one way or another, before they consider anything else.

Mr. Arntzen has had conversations with the Richland City Manager and the Public Works Director regarding potential projects in Richland and the City's objective is to bring a detailed scope of work and present it to the Commission to see if we can partner, utilizing the Rural Capital County Funds.

Mr. Floyd stated he is helping the City of Richland update their Comprehensive Plan and there will be a City Council Workshop on October 4th, 2016 to discuss the plans for the next 10-20 years. Mr. Floyd stated Island View will be discussed and suggested a Port representative attend the meeting and participate in the updates.

Mr. Peterson stated the number one priority for the Commission is Vista Field, and 95% of the focus, money and time is allocated to Vista Field. However, the Port is still committed to the Kennewick Waterfront, with the 1135 US Army Corps of Engineer partnership and our partnership with the City of Kennewick on projects that the Port is currently bidding. Mr. Peterson asked if the Commission believes the Port can take on another project in this area of great significance while working on Vista Field and the Kennewick Waterfront. Furthermore,



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does the Commission want staff to look for a smaller, meaningful project, like the Badger Mountain Parking Lot, where the design and bidding is led by the City of Richland, perhaps in the Columbia Drive area? The Island View area is close to Vista Field, and the suggested projects are consistent with Port's principals on waterfront redevelopment with a new urbanism emphasis.

Mr. Floyd confirmed the Port would complete a project in Richland, in 7-10 years, while discussing an interim project in the meantime.

Mr. Barnes stated the Port has a huge commitment with Vista Field and a smaller interim project would appease the City. Mr. Barnes stated if the Port of Kennewick and the Port of Benton merged, then the discussions could be more meaningful and comprehensive and the potential project could be larger.

Mr. Moak does not see Island View upgrades as particularly meaningful. The timeline doesn't have to be 7-10 years if the project is meaningful, for example, a pedestrian overpass over 240 from Island View that allows access to Tapteal Drive, Columbia Center Boulevard and Vista Field is a meaningful project.

Mr. Floyd inquired the Island View updates could fall under the category of a smaller interim project that leads towards a larger goal.

Mr. Moak is willing to look at a \$500,000 project if it's meaningful and the Island View updates aren't meaningful.

Mr. Novakovich confirmed that the Island View updates could be an interim project for the City of Richland, however, there will need to additional discussion after staff to staff meetings.

Mr. Arntzen inquired if the Island View project is a non-starter project.

Mr. Novakovich would like to see that there is justification for the project

Mr. Floyd stated a merger is one possibility, but has the Commission ever considered a joint partnership for a specific project with the City of Richland and the Port of Benton.

E. Capital Improvements Plan

Mr. Kooiker reiterated that the SWOT analysis shows that the Port is in a strong financial position, but just like any agency, there are restraints. Mr. Kooiker stated it is good for a healthy organization to have restraints because it helps us prioritize better and referred to Resolution 2014-31 the Budget, Financial, and Operational Philosophy of the Port, which defines the following:

- Focus on long-term financial planning;
- Provide for financial stability;
- Acknowledge the Port's limited resources (financial and staffing);
- Establish project ranking;



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- Balance public amenity capital expenditures with solid return on investment projects to help fund and sustain the Port's operating expenses.

Mr. Kooiker stated the Port has done an excellent job in providing financial stability in the past, which is why we have been able to do projects that come in higher than anticipated, for example the Clover Island Boat Ramp. The main reason the Port can fund the overage of a project is because we budget conservatively, and always estimate higher on expenses and lower on revenues, which allows for flexibility.

Mr. Kooiker presented the projected Port cash flow for the next 10 years and emphasized that this is financial planning tool only, not an actual budget:

PROJECTED CASH FLOW AVAILABLE					
SUMMARY OF CASH FLOW BEFORE BEGINNING CASH AND CAPITAL		Beginning Cash 1/1	Less Net Capital & Land Revenues & lease	Adjusted Ending Cash 12/31	RESERVE
					Less \$2.5m Contingency
2016	\$ 956,818	\$ 10,674,535	\$ (7,697,454)	\$ 3,933,899	\$ 1,433,899
2017	\$ 971,491	\$ 3,933,899	\$ (2,170,855)	\$ 2,734,535	\$ 234,535
2018	\$ 1,489,272	\$ 2,734,535	\$ (1,183,442)	\$ 3,040,365	\$ 540,365
2019	\$ 1,484,075	\$ 3,040,365	\$ (1,426,474)	\$ 3,097,966	\$ 597,966
2020	\$ 1,476,462	\$ 3,097,966	\$ 23,852	\$ 4,598,279	\$ 2,098,279
2021	\$ 1,466,252	\$ 4,598,279	\$ (678,306)	\$ 5,386,225	\$ 2,886,225
2022	\$ 1,453,253	\$ 5,386,225	\$ (2,268,071)	\$ 4,571,406	\$ 2,071,406
2023	\$ 1,437,262	\$ 4,571,406	\$ (835,574)	\$ 5,173,094	\$ 2,673,094
2024	\$ 1,418,064	\$ 5,173,094	\$ (810,953)	\$ 5,780,205	\$ 3,280,205
2025	\$ 1,395,432	\$ 5,780,205	\$ (1,274,351)	\$ 5,901,286	\$ 3,401,286
2026	\$ 1,369,124	\$ 5,901,286	\$ (4,565,918)	\$ 2,704,492	\$ 204,492

↖*Assumptions are important part of this projection

Cash Flow Projection Assumptions:	
* Operating revenues increase at 2%.	
* Operating expenses increase at 4%.	
* Non-operating expenses increase at 5%.	
* Property taxes increase at 4%.	
* Does factor in net future land sales.	
* Analysis factors in future O&M on new projects in 2017-2026 capital budget.	
* Analysis is based on capital projects located at 2017-2026 Capital tab.	
* Analysis is based on current operations and current capital assets in place.	

Mr. Kooiker stated the Port revenue is a combination of operating and non-operating funds which totals \$5,100,000 and fluctuates. The expenses are approximately \$2,800,000 with a \$2,300,000 remaining and that is money that can be identified for capital projects. Mr. Kooiker emphasized the importance of balancing capital projects with ROI projects, because if the Port is heavy in public amenities projects that don't bring in revenue, expenses increases and revenue decreases. Furthermore, property taxes allow the Port to construct public amenities without competing with the private sector. Mr. Kookier stated the Port is a very small district



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with very large projects, however, we need to be careful because we are a small port and we can't do everything.

Mr. Kooiker stated the long term financial plan, assumes revenues increase 2% and expenses increases 4%. These assumptions factor in land sales and operations and maintenance projects. Mr. Kooiker stated the importance of having enough funds with a cash reserve.

Mr. Kooiker presented a draft long term capital financial plan:

2017-2026 Capital Projects

	17/18 Budget	19/20 Budget	21/22 Budget	23/24 Budget	25/26 Budget	TOTAL
Vista Field	\$ 5,816,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 4,000,000	\$ 12,516,000
Shoreline (\$800k const., \$50k operating cost)	\$ 878,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,278,000
Clover Island/Columbia Drive	\$ 1,177,000	\$ 500,000				\$ 1,677,000
Richland/Island View Infrastructure	\$ 400,000	\$ 600,000		\$ 450,000	\$ 450,000	\$ 1,900,000
West Richland Racetrack	\$ 200,000	\$ 200,000	\$ 100,000			\$ 500,000
ROI project/consultant	\$ 700,000	\$ 1,400,000	\$ 1,950,000		\$ 1,950,000	\$ 6,000,000
Port Buildings (Asset Replacement Program)	\$ 550,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,550,000
Opportunity Fund	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Rural County Capital Funds Project (TBD)	\$ -	\$ -	\$ 800,000	\$ 435,000	\$ -	\$ 1,235,000
Misc. Capital	\$ 131,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 116,000	\$ 595,000
TOTAL	\$ 9,952,000	\$ 4,416,000	\$ 4,566,000	\$ 2,601,000	\$ 7,216,000	\$ 28,751,000

2017-2026 One-Time Revenues

	17/18 Budget	19/20 Budget	21/22 Budget	23/24 Budget	25/26 Budget	TOTAL
Vista Field	\$ 5,000,000	\$ 1,700,000	\$ 1,700,000	\$ 2,000,000	\$ 2,000,000	\$ 12,400,000
Rural County Capital Funds	\$ 1,450,000	\$ 600,000	\$ 600,000	\$ 300,000	\$ -	\$ 2,950,000
Richland Land	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
West Richland Racetrack	\$ -	\$ -	\$ -	\$ 400,000	\$ 800,000	\$ 1,200,000
West Richland/Keene Road	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Columbia Drive	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
Southridge	\$ -	\$ 2,000,000	\$ 1,000,000	\$ -	\$ -	\$ 3,000,000
TOTAL	\$ 6,550,000	\$ 4,700,000	\$ 3,300,000	\$ 2,700,000	\$ 3,300,000	\$ 20,550,000

Mr. Peterson stated Clover Island and Columbia Drive (Kennewick Waterfront) is for Phase II, which includes the Loop Road, joint use parking lot, and improvements to the Willows site. Mr. Peterson stated these projects are a 50/50 partnership with the City of Kennewick.

Mr. Kooiker stated the opportunity fund is allocated for community or jurisdictional requests for funds, such as Wayfinding and the Pasco Airport Study.

Mr. Arntzen stated the Port does not currently have an opportunity fund set aside and if the Commission chose to set this up, the caveat would be, when the fund is depleted, the Port would not fulfill any more requests until the next budget cycle.

Mr. Novakovich stated when agencies or partners come to the Port and request funds, the Commission can deem what is appropriate or not, until the fund is depleted.

Ms. Bader Inglima stated the Commission may also want to consider, is that the funds could be used for an item that wasn't identified or budgeted, such as the food truck pod, which is an item that wasn't anticipated, but a concept that will be complimentary to redevelopment.



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Mr. Kooiker believes it is a good item to have budgeted and believes the Commission will appreciate having the fund, because it is hard to say no. Mr. Kooiker stated at one time Mr. Moak inquired if the Port had a policy for giving away money and there isn't a policy regarding monetary requests.

Mr. Kooiker stated this is a very long term financial plan and factors will change. The Port is able to balance because of the Rural Capital County funds of \$3,000,000 plus the \$2,300,000 a year in revenues.

Mr. Arntzen stated the active reserves will get a little lean, but that is because the Port will be actively developing Vista Field Phase I, but with land sales, the reserves will be replenished. Mr. Arntzen stated this is a solid budget tool and he is proud that the budget balances for the next 10 years while accomplishing a lot of cool, community projects. Mr. Arntzen stated the finance team has continuously stressed the need for ROI projects to pay for public amenities. For example, the rehab of the corporate hangars are considered an early action project for Vista Field and an ROI project.

Mr. Kooiker appreciates Mr. Arntzen's comments and stated this is a good financial planning tool for the Commission. The reason why the Port is in the financial position today and can expend \$10,000,000 in capital projects over the next 2 years is because of the decisions the Commission and staff have made.

Mr. Arntzen stated the spreadsheet outlines the projects staff has heard the Commission and public discuss for the past 6 months and today. Mr. Floyd and Mr. Kooiker balanced those projects and if the Commission desires to alter a project, Mr. Kooiker will revise the capital budget.

Mr. Novakovich stated the Commission is an elected body, but it is staff that has the experience and we appreciate all you do. If the Commission doesn't listen to staff, we don't have a partnership and the Port won't succeed. Mr. Novakovich thanked Mr. Kooiker for his presentation and Mr. Arntzen's point is well taken.

Mr. Floyd stated this spreadsheet is a rolling update and there are always opportunities to adjust the document. If the Commission makes a decision, they will be able to see the financial implications of those decisions for multiple years.

Mr. Floyd stated also budgeted in are:

- Proposed new opportunities fund in budget:
 - \$25,000 - \$75,000 annual amount;
 - Partners that make a personal investment;
 - Benefits Port District;
 - Consistent with Port Mission;
 - Once funding is committed, other wait until next year.
- New Projects > \$75,000 => Amend the Comp Scheme:
 - Review budget – what will need to come off the plate?



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- Committed partnerships that leverages additional resources;
- Other considerations.

It is the consensus of the Commission is to budget \$50,000 for the proposed opportunities fund.

Mr. Kooiker stated the Commission will pass the 2017-2018 Budget later this year and the \$50,000 will be defined for the opportunities fund.

Mr. Floyd stated the Commission has covered a lot of ground today and staff received great direction on the four main properties and the focus has been narrowed down to the Kennewick Waterfront and Vista Field. The Commission has indicated that the other opportunities are longer term prospects and established a schedule for operations and maintenance activities and confirmed the addition of the opportunities fund. This has been a great day; we had the opportunity to do some community service, some team building, and receive excellent direction and great public comments.

Mr. Novakovich thanked Mr. Floyd for his work.

F. Public Comments

No comments were made.

G. Conclusions and Next Steps

Mr. Barnes stated it is worth noting that the Port has narrowed the operating gap to \$600,000.

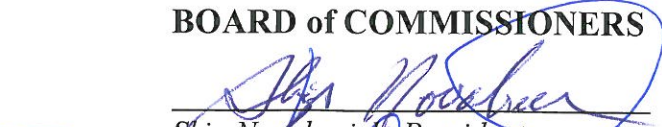
Mr. Moak thanked his fellow Commissioners their hard work, for being up front, and giving direction to staff. There are areas where we agree, a few where we need further discussion, areas for staff further discussion, however, if we don't address items or engage with the public, we aren't going to get anywhere. Mr. Moak believes the Port is moving closer to having a great Comp Scheme.


ADJOURNMENT


With no further business to bring before the Board; Mr. Novakovich adjourned the meeting at 3:02 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS


Skip Novakovich, President


Thomas Moak, Vice President


Don Barnes, Secretary