

REVISED AGENDA

*Port of Kennewick
Regular Commission Business Meeting
Port of Kennewick Commission Chambers
350 Clover Island Drive, Suite 200, Kennewick, Washington*

Tuesday, October 25, 2016
2:00 p.m.

- I. CALL TO ORDER**
- II. PLEDGE OF ALLEGIANCE**
- III. APPROVAL OF THE AGENDA**
- IV. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- V. CONSENT AGENDA**
 - A. Approval of Direct Deposit and ePayments Dated October 18, 2016
 - B. Approval of Warrant Registers Dated October 25, 2016
 - C. Approval of Special Commission Retreat Minutes September 10, 2016
 - D. Approval of Regular Commission Business Meeting October 11, 2016
- VI. PRESENTATIONS**
 - A. Draft Comprehensive Scheme, Ben Floyd Anchor QEA (**LARRY**)
 - B. Historic Downtown Kennewick Partnership Update, Dan Smith (**TIM**)
 - C. Adoption of 2017-2018 Work Plan; Resolution 2016-25 (**LARRY**)
 - D. 1135 Project Update (**TIM/NICK**)
- VII. RECESS**
- VIII. PUBLIC HEARING: 2017-2018 FINAL BUDGET / ADOPTION**
 - A. 2017-2018 Final Budget Hearing / Adoption; Resolution 2016-26 (**TAMMY**)
 - 1. Levy Certification; Resolution 2016-27 (**TAMMY**)
 - 2. Increase in Tax Capacity; Resolution 2016-28 (**TAMMY**)
- IX. REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Art Policy, Resolution 2016-29 (**TIM**)
 - B. Vista Field Development Building (Bruker); Resolution 2016-30 (**AMBER**)
 - C. Columbia Drive Update (**LARRY**)
 - D. Cancel November 22, 2016 Commission Meeting (**BRIDGETTE**)
 - E. Cancel December 27, 2016 Commission Meeting (**BRIDGETTE**)
 - F. Cancel January 24, 2017 Commission Meeting (**BRIDGETTE**)
 - G. Commissioner Meetings (formal and informal meetings with groups or individuals)
 - H. Non-Scheduled Items
- X. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- XI. EXECUTIVE SESSION, if necessary** *(Ask public if they are staying, and if not, where they can be located if the Executive Session ends early.)*
 - A. Personnel, per RCW 42.30.110(1)(g)
- XII. ADJOURNMENT**

Action may be taken on any item on the Agenda.

PLEASE SILENCE CELL PHONES



SPECIAL COMMISSION RETREAT

PORT OF KENNEWICK

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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 Inglima. 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 bringing 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 the 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 inquired if the Port should take on a smaller project to show the City that the Port is still interested in the interim.

Mr. Arntzen appreciates the 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 save the funds 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 Mr. Arntzen 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 from both entities.

Mr. Moak stated it is 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 a city manager. Mr. Arntzen stated protocol states he cannot meet with City Council members and the Mayor's chosen course of action is that all communication goes through him.

Mr. Novakovich stated when the Comp Plan is adopted, the Port will have 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 could 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 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 master plan in place, which adds 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 the timeframe could be extended; to give more time to think these options through, see how the market evolves and select a course of action.

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. He feels 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 4, 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 Engineers 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 is meaningful and he does not feel the Island View updates are 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; and inquired if 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 an 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 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 complementary 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 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 remarkable community projects. Mr. Arntzen stated the finance team has continuously stressed the need for ROI projects to pay for public amenities. For example, the rehabilitation 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 two 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 six 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 he appreciates all staff does. If the Commission does not listen to staff, we do not have a partnership and the Port will not 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; 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 the following are included in the budget:

- Proposed new opportunities fund in budget:
 - \$50,000 - \$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 greater than \$75,000 would need to amend the Comp Scheme
 - Review budget, determine 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 to further discuss; however, if we do not address items or engage with the public, we are not 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



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

OCTOBER 11, 2016 MINUTES

CALL TO ORDER

Commission President Skip Novakovich called the Regular Commission Meeting to order at 2:00 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

The following were present:

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

Staff Members: Tim Arntzen, Chief Executive Officer
Tammy Fine, CPA Advisor
Amber Hanchette, Director of Real Estate and Operations
Nick Kooiker, Chief Financial Officer/Auditor
Larry Peterson, Director of Planning & Development
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Hector Cruz, President of the Tri-Cities Hispanic Chamber of Commerce, led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

Consent agenda consisted of the following:

- A. Approval of Direct Deposit and E-Payments Dated October 4, 2016**
Direct Deposit and E-Payments totaling \$75,026.01
- B. Approval of Warrant Registers Dated October 11, 2016**
Expense Fund Voucher Numbers 38334 through 38377 for a grand total of \$128,132.25
- C. Approval of Regular Commission Business Meeting Minutes September 13, 2016**
- D. Approval of Regular Commission Business Meeting Minutes September 27, 2016**

MOTION: Commissioner Moak moved for approval of the Consent Agenda, as published; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

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PRESENTATIONS

A. *Latino Mural Artist Selection, Barb Carter and Davin Diaz*

Ms. Bader Inglema introduced Barbara Carter, the Port's art liaison and member of the Kennewick Arts Commission (KAC), and Davin Diaz, chair of the Latino Heritage Mural Committee (LHMC). Ms. Carter and Mr. Diaz are here to share the Committee's selection of the mural artist.

Mr. Diaz introduced members of the Latino Heritage Mural Committee; Jon Lindeman, Hector Cruz, Patti Cortez, Joanna Jones, and Jazmin Santacruz-Hallowell.

Ms. Carter updated the Commission on the Latino Heritage Mural, which is a celebration of the heritage of the local Latino community and their valuable contributions made to the region's thriving wine and agricultural industry.

The Port developed specific guidelines for the mural which are as follows:

- Hire a professional artist experienced in large scale murals and community input;
- Use highest quality of materials including sealants;
- Use Dibond Panels, which will be provided by the Port;
- Encourage community involvement; and
- Encourage hiring local artists to train.

Mr. Diaz briefed the Commission on the LHMC Requirements:

- Contemporary or Modern Interpretation;
- Themes: Agriculture/Wine/Labor, Latino history and activities in the region and/or regional fiestas and music through the seasons;
- Values: respect of family and community, cultural history and a strong work ethic;
- Educational and of highest quality.

Mr. Diaz explained the process by which Ms. Carter and the LHMC evaluated each artist from the initial call to arts. Over 30 applications were received and five finalists were chosen to submit proposals. The proposals were reviewed and validated by the KAC for ranking purposes. The LHMC met and unanimously selected the artist for recommendation to the Port Commission.

Ms. Carter stated the KAC received the same five copies of the artist's proposals and followed the criteria based on the artistic quality of the proposal as well the guidelines imposed by the City of Kennewick on any public art piece. Ms. Carter reported that KAC was extremely pleased with the five proposals and selected the top two, which contained the proposal that the LHMC selected. Ms. Carter stated the process has been very validating and she has shared the proposal with the community to get further input. Ms. Carter stated Mr. Diaz and LHMC have done an excellent job in selecting the artist.

Ms. Carter stated the budget for the mural contract is \$18,000 and the LHMC have received donations from the Columbia Center Rotary, the KAC, and other private sources.

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Mr. Diaz stated a number of the members of the LHMC have pledged their own personal funds to this campaign.

Ms. Carter stated the LHMC will provide further community outreach by way of community participation and contributions, both monetary and use of facilities, services and additional community input.

Ms. Carter stated the LHMC selected artist Andrew Reid, a native New Zealander who is influenced the Mauri Native tribes. Mr. Reid immigrated to the U.S. and resides in Miami and has been immersed in Latin culture and art for the past 25 years. Mr. Reid prides himself on serving as a conduit for translating the community's life, ideas, and experience into a story told through his art. He has been commissioned by public, private and community groups across the nation and the typical cost for one of his murals is \$50,000-\$100,000. Mr. Reid has created many of the murals in the Wynwood Art District in Miami.

Ms. Carter stated the artwork that Mr. Reid submitted is a preliminary proposal and the final design will be submitted after he meets with the community, gathers input for the design, to ensure he is addressing the influences of community.

Mr. Diaz stated Mr. Reid included elements of the harvest, the settlers, and the Columbia River in the first panel and the production, tasting rooms, and celebrations on the second panel. When the LHMC viewed Mr. Reid's proposal, they noted every aspect of his art and the compositional elements. He is a phenomenal artist and we are lucky to get an artist of his stature and quality. If Mr. Reid is selected by the Commission, it will be a victory all the way around, for the wine village and community as a whole.

Ms. Carter stated if the Commission approves Mr. Reid as the selected artist, the following will take place:

- The artist will visit the community, meet with local students, workers, seniors, churches, and hold a public forum about Latino life in the Tri-Cities and what people want to see in the mural;
- He will work with the LHMC to interview local artists to find an apprentice/assistant to share stories and learn;
- The final design will be created and the approved by the LHMC;
- Completion date is estimated for fall crush of 2017.

Ms. Bader Inglima stated this is a similar process the port used when working with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) on their Heritage Artwork project. The artist was selected and then worked closely with the tribe to tell their story. The LHMC has done a tremendous amount of volunteer work and will now work with the artist to represent their story of the Latino community, should the Commission decide to commission Mr. Reid.

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John Lindeman, 3205 West 46th Avenue, Kennewick. Mr. Lindeman is very proud of the LHMC and stated this all started with an idea and it is halfway to fruition. Mr. Lindeman stated this process has provoked discussion and feelings, and we have been on a tremendous journey, and that is what murals do, they touch everyone differently. Mr. Lindeman reported that many of the committee members have worked in the fields, which is a commitment. We want to this mural to inspire children and young people, and let them know that agriculture is a stepping stone to being productive.

Jazmine Santacruz-Hallowell, 419 East 8th Place, Kennewick. Ms. Santacruz-Hallowell stated the journey that the LHMC has been on with this mural has been amazing. Ms. Santacruz-Hallowell appreciated getting to know everyone on the committee and learning about art and what it can do for a community. The LHMC loves Kennewick and we want the City to be as beautiful as we can make it and this will help beautify the community. This is just the beginning of many other projects that will beautify this part of town.

Mr. Barnes inquired how close the proposed mural is to what the committee envisioned for the final piece.

Ms. Carter believes the final piece will be similar to the submitted proposal as far as the feel and style. Mr. Reid expressed that he wanted to incorporate a few more local identifiers, such as a school name and other Kennewick identifiers. Mr. Reid will work with the LHMC to ensure every element is acceptable and desired by the LHMC and the mural tells the full story.

Mr. Diaz added some compositional elements will be refined to make the mural a more accurate depiction of the Tri-Cities. Mr. Diaz would like to see a committee member's likeness depicted in the mural. The LHMC really likes Mr. Reid's design and Mr. Diaz stated Mr. Reid is a phenomenal artist, not only by his work, but his breadth of techniques.

Mr. Barnes stated this is a wonderful element to bring to this area of Kennewick and is excited to see the completed piece.

Mr. Moak has had opportunities to work with many of the committee members in other capacities, and is appreciative of Mr. Lindeman's vision and the committee's vital work on this project. Mr. Moak inquired when Mr. Reid would visit the Tri-Cities.

Mr. Diaz stated if Mr. Reid is selected, the LHMC will craft a schedule that meets his timeline and map out activities that would enable him to get to know the area and hold a reception for him. The LHMC will be working with the Tri-Cities Hispanic Chamber on the reception and Mr. Diaz has offered his gallery for the event. Additionally, committee member, Adan Suarez, who works for the Center for Sharing and with Broetje Orchards, has volunteered to lead a tour of the orchards for Mr. Reid. The LHMC would like Mr. Reid to get to know the people who work the fields and hear their experiences. Furthermore, Ms. Santacruz-Hallowell and her husband, Luke Hallowell, who is the new executive director of the Downtown Pasco Development Authority will serve as ambassadors and introduce Mr. Reid to local artists and Pasco's downtown business community.

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Mr. Moak stated that even though the mural is located in Kennewick, his hope is that it is representative of the Tri-Cities and other outlying communities and that the Latino community feels like the mural encompasses their community and their passion. Mr. Moak believes this is a great project and is happy the Port is able to help facilitate this project. Mr. Moak is excited about the chosen artist and how he envisions bringing the community together and looks forward to fall 2017.

Mr. Novakovich inquired how the LHMC was able to attract Mr. Reid for \$18,000 when his normal compensation is much higher.

Ms. Bader Inglima stated the call to art advertised \$18,000 and the Port is contributing \$10,000 and received \$5,000 from the Columbia Center Rotary and \$3,000 in partnership from the LHMC.

Ms. Carter believes Mr. Reid was inspired by the opportunity and stated he is familiar with DPZ and our partnership.

Mr. Novakovich appreciates the update and inquired if the final piece of artwork will be approved by the Commission.

Ms. Carter has suggested that the Committee has ownership in this, however, if the Commission would prefer the Committee brings back the final draft, we can also do that.

Mr. Novakovich inquired how the Port handled the CTUIR Heritage artwork process.

Ms. Bader Inglima stated once the concept was approved, the Commission gave Rodd Ambrosion free reign to make his artwork under specific parameters outlined in the concept. Ms. Bader Inglima understands that the mural will not be radically changed from the proposal, however, the elements will be more localized to tell the local story.

Mr. Arntzen stated this is one of the items the committee addressed early on was the complexity of this project. LHMC wanted something that was authentic but the ultimate decision was up to the Commission because the Commission is responsible to Port constituents. Mr. Arntzen believes the Commission has entrusted staff, the LHMC and the KAC to do as much of the work possible, other than making the final decision. This project is a very large project for the community and there will be a lot of interest in it, because hopefully, this is a first of many for our community. Mr. Arntzen stated many hands have touched this process and the LHMC can bring the final rendering of the mural to the Commission for final approval.

Mr. Novakovich stated he has complete faith in the LHMC and Ms. Carter regarding their decision, however, he believes it is important for the Commission to have final approval of the art on the record.

Mr. Diaz is open to the Commission approving the artwork and stated the Committee recently discussed the mural, but more importantly we discussed speaking with one voice. We discussed

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the Committee agreeing to the design, agreeing to support Mr. Reid, if selected, and agreeing to support the Port and the Commission's efforts. The Commission has the LHMC's full support in this endeavor.

Mr. Novakovich thanked Mr. Diaz and is excited to move forward with a great partnership where the end result is a great project, which will have a tremendous impact on the community.

By consensus the Board of Commissioners agreed to retain the Latino Heritage Mural Committee's (LHMC) unanimously-preferred artist, Andrew Reid, to work with the LHMC and gain insight from the local Latino community in preparing the Columbia Gardens Wine & Artisan Village murals; with Reid's final designs being presented to Commission for approval before the finished panels are painted.

Mr. Arntzen appreciates the work of LHMC and is hoping this project can be an example for future partnerships and public input and suggestions.

Mr. Novakovich stated, if it is appropriate, the Port would like to participate in the reception. Mr. Novakovich believes this partnership is setting a precedence and more people should be aware of what the LHMC is doing.

Mr. Diaz stated he would welcome the Port's participation and would like to see the reception represent the entire community.

Ms. Bader Inglima committed the Port's efforts in helping generate media exposure.

B. 2017-2018 Draft Work Plan (Exhibit A)

Mr. Peterson updated the Commission on the draft 2017-2018 Work Plan. The work plan follows the Commission priorities that were identified at the September 10, 2016 Commission Retreat: Vista Field, Kennewick Waterfront, Richland Wye and the West VanGiesen/Raceway site. Mr. Peterson stated 60% of the budget is allocated to Vista Field. Mr. Peterson presented the draft 2017-2018 Work Plan.

Mr. Arntzen stated the Port has been pursuing partners who want to make a personal investment in projects and a good example is the partnership with the Latino Heritage Mural Committee. This is a very important policy, because the Port can't do it all. Furthermore, the Port is a small business, with a few large projects in the works, but we must remember our day to day operations of running the organization and taking care of our tenants and clients.

Vista Field Discussion

Mr. Arntzen stated regarding Vista Field, the Commission is seeing a snapshot of what Phase I may look like. Mr. Arntzen stated staff is working on the Phase I plan and financing plan, and should the Commission adopt the draft 2017-2018 Work Plan, staff will come back at a later date with the final Phase I plan.

Mr. Moak asked if there will be buildings constructed at Vista Field in Phase I.

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Mr. Peterson stated in the next two years, infrastructure will be installed, which will provide available lots for sale and the corporate hangars will be remodeled.

Mr. Moak would like the Work Plan to include marketing properties for sale.

Mr. Barnes reiterated if the draft 2017-2018 Work Plan is approved, the potential schedule for Vista Field Phase I is: design of infrastructure, preparation of the bid package, project goes out for bid, the bid is awarded and construction begins with a possible completion of Phase I spring 2018. Mr. Barnes asked if the Port could sell land at Vista Field while the infrastructure is being placed.

Mr. Peterson stated under the City of Kennewick's regulations, it is illegal to sell an unrecorded lot. Once the pavement is installed and the City accepts the improvements, the plat is then recorded, and the lot can be sold. Buyers can reserve property but can't purchase a lot until the plat is recorded.

Mr. Arntzen reported he has been working on a more detailed document with Mr. Peterson and the finance department. There are several more details to discuss such as residential and commercial parcels, however, it is a matter of timing and sequence and the Phase I plan will include more detail than what is in the draft Work Plan. Mr. Arntzen noted the Phase I document is about 60 days out and will include more embellishments and an option for additional funding.

City of Richland Discussion

Mr. Novakovich stated he recently spoke with the City of Richland City Manager, Cindy Reents, and inquired if there was a particular project they would like to partner on. Mr. Novakovich believes it is important that we meet with the City of Richland before summer of 2017. Mr. Novakovich inquired if the Port should look at connecting the Island View/Spaulding Business Park to Vista Field as a long term project.

Mr. Moak agrees that there should be a connection from Island View to Vista Field, however, he believes it will be more than the \$400,000 that is currently allocated. Mr. Moak stated other ideas that are of mutual benefit are welcome, other than what was discussed at the Retreat.

City of West Richland Discussion

Mr. Moak does not believe that the \$100,000 should be limited to this particular area of West VanGiesen/Raceway site and does not think the funds would help market this area.

Mr. Peterson clarified that the \$100,000 could be used for an interim joint project anywhere in the City or allocated closer to the Port's holdings. Or Port and City staff can work to identify a project of mutual benefit.

Mr. Novakovich prefers the Port and City staff work together to identify a project of mutual benefit. Mr. Novakovich inquired if the Port could bank the funds until there is enough built up for a future project.

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Mr. Arntzen stated there are two options the Commission can discuss in regards to West Richland. The Commission can use the \$100,000 for a project or bank the money for the West VanGiesen/Raceway site. As discussed at the Retreat, work at the West VanGiesen/Raceway site is approximately 4-7 years out, and Mr. Arntzen stated it would be nice to have funds built up in an attempt to leverage funding and find potential partnerships and possibly leverage federal dollars through an EDA grant. However, if the Commission spends an annual \$100,000 allotment for a project, then there won't be a "nest egg" built up for the West VanGiesen/Raceway site.

RECESS

Mr. Novakovich recessed the meeting 4:14 p.m. for a break and will reconvene at approximately 4:24 p.m.

Mr. Novakovich reconvened the meeting at 4:23 p.m.

C. 2017-2018 Preliminary Budget Workshop (Exhibit B)

Mr. Kooiker stated staff has been working on the preliminary budget since March and each Commissioner recently received an individual presentation. Mr. Kooiker stated the preliminary budget maintains our current service levels for all our properties.

Ms. Fine thanked everyone for contributing to the budget process and stated the Port's fiscal management of the budget is the cornerstone of our Port's success. Without a sound budgeting and planning process, businesses and governments usually fail. The Port's successful financial process starts with a conservative budget, where we budget for estimated revenues based on our leases in place through the budget period. If a lease is expiring during our budget period, we include only leases highly likely to renew. Our expenditures are carefully analyzed, based on historical trends, compared to actual contracts, increased for potential economic impacts or new operations, and finally marked up with an inflation rate. The Port has consistently proven this method is a sound practice even when we faced the economic downturn.

The Port is facing an awesome future with plenty of economic and community development projects focused on a sound return-on-investment to Port taxpayers. Our goal in this budget is to continue stimulating jobs and economic development while maintaining a low levy rate for our taxpayers. We also strive to evaluate all opportunities that are brought forth to the Port for the chance to leverage our investment with partnering jurisdictions and private sector funding. The Port has a unique opportunity to positively impact the community with the vast amount of land throughout the Tri-Cities in planning stages and in re-development for 2017 and 2018.

Ms. Fine and Mr. Kooiker presented the 2017-2018 Preliminary Budget.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Affiliated Tribes of Northwest Indians (ATNI) Conference Update

Ms. Bader Inglima and Mr. Arntzen recently attended the Affiliated Tribes of Northwest Indians (ATNI) Conference, in Marysville, at the invitation of our partners, the Confederated Tribes of the Umatilla Indian Reservation (CTUIR). The Port participated in partnership with the CTUIR and

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Wildhorse Resort as a convention advertising sponsor and were thanked and recognized several times. Ms. Bader Inglima was able to visit at length with Dave, John and Bill Tovey and CTUIR Board Members Aaron Ashely and Alan Crawford. Ms. Bader Inglima also met the new USACE commander of the Walla Wall District, Lieutenant Colonel Damon Delarosa and explained our Memorandum of Understanding with the CTUIR and the joint partnership and reinforced the CTUIR's support for the 1135 project. Ms. Bader Inglima reported a few weeks later she toured Clover Island and the 1135 shoreline project with Lieutenant Colonel Delarosa as part of the bi-annual TREC tour.

B. Art Policy

Mr. Arntzen stated the Commission has previously addressed the Artwork Policy and made comments regarding what they would like to see included. Mr. Arntzen revised the document and made the following alterations:

- Explained in the preamble why the Port established an Artwork Policy and included the expression of ideas and viewpoints;
- The Policy applies to all Artwork commissioned, purchased or gifted to the Port;
- Section 2 clarifies that the Artwork Policy is intended for capital projects, and the Port may elect to refrain from including artwork on an infrastructure project;
- Section 3 includes a staggered compensation plan.

Mr. Arntzen inquired if the Commission had any further revisions. Mr. Arntzen would like to resent the final policy for Commission approval at the October 25, 2016 meeting.

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

Commissioners reported on their respective committee meetings.

D. Non Scheduled Items

1. Mr. Moak stated at he would to make a presentation at a future meeting on places he recently visited.
2. Mr. Arntzen stated the Washington Public Ports Association Small Ports Conference is scheduled for October 20-21, 2016.

PUBLIC COMMENTS

No comments were made.

COMMISSIONER COMMENTS

No comments were made.

Mr. Novakovich anticipates the Executive Session will last approximately 9 minutes, Site Selection per RCW 42.30.110(1)(b) and Real Estate Minimum Price per RCW 42.30.110(1)(c) with no action anticipated. Mr. Novakovich asked the public to notify Port staff if they will return after the executive session.

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Mr. Novakovich recessed the Regular Commission Meeting at 5:06 p.m. for approximately three minutes.

EXECUTIVE SESSION

- A. Real Estate, per RCW 42.30.110(1)(b) – Site Selection*
- B. Real Estate, per RCW 42.30.110(1)(c) – Minimum Price*

Mr. Novakovich convened the meeting into Executive Session at 5:08 p.m. for approximately nine minutes.

Mr. Novakovich adjourned the Executive Session at 5:17 p.m.

Mr. Novakovich reconvened Regular Commission Meeting at 5:17 p.m.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 5:17 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Skip Novakovich, President

Thomas Moak, Vice President

Don Barnes, Secretary

Port of Kennewick Comprehensive Scheme Update

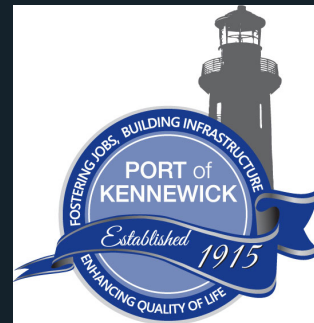


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INTRODUCTION

The Port of Kennewick (Port) has updated its Comprehensive Scheme of Development (Comprehensive Scheme) for 2016 consistent with Washington State requirements. The update process began in 2015, and it has continued through 2016. It has included public meetings and meetings with Port development partners, in addition to several meetings with Port staff and Commissioners. A Port Commission retreat was held in the fall of 2016 to confirm priorities and directions in the Comprehensive Scheme for the next several years. It is expected the Port Commission will revisit these priorities every few years and make updates and course adjustments as appropriate. Every 2 years, the Port budgeting process will also establish a more detailed implementation plan for the priorities and projects identified in the Comprehensive Scheme.

In recent years, the Port has evolved into an agency focused on economic redevelopment. Consistent with Port Commission direction, for the next several years, the Port expects to focus on redevelopment projects for the Kennewick waterfront and Vista Field, while advancing the West Richland Light Industrial property development and the Richland Island View area plans and development activities. The Kennewick waterfront redevelopment includes activities on Clover Island and along Columbia Drive. The Port will also continue to own, manage, and maintain its other holdings and properties.

Comprehensive Scheme Process

The Revised Code of Washington (RCW) 53.20.010 requires ports in Washington to adopt a comprehensive scheme of harbor improvements and identify existing and future capital improvements. The requirements for a comprehensive scheme differ from the Washington State Growth Management Act (GMA) planning efforts. Therefore, this document does not qualify as a master or other GMA plan.

The Port has flexibility in what to address in the Comprehensive Scheme. The RCW requires Ports to identify improvements in the Comprehensive Scheme, and provide opportunity for public input on these improvements, before implementing the improvements. Although the RCW language is specific to harbor improvements, the Port is addressing all major improvements planned during the next several years within this document.

Stakeholder and Public Participation

Ports are required to involve the public in the planning process by making the draft Comprehensive Scheme available for public comment. In accordance with Washington State regulations, the Port has involved agency partners and the public in the scheme planning process. In 2015, the Port (and members of the consultant team that are supporting the Comprehensive Scheme update) held meetings and conference calls and conducted a qualitative survey with representatives from the Cities of Kennewick, Richland, West Richland, Benton City, Benton County, and the Ports of Benton and Pasco. At these meetings, agency representatives provided input on potential Port development goals, plans, and opportunities for the properties or opportunity areas within each jurisdiction. Appendix B includes a summary from these meetings.



The Port held four public workshops in the spring of 2015 to receive public input on the focus and direction of the updated Comprehensive Scheme. Meetings were held in West Richland, Richland, and Kennewick. Additionally, the Port held a retreat in September 2016 focused on Comprehensive Scheme priorities, held workshops on updated plan elements, and also conducted a public hearing in November 2016 to accept and consider additional public comment on the 2016 draft Comprehensive Scheme. The public meetings, retreat, workshops, and hearing were advertised extensively. Notes from the public meetings, retreat, workshops, and hearing are provided in Appendix B.

Port Mission and Goals

The Port's mission in recent years, and as reaffirmed in this Comprehensive Scheme, is to identify and implement sound economic redevelopment opportunities that create jobs and/or improve the quality of life for citizens of the Port District. To carry out this redevelopment mission, the Port plans to take the following actions:

- Undertake Vista Field Redevelopment.
- Continue with Kennewick Waterfront projects: Clover Island – Shoreline improvements “Gathering Place” and U.S. Army Corps of Engineers (USACE) 1135 program improvements; and Columbia River – Wine Village Phases 1 and 2.
- Pursue fewer projects while selecting projects with the greatest benefit to the community.
- Focus on waterfront development/redevelopment.
- Realize and support economic development opportunities with wine, culinary and tourism industry.
- Continue to secure grant funding opportunities.
- Remain focused on containing operational expenses.
- Remain solidly focused on the Port’s core redevelopment business lines and established priorities; not swayed by the oscillating influence of external entities.
- Maintain a strong focus on successfully running daily Port operations.

Consistent with Port Commission direction, for the next several years, the Port will focus on redevelopment projects for the Kennewick waterfront and Vista Field, while advancing the West Richland Light Industrial property development and the Richland Island View area plans and development activities (PoK 2016). The Port will continue to own, manage, and maintain many of its other holdings and properties, and also encourage sustainable business and commercial development district-wide. Port budgets, staffing assignments, and other resources will be aligned with the redevelopment direction established by the Port Commission.

Through this Comprehensive Scheme, the Port Commission also reaffirms primary elements of resolution (No. 2010-41) with budget and financing goals for Port projects. This resolution included the following elements:

- Working toward closing an existing operating gap between operational revenue coming in and expenses.
- Pursuing fewer projects and selecting projects with the greatest return to the Port and taxpayers.



- Pursuing projects with development partners who demonstrate support (i.e. matching funds, political/citizen/taxpayer support, and enthusiasm).

The Port intends to apply these principles in Port financial decisions, capital expenditure, and management activities for Port operations and properties.

Port History

The Port was created in 1915. In 1916, the Port held a public hearing and adopted its first Comprehensive Scheme document, which needed voter approval before any funding could be expended. Included in the Comprehensive Scheme were modest proposed improvements to the Ivy Street Terminal, a suggested concept to close off the upstream end of the channel between the shoreline and Clover Island, and dredging to create a boat basin. The Port's budget was \$2,000 in 1916 and \$1,800 in 1917.

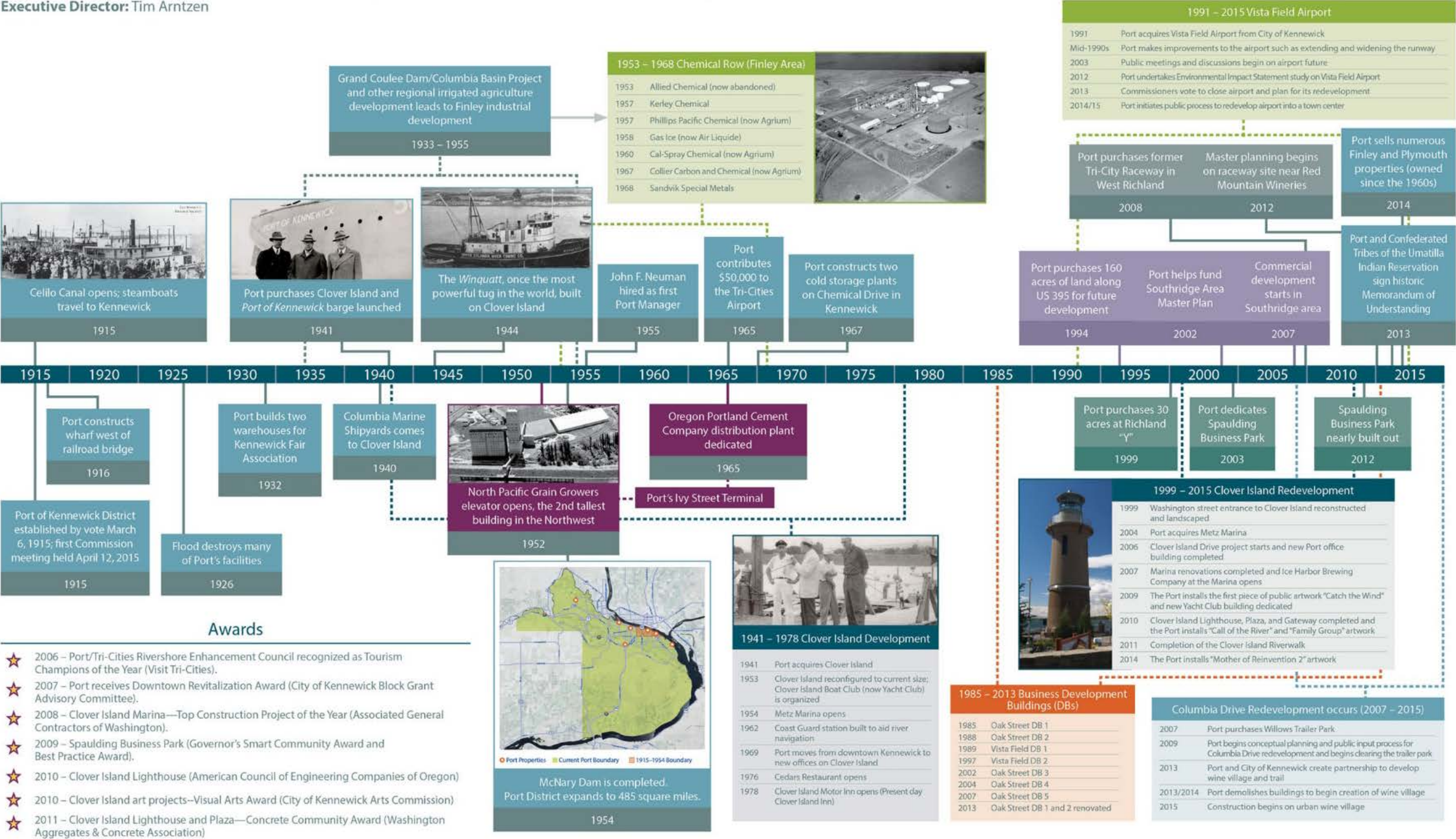
Since 1915, the Port's mission and services have evolved as the local economy has grown—what started out as a small Port District providing docking and terminal facilities for steamboats has grown to a large Port District with a mission focused on redevelopment and serving the cities of Kennewick and West Richland, and portions of the City of Richland, Benton City, and Benton County. Highlights of this history are provided in the timeline in Figure 1.

The Port of Kennewick has achieved several notable successes during its 100-year history, including success in barging, warehousing, rail services, and industrial development. The Port has created thousands of jobs in the Port District boundaries, stimulating Clover Island and Spaulding Business Park redevelopment, and helping businesses such as TiLite, Greenbrier Rail Services, and Pacific Rim Estates grow. In recent years, Port investments and land sales (from 2007 through 2015) have resulted in the creation of more than 800 jobs, and private-sector investments of more than \$60 million. What started out as a modest Port beginning focused on just a few services has grown to a multi-faceted organization providing redevelopment services in the Port District for the region. Appendix C includes a Port history throughout the last 100 years, highlighting in greater detail the many accomplishments achieved by the Port, as well as its development partners through the years. This action increased the Port District to the current boundaries identified on Figure 2.

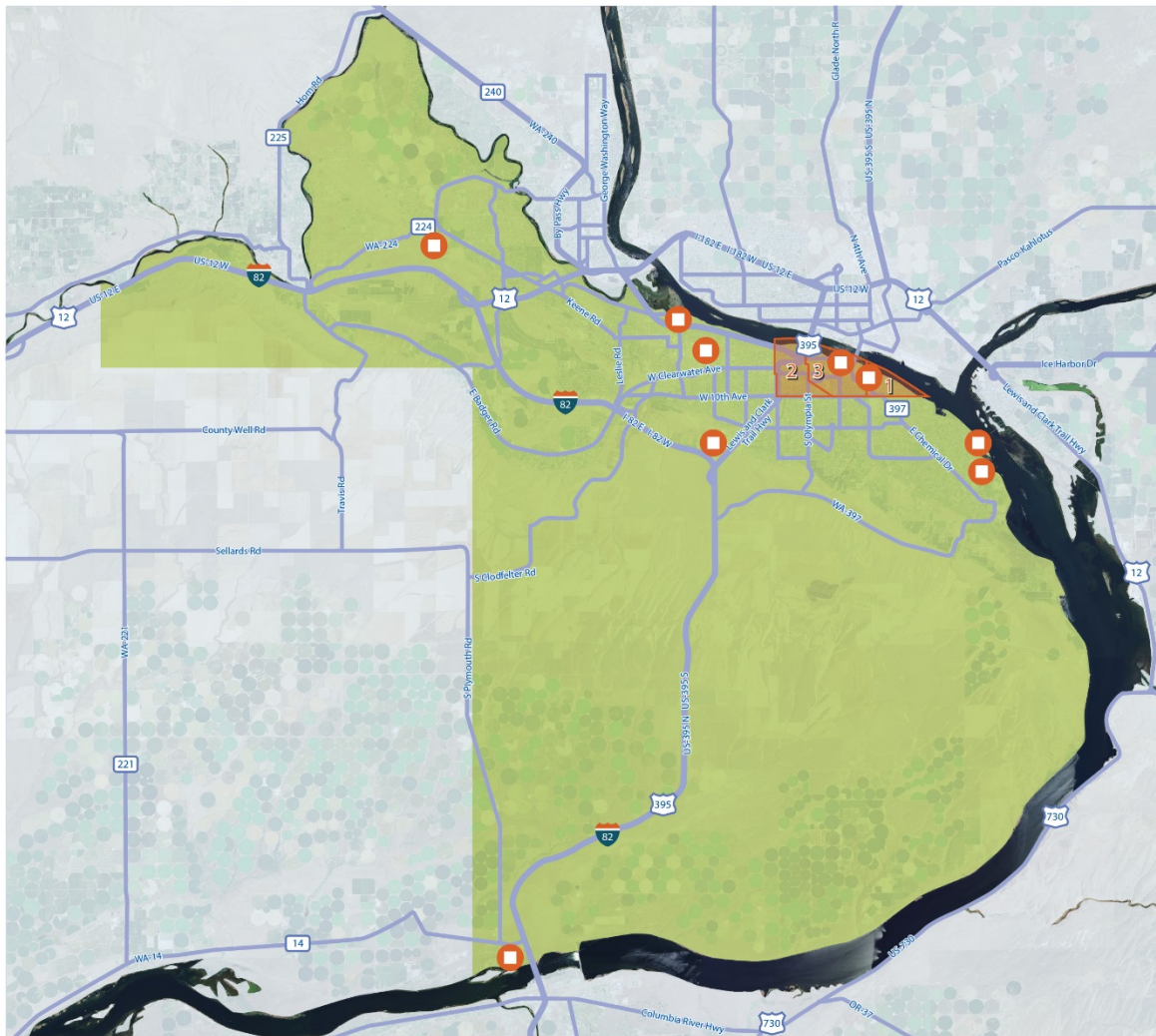


Port of Kennewick Highlights (1915 – 2015)

2015 Board of Commissioners: Don Barnes, President; Skip Novakovich, Vice President; Thomas Moak, Secretary
Executive Director: Tim Arntzen



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■ Current Port Properties
 ■ Current Port Boundaries
 ■ 1915 Boundaries

FIGURE 2. SITE MAP

Recent Transition to Redevelopment

In recent years, the Port has started to concentrate its efforts on redevelopment. In the mid-2000s, redevelopment focus areas included the Spaulding Business park in Richland and Clover Island. Other redevelopment opportunities have emerged in recent years with the Port Commission decision to close Vista Field airport, expand redevelopment beyond Clover Island to include other areas of the Kennewick waterfront, and acquire and redevelop the former raceway property in West Richland. Objectives for redevelopment include:

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



PORT REDEVELOPMENT PRIORITIES

This section is an overview of the Port's existing redevelopment priority properties as established by the Port Commission, including recent development initiatives and future plans for the properties. For the next several years, the Port will focus on redevelopment projects for Vista Field and the Kennewick waterfront, while advancing the West Richland Light Industrial property development and the Richland Island View area plans and development activities (PoK 2016). The Port will manage its other projects to support successful implementation of the redevelopment priorities. This would include, but not necessarily be limited to, continuing operations and maintenance of facilities but not making additional investments in other properties, selling, or otherwise divesting of other properties (such as the Southridge, Plymouth, or Hedges properties) and other activities. The Port will also continue to monitor local and regional economic conditions and make adjustments accordingly. A summary of current economic conditions is provided in Appendix D.

Vista Field Redevelopment Area

The Vista Field Airport is located in the heart of the Tri-Cities metropolitan area within the Kennewick city limits, between Grandridge Boulevard and Deschutes Avenue. It is adjacent to the Three Rivers Entertainment District (Toyota Center Coliseum, Three Rivers Convention Center, and Tri-Cities Business & Visitor Center).

In the fall of 2012, the Port Commissioners decided to conduct a comprehensive planning effort to obtain additional information to use in making a final decision. The planning effort included preparing a comprehensive economic analysis and Environmental Impact Statement. The Port initiated this additional planning effort, which included evaluating three alternatives for Vista Field: 1) Further develop and enhance the airport for aviation and associated commercial development; 2) close and redevelop the airport properties; or 3) retain Vista Field as an operating airport with an annual subsidy. The planning effort provided significant opportunity for public input, and included environmental review for alternatives 1 and 2 through the preparation of an Environmental Impact Statement, with associated economic analysis.

On April 17, 2013, the Port Commissioners unanimously voted to close and redevelop the airport. The decision was based on the additional financial information and findings of the latest planning and analysis effort, which clearly showed Vista Field redevelopment was economically advantageous to the regional economy and the Port financial operations, compared to the limited revenue opportunities and costs of maintaining airport operations or making additional airport investments. The Vista Field property is highly visible due to its central location in the City of Kennewick's entertainment district.





FIGURE 3. VISTA FIELD REDEVELOPMENT AREA

The property encompasses approximately 103 acres (Figure 3). The parcels are zoned Commercial Regional. Municipal services are available to the site. The Port owns several buildings at Vista Field, including the Fixed Base Operations building (6,600 square feet); Corporate hangars (13,500 square feet); and two “T” hangars (21,000 square feet).

In 2014, a citizen committee chose the firms Integrated Structures Incorporated (ISI) and Duany Plater-Zyberk (DPZ) to help develop a master plan for Vista Field redevelopment, a process that includes actively seeking public input to plan and redevelop this site into a modern urban center that creates jobs, attracts businesses, and provides a central gathering place for generations to come. A pattern-language and

charrette process was used by DPZ, ISI, and Port staff, with nearly 300 people attending meetings and providing comments. The community showed an interest in small-scale city blocks with open spaces and transit-oriented, pedestrian-friendly neighborhoods with a mix of locally unique shops, restaurants, and workspaces as critical elements. Connectivity with existing public facilities and high-traffic intersections, as well as stakeholder participation, were deemed essential to realizing the site’s full potential.

DPZ refined the community’s input, and in February 2015, they presented the draft plan for additional public comment. Since 2015, that plan has been refined and evaluated regarding cost, feasibility, and community support. A traffic study was prepared in November 2015. Next phases of the plan include an update of codes and standards with the City of Kennewick, development of internal documents, and development of a phase 1 detailed development plan. The revised plan is expected to be adopted in early 2017.



City of Kennewick Water Front

The Port currently has two redevelopment priorities for the Kennewick waterfront, including the Columbia Drive Urban Revitalization Area and Clover Island.

Columbia Drive

Columbia Drive is located adjacent to the Columbia River and Duffy's Pond in the City of Kennewick's historic downtown. The property includes three areas, Willows, Columbia Gardens, and Cable Greens, which total 15.6 acres (Figure 4). Zoning is Commercial General (CG), and the properties have all municipal services, as well as wireless Internet coverage.

The Columbia Drive area faces development challenges, including aged development and inconsistent city development

standards; however, it also has many desirable qualities. Most prominent is proximity to the Columbia River and Duffy's Pond, which allow for tourism opportunities. The area is also in close proximity to historic downtown Kennewick and easily accessible by several major Tri-Cities roads. It is within a few minutes of Columbia Center Boulevard, Richland, Pasco, and west Kennewick.

Redevelopment in the early phases will support creation of an urban wine and artisan village within the historic Columbia Gardens and Willows neighborhoods. The vision is to create a place where residents can stroll among wine, craft brew, or distillery tasting rooms, as well as galleries, restaurants, and boutique shops, and enjoy outdoor concerts, public art, and wildlife along a scenic nature trail.

Part of this effort has included purchasing mobile homes and assisting tenants with relocation, and demolishing vacant homes. The Port has improved its Columbia Drive properties by removing undesirable buildings, making limited infrastructure improvements, grading sites, and establishing development



FIGURE 4. COLUMBIA DRIVE URBAN REVITALIZATION AREA SITE MAP



conditions and covenants. Current Port-owned buildings on these properties include the Durfee Building, Beaver Building, Frase Building, Golf Course House, and the Golf Course Shop.

The Port and the City of Kennewick have signed an agreement to kick start development of the Columbia Gardens area by making at least \$2.6 million in improvements. In Phase 1, the City of Kennewick is extending the public trail and adding streetscaping to the site, with the Port constructing three buildings to accommodate boutique-production wineries. The Port of Kennewick broke ground on this project in spring 2016. Phase 2 will include designing and constructing a loop road and joint-use parking, as well as making utility improvements at the Willows area. As the phases are implemented, the Port will continue to explore potential and complementary private-sector partnerships, including property sales and leases. The Port has also established a development agreement with the City of Kennewick and Columbia Basin College to create a Culinary Art Institute in the Columbia Gardens area,

Clover Island

Clover Island is located in the City of Kennewick along the southern shore of the Columbia River at river mile 329, and is connected to the mainland by a causeway. The port owns all but 1 acre of the approximately 18-acre property. The U.S. Coast Guard also owns approximately 1 acre on the southeast portion of the island.

Zoning is Commercial Marina (CM) and available utilities include water, sewer, electricity, and natural gas. Current Port-owned buildings at this site include the previous administrative office, administrative office/retail space, yacht club/office space, Clover Island Marina, and a lighthouse.

Clover Island is a mixed-use development area centered on waterfront access and amenities. The island is home to the Clover Island Marina, which was relocated and completely rebuilt in 2007 to 2008. The Port developed the marina into the premier boat moorage facility in the Tri-Cities as a portal for citizens and visitors to experience the Columbia and Snake rivers, as well as a place for Tri-Cities residents to fish and enjoy river views. In addition to the marina, Clover Island supports many businesses, including two restaurants (Cedars Restaurant and Ice Harbor Brewing Company), a 150-room hotel that includes a bar and grill (Clover Island Inn), and the Clover Island Yacht Club, which is located on the west side of the island.

In the past several years, the Port has steadily made additional improvements on the island. These Port investments have been guided by a 2005 Clover Island Master Plan (Makers 2005) and subsequent planning and design documents characterizing projects in greater detail (HDJ 2008). The 2005 Clover Island Master Plan and associated updates are incorporated by reference for this comprehensive scheme document. In 2009, the former single-use Yacht Club site was completely redeveloped as a mixed-use facility. A parking lot was built just east of the Yacht Club, and an outdoor seating and railing area was added outside of Ice Harbor Brewing Company Restaurant. The Port also constructed a lighthouse and gateway to the island, along with the Metz Family Plaza and placement of several public art displays. Paths and viewing locations, along with a statue and other improvements, provide public access and enhancements to the waterfront. In 2016, the Port constructed a boat launch parking lot and restrooms with grant and Port funding. The Port is also partnering with the U.S. Army Corps of Engineers (USACE) through their 1135 program to plan shoreline improvements that improve nearshore habitat functions and shoreline aesthetics. The nearshore environment enhancement includes improving substrate, large woody debris, and refugia for salmonids in designated areas around the island. Riparian enhancement consists of removing concrete along the shoreline and enhancing riparian vegetation through native plantings. These



improvements will reduce predatory impacts on species such as steelhead trout and Chinook salmon, and will provide additional rearing opportunities.

The Port intends to continue Clover Island enhancements to develop a mixed-use waterfront village, including retail, condominium housing, and restaurants. The Port will continue to foster tourism and economic development on Clover Island by implementing projects outlined in the Clover Island Master Plan (Makers 2005; HDJ 2008) and in this Comprehensive Scheme. The following are the upcoming projects that the Port has planned for Clover Island:

- Complete construction of the “Gathering Place” and remove the former Port office and Ranney Collector structure in northwest corner of the island.
- Construct shoreline improvements in partnership with USACE.

The Port will continue to market properties on Clover Island as these improvements are completed.

Richland Island View

In 1999, the Port purchased approximately 30 acres in the Richland Island View area (also known as Richland Wye), where the Yakima River enters the Columbia River. The land was named the Spaulding Business Park in 2003 after Gene Spaulding, who had been a Port Commissioner for almost 36 years. Since 2006, several medical, professional, and other commercial developments have occurred in the park, resulting in the creation of more than 300 jobs and more than \$32 million in private capital investments. The development has been so successful that the Port has sold all but a .5-acre parcel within the business park. Private development has steadily occurred on adjacent property, including a large apartment complex and several office buildings. The Port’s early investment has tipped the former tired neighborhood into desirable waterfront commercial property.



FIGURE 5. RICHLAND ISLAND VIEW AREA SITE MAP



The park received a Governor's Best Practice and Smart Community Award for Workforce & Economic Development in 2009.

In addition to marketing the last remaining parcel in the Spaulding Business Park, the Port will continue to work with the City of Richland to develop the Richland Island View area, building off of the successful Spaulding business park redevelopment. Throughout the next few years, the Port will work with the City to identify and implement a project that helps to further spur redevelopment efforts in the Richland Island View area.

West Richland

The Port owns two areas in the City of West Richland—Keene Road (14 acres) and the West Richland Light Industrial park (former Tri-City Raceway; 93 acres). The Keene Road site is served by municipal services, including water, sanitary and industrial sewer, power, and other utilities. The Light Industrial park has a well and septic system, plus power and other utilities, with City water and sewer (sanitary and industrial), nearby, but not yet extended to the park.

These properties are located near several world-renowned wine makers located in the Red Mountain American Viticultural Area (AVA), and the Port believes they are ideally suited for wineries and AVA ancillary businesses. This area is also expected to benefit from the future Interstate 82/Red Mountain interchange. Additionally, the City of West Richland Urban Growth Area (UGA) expansion to include the Light Industrial park was finalized in December of 2014, and the City annexation was completed in 2015. This will allow extension of city utilities within the site. The Port and the City are master planning the property and



FIGURE 6. WEST RICHLAND SITE MAP



envision an industrial hub to support the nearby Red Mountain wine region. The City of West Richland has recently invested in an industrial wastewater treatment plant for treating winery and other related food-processing effluent.

The Keene Road property is occupied by Pacific Rim Winery and Black Heron Distillery and Port Works, with two additional 1-acre parcels ready for business development. The Port continues to market these properties.

The West Richland Light Industrial park is a redevelopment project and was recently annexed to the City of West Richland, zoned Commercial/Light Industrial (CLI), and is served currently by a well and septic system. The wells are currently used for landscape and agricultural irrigation. Current Port-owned buildings at this site include the bathroom building and the Racetrack Shop on the racetrack property.

Overall, the next several years the Port will work to remove a Kennewick Irrigation District (KID) inundation clause from the Light Industrial site, and complete master planning. The Port is also pursuing a 10-year joint development agreement for the property with the City of West Richland, and expects to implement one or more projects during the next several years consistent with this agreement or other City priority project. Development of the industrial site depends on certain triggers or conditions coming about, such as the removal of the KID inundation clause, completion of the Interstate 82 interchange, or significant private sector and/or City investment. Private-sector holdings in the area are substantial, so the Port expects development to occur on a longer-term schedule for the Light Industrial park.



Other Port Properties

Oak Street

The Oak Street site is located in northeast Kennewick off East Third and State Route 397. The site is approximately 74 acres and segregated into five pieces of land (Figure 7). Zoning includes Heavy Industrial (IH) in the City of Kennewick) for four Development and the former Joe Schmidt buildings, and Industrial Light (IL) for the remainder of the site, and includes incorporated and unincorporated areas. All unincorporated properties are within the City of Kennewick UGA. These properties are served by City of Kennewick water, but sewer is provided through onsite septic systems. The Port owns seven buildings, which cumulatively total 87,900 square feet. In 2013, two of the development buildings were renovated.

In recent years, the Port sold land to the City of Kennewick (to support future wastewater treatment plant upgrades) and to the Humane Society.

Throughout the past several years, the Port has averaged close to 100% occupancy in the development buildings. Oak Street businesses include manufacturing, specialty metals, warehousing, and construction, along with the Humane Society. This area's strengths include close proximity to rail service, city and transportation corridors, and State Route 397. Oak Street has flat topography. A challenge for this area is the Floodplain Designation "A," which exists due to infrequent pools of groundwater ranging from 2 to 4 inches in depth. This challenge has been overcome through site design with building finished floors elevated 1 foot above the surrounding grade.

The Port intends to hold the improved Oak Street properties for the foreseeable future and divest vacant and agriculture properties to support its redevelopment priorities.



FIGURE 7. OAK STREET SITE MAP



Vista Field Development Buildings

Near Vista Field, the Port owns 3.7 acres of industrial property, including Port-owned Vista Field Development Buildings (VFDB) A and B. VFDB rehabilitation and remodeling work was completed in September 2016. This area is fully served by municipal services. Throughout the next several years, the Port will continue to market the development buildings as space within them is available.



FIGURE 8. VISTA FIELD DEVELOPMENT BUILDINGS SITE MAP

Southridge

The Port's Southridge (Dickerson) property is located at the southern entrance to Kennewick, which has developed into a prime commercial, mixed-use, and residential area. The Port has played an important historical role in acquiring and selling property in this area to help catalyze the development that has and continues to occur in this vibrant part of Kennewick.

The remaining Port property encompasses four parcels totaling approximately 8.5 acres (Figure 9). Zoning is Commercial Community (CC), and all municipal services are available to this property. A Municipal Utility Extension is required for this site for infrastructure improvements through the City of Kennewick's Local Revitalization Funding Program. As a part of this program, tax revenues from the area were pledged by many agencies, including the Port, to retire the debt on these improvements.

The Port intends to sell this property and use proceeds from the sale for the Vista Field Redevelopment project.





FIGURE 9. DICKERSON “SOUTHRIDGE” PROPERTY SITE MAP

Finley Property (Twin Tracks and Hedges Lagoon)

In recent years, the Port has divested much of its Finley holdings. It currently owns two remaining properties—Twin Tracks and Hedges lagoon—located close to the Columbia River in unincorporated Benton County about 8 miles southeast of Kennewick.

The Twin Tracks property is 148 acres and zoned Heavy Industrial (IH). Available utilities include well, power and natural gas. The area is served by Union Pacific (UP) and Burlington Northern Santa Fe (BNSF) railroad lines, and has natural gas and electric utilities. Potable water is available only through exempt wells, and sewer is provided only through onsite septic systems. Fire protection is provided by facility-specific fire-suppression systems consistent with requirements in the International Fire Code as adopted by Benton County (Benton County Code [BCC] 3.18.035). These independent systems typically consist of wells, storage, and fire sprinklers for the facility. Surrounding these properties are chemical manufacturing facilities, large- and small-acreage farms, residential development, and open-space recreational areas.

A portion of the Twin Tracks property (40 acres and 8,000 linear feet of rail line) is currently occupied by Greenbrier Rail Services, Inc. for rail car refurbishing, with other parcels leased for agriculture uses. The site is unique in that it is served by UP and BNSF rail, and is large enough to be able to accommodate a rail loop for unit freight train setup and loading. The Port has marketed this site with this potential, and will continue to market the parcels lying east of the UP rail spur for industrial development.



The Hedges lagoon property is 55 acres and zoned HI, with all but 3.65 acres below the ordinary high water mark. This property has electricity only. The Port could find a public agency such as the Washington State Department of Natural Resources or other resource management agency interested in owning or managing this property for recreation and/or habitat protection purposes. The Port would also want to ensure whatever arrangement is proposed would be supported by the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) per the Port/CTUIR Memorandum of Understanding (MOU), if the property were to be transferred or sold to another agency.



FIGURE 10. FINLEY SITE MAP (TWIN TRACKS AND LAGOON PROPERTIES)

Plymouth Waterfront and Island

The Plymouth site is located in southern Benton County near Interstate 82 and State Route 14. The property originally encompassed three parcels, totaling approximately 250 acres. Two parcels, totaling approximately 93 acres, were sold in 2014 to AgReserves Inc. The remaining Port-owned property totals 157.10 acres, and includes river frontage and island property, and has limited development opportunity, even though the northern parcel is zoned HI. The southern portion of the parcel is zoned Park District. Substantial electrical service is available in the immediate vicinity and natural gas is within 1,000 feet of the site. The property does not have municipal water service, sewer service, or interior roads. Water could potentially be available from the nearby Plymouth Water District. The Port has no plans for the Plymouth parcel and is open to divesting of this property to an organization(s) acceptable to Native American tribes and consistent with the Port/CTUIR MOU for permanent protection of cultural and natural resources, and to provide for continued public recreation opportunities.



FIGURE 11. PLYMOUTH SITE MAP



REVENUES, EXPENSES, AND CAPITAL IMPROVEMENT PLAN

This section includes a summary of Port revenues, expenses, and Capital Improvement Plan for the next 10 years, along with a policy and process for evaluating future investment opportunities.

Current Revenues and Expenses

In 2015, the estimated combined property tax revenue received from Port-owned properties in Kennewick, Richland, Benton County, West Richland, and Benton City amounted to \$3,644,740. The majority of that revenue (50.7%) came from property within the Port District in the City of Kennewick, followed by property owned in Richland (20.8%), Benton County (19.4%), West Richland (9%) and Benton City (0.044%).

Additional, ongoing Port revenues include operating income from industrial, building, and agricultural leases; operating income from marina leases; and interest income. The Port is also starting to receive funding from Benton County through the Rural County Capital Fund, which is a funding source of approximately \$3 million total, expected to be received by the Port as installments annually through 2023. Other revenues include land sales and grants, which vary year to year and by project. Average Port annual revenues in recent years have been around \$5 million.

Port expenses include general and administration expenses (e.g., salaries, benefits, and partner agency dues), general lease property operations and maintenance, building and equipment replacement, non-operational costs (Port funding provide to projects sponsored by Port partners), and marina operations and maintenance. Average annual Port expenses in recent years have been around \$3 million.

The difference between annual average revenues (\$5 million) and annual average expenses (\$3 million), is approximately \$2 million. This is the amount available on an average basis to support Port projects each year. As noted above, this amount can be supplemented by grants, property sales, and other funding sources.

The Port has developed cash-flow projections for the 2016 to 2026 period, as provided in Table 1. This table projects beginning cash balances and reserves, less planned expenditures, including capital projects identified in Table 2. The cash flow projection is based on current operations and current capital assets. A \$2.5 million reserve is also accounted for each year. This projection is reviewed regularly and updated, at least annually, by the Port. The Port develops a detailed 2-year operating budget. The current Port budget period will end December 31, 2016, and the next budget period is 2017 to 2018.



TABLE 1
PROJECTED CASH FLOW 2016 TO 2026

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
2016	\$956,818	\$10,674,535	\$(7,697,454)	Less \$2.5 million Contingency \$3,933,899
2017	\$971,491	\$3,933,899	\$(2,170,855)	\$2,734,535
2018	\$1,489,272	\$2,734,55	\$(1,183,442)	\$3,040,365
2019	\$1,484,075	\$3,040,35	\$(1,426,474)	\$3,097,966
2020	\$1,476,462	\$3,097,966	\$23,852	\$4,598,279
2021	\$1,466,252	\$4,598,279	\$(678,306)	\$5,386,225
2022	\$1,453,253	\$5,386,225	\$(2,268,071)	\$4,571,406
2023	\$1,437,262	\$4,571,406	\$(835,574)	\$5,173,094
2024	\$1,418,064	\$5,173,094	\$(810,953)	\$5,780,205
2025	\$1,395,432	\$5,780,205	\$1,274,351)	\$5,901,286
2026	\$1,369,124	\$5,901,286	\$(4,565,918)	\$2,704,492

Cash Flow Projection Assumptions:

- * Operating revenues are projected to increase at 2%.
- * Operating expenses are projected to increase at 4%.
- * Non-operating expenses are projected to increase at 5%.
- * Property taxes are projected to increase at 4%.
- * Accounts for net future land sales.
- * Accounts for future operation and maintenance on new projects in 2017 to 2026 capital budget (see Table 2).
- * Analysis includes 2017 to 2026 capital project costs in Table 2.
- * Analysis is based on current operations and current capital assets.



Capital Improvement Plan

Table 2 is a brief summary of currently planned capital improvements at the various Port-owned properties. This should not be considered a comprehensive list of improvements, and the Capital Improvement Plan is expected to be updated annually. The latest version of the Port's Capital Improvement Plan is included by reference to the Comprehensive Scheme.

The extent of funding available for capital improvements varies substantially from year to year and depends on multiple sources of funds for implementation, as described in Port Revenues and Expenses above. The outside sources of revenue include grant funds from the state and federal government, local partnering agencies' contributions for economic development, and private contributions. These outside revenues, when combined with the annual revenue available to the Port less Port annual operating expenses, provide the funds for capital improvements. As notes in Port Revenues and Expenses, the Port brings in approximately \$5 million annually, and has \$3 million in operating expenses, leaving approximately \$2 million per year, plus grants and funding from land sales and Rural County Capital Funding to fund capital improvements.

The Port will comprehensively evaluate capital improvements every 2 years in the budgeting process and also review the plan annually, with adjustments made as necessary.

Capital Improvement Plan Assumptions

The Capital Improvement Plan serves as a long-term financial plan for the Port and is not a budget. A detailed 2-year budget is developed every 2 years, with the next budget expected to be approved by the Port Commission in late 2016 for the 2017 to 2018 budget period.

The Port's Capital Improvement Plan is based on the following assumptions:

1. The Port obtains a bank loan in the amount of \$5 million in 2017, with a 15-year term to help fund improvements for Vista Field redevelopment.
2. The projected land sales occur generally as assumed in timing and sales amount. Changes in land sales assumptions could substantially affect the projects implementation schedule.
3. The Port receives the full amount of Rural County Capital Funding (projected at \$2,950,000 through 2023) from Benton County.
4. The Port Commission adopts a policy on how to disburse funds from the "Opportunity Fund," which is a small funding amount set aside each year to support projects proposed by development partners.
5. The Port hires another maintenance technician and another staff person for Vista Field in 2018.
6. Operating revenues increase by at least 2% per year.
7. Operating expenses increase by no greater than 4% per year.
8. Non-operating expenses increase by no greater than 5% per year.
9. Property tax revenues increase by at least 4% per year.
10. The analysis does not factor in the acquisition of any additional properties by the Port. If the Port wanted to modify the Capital Improvement Plan by acquiring, for example, one or more additional properties, then other adjustments in the plan would need to be made to offset the impact. Similarly, as another example, delays in expenditures could also result in plan adjustments.



Return on Investment (ROI) Funding Opportunities

The Port has established an operational goal of reducing the operations revenue funding gap, where operating expenses exceed operating revenues, over time. To this end, the Port has planned for one new ROI project to be implemented in the Capital Improvement Plan for the 10-year planning period.

Other Capital Improvement Plan Elements

The Capital Improvement Plan also includes other elements as an opportunity fund and a facilities renewal and replacement fund. One-time revenues anticipated from land sales are also identified.



TABLE 2: 2017 TO 2026 CAPITAL IMPROVEMENTS AT PORT PROPERTY

	17/18 Budget	19/20 Budget	21/22 Budget	23/24 Budget	25/26 Budget	Total
2017-2026 Capital Projects						
Vista Field	\$5,816,000*	\$900,000	\$900,000	\$900,000	\$4,000,000	\$12,516,000
Shoreline (\$800,000 construction, \$50,000 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
Miscellaneous 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 to 2026 One-time Revenues						
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 West	\$-	\$-	\$-	\$400,000	\$800,000	\$1,200,000
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

Notes:

* Includes \$5-million loan to be secured in 2017

1. The source of capital improvement projects listed above for Clover Island is the 2005 Master Plan (Makers 2005) and associated updates.

N/A = not applicable

TBD = to be determined



Best Practices for Evaluating Future Investment Opportunities

Overview

The Port Commission adopts a new policy as part of the 2016 Comprehensive Scheme the following process to identify, evaluate, prioritize, and implement the most important future capital projects to be undertaken by the Port of Kennewick. The Port Commission recognizes the numerous opportunities regularly proposed to the Port for consideration must be balanced against available resources, including availability of staff and availability of financial resources.

The main components of the Port's Capital Project Prioritization Policy are:

- *Project Identification* – *Projects will be identified through various sources, including:*
 - The adopted Comprehensive Scheme of Harbor Improvements
 - The adopted biennial budget and work plans
 - Discussions with jurisdictional partners, staff, and the public
- *Project Evaluation* – With the assistance of staff, the Commission will prioritize projects based on cost estimate evaluation, cost/benefit analysis, and public demand and other, less easily-quantified factors, including jurisdiction priorities, emerging needs and opportunities, supplemental funding for projects partially funded, and public input received.

Project Identification

The prioritization process is intended to directly link capital investments to measurable outcomes identified in the Port's Comprehensive Scheme and supporting documents. The following criteria are used to evaluate projects. Each criterion is to be valued at: 3 points for meeting the criterion; 2 points for somewhat meeting the criterion; 1 point for minimally meeting the criterion; and 0 points for not meeting the criterion at all. To rank projects, all points received will be totaled.

Organizational Considerations

Review will be conducted to evaluate if the project is consistent with the Port's mission and priorities established in the Comprehensive Scheme and associated documents adopted by reference. Additional considerations would also include:

- Does the project meet an identified need?
- Does the project support Port, community and/or private-sector economic development objectives?
- Does the project serve multiple user groups?
- Does the project foster or enhance a public/private or public/public partnership?



Fiscal Considerations

Fiscal considerations will also be reviewed as part of determining whether the Port will invest in future opportunities:

- What are the costs of the project, including initial costs, maintenance costs, and lifecycle costs?
 - How were costs calculated and by whom (finance director, Certified Public Accountant, Certified Financial Planner, economic planner, or others)?
- Does the Port have the financial and organizational capacity to undertake and manage the project?
- Can the project leverage public or private resources with other partners and funds to maximize benefits?
 - If the Port has partnered in the past, has the partner received funding from the Port before? If so, what are the past benefits, success, and failures from the Port funding provided?
 - What revenue will the Port provide a jurisdictional partner, in relation to the revenues received from the partner via ad valorem property taxes generated in the jurisdiction?
- Does the project have a positive ROI?
- Would the project increase the tax base, increase revenues to the Port, contribute to the vitality of the community, and help to attract regional and national tourism?

Social/Environmental/Legal Considerations

Social, environmental and legal considerations will also be reviewed as part of determining whether the Port will invest in future opportunities:

- Is the community involved and supportive of this project?
- If the project was not implemented will a strategic opportunity be lost?
- Is the project appropriate for the proposed site's natural systems, topography and/or neighboring land uses?
- Are there adverse impacts associated with the project such as toxic emissions, waste management costs, legal liability, and fines?
- Does the project comply with all federal, state, or local government laws or regulations?

Project Design, Planning, and Readiness

Design, planning, and project readiness considerations will also be reviewed as part of determining whether the Port will invest in future opportunities:

- Does the site or project require extraordinary or unique purchase cost, architectural/engineering or other efforts or commitments of financial or staffing resources?
- What is the experience or expertise of the organization that will do the work?
- Is the project ready (e.g., design completed and permits in hand)?
- Is there a reasonably foreseeable user for the project, i.e. "bird in hand"?

Project Evaluation

Initial Screening

Initial project screening shall begin with staff providing a brief description of each project. The Port Commission shall review, evaluate, and rank each project based on the above criteria. High-priority projects shall continue to the final screening process.



Final Screening

Once the initial screening process is complete, staff shall examine the high-priority projects in more detail, and shall provide a cost/benefit analysis. The Port Commission shall review, evaluate, and rank each project with the objective of implementing projects with the highest cost/benefit ratios.



FUTURE COMPREHENSIVE SCHEME REVISIONS

Future Comprehensive Scheme document review and update is planned every 5 years. The next comprehensive update is planned to begin in late 2020 and be finalized by the end of 2021.

Review and updates that result in more minor adjustments to certain elements of the Comprehensive Scheme are planned every 2 years, in parallel with the Port budgeting process, to incorporate new information, and adjust strategy changes in redevelopment priorities and changes in policy that could occur. The updated budgets and Capital Improvement Plans will supersede the financial projections included in this 2016 Comprehensive Scheme, in effect amending the financial components of the Comprehensive Scheme every 2 years. The next review is planned for 2018, in preparation for the 2019 to 2020 budget period.



REFERENCES

HDJ (Hopper, Dennis, Jellison, 2008). Clover Island Shoreline Improvement Plan. Available from:
<http://portofkennewick.org/documents/080122CIShoreline-FinalDraft.pdf>. January 2008.

Makers (Makers Architecture and Urban Design), 2005. Clover Island Master Plan.

PoK (Port of Kennewick), 2016. Port of Kennewick September 10, 2016 retreat meeting minutes.



PORT OF KENNEWICK

Resolution No. 2016-25

***A RESOLUTION OF THE PORT OF KENNEWICK
BOARD OF COMMISSIONERS ADOPTING THE 2017-2018 WORK PLAN***

WHEREAS, the Port of Kennewick Commission conducted a Planning Workshop at its Regular Meeting on Tuesday, October 11, 2016, to receive public input and discuss in open session proposed plans and development policies to be undertaken and implemented in calendar years 2017-2018; and

WHEREAS, following input from the public and discussion amongst the Commission, the Commission requested additions and modifications to the Work Plan presented by staff; and

WHEREAS, the requested additions and modifications have been incorporated into the document titled "Port of Kennewick 2017-2018 Work Plan".

NOW, THEREFORE, BE IT HEREBY RESOLVED the Board of Commissioners of the Port of Kennewick hereby adopt the 2017-2018 Work Plan as attached hereto and identified as "Exhibit A".

ADOPTED by the Board of Commissioners of the Port of Kennewick this 25th day of October, 2016.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***

By: _____
SKIP NOVAKOVICH, President

By: _____
THOMAS MOAK, Vice-President

By: _____
DON BARNES, Secretary



2017-2018 WORK PLAN

Public Meeting
Port Commission Chambers
October 11, 2016 2:00 p.m.

Approved by Resolution 2016-25
October 25, 2016

350 Clover Island Drive, Suite 200
Kennewick, WA 99336

Tel: (509) 586-1186
Fax: (509) 582-7678

www.PortofKennewick.org

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PROSPECTIVE VISION

- **Follow direction established by 2011 Comprehensive Scheme of Development and Harbor Improvements and as amended in April 2013 and refined at fall 2016 Commission Retreat**
- **The Port is an economic development entity focused on redevelopment**
- **Undertake Vista Field Redevelopment**
- **Continue with Kennewick waterfront projects: Clover Island - Shoreline Improvements "Gathering Place" & 1135 Program and Columbia Drive — Wine Village Phase 1 & 2**
- **Pursue projects with development partners demonstrating support (match funding, political support and enthusiasm)**
- Pursue fewer projects while selecting projects with the greatest benefit to the community
- Focus on Waterfront development/redevelopment
- Realize & support economic development opportunities with wine, culinary & tourism industry
- Continue to secure grant funding opportunities
- Remain focused on containing operational expenses
- Remain solidly focused on the Port's core business and established priorities; not swayed by the oscillating influence of external entities
- A strong focus must be placed on successfully running daily Port operations

ACHIEVEMENTS (Sept. 16, 2014—Sept. 30, 2016)

PRIORITY PROJECTS

VISTA FIELD REDEVELOPMENT

- ☒ Completed Vista Field Charrette public outreach
- ☒ Completed formal public outreach process including “sun-setting” of Vista Vision Task Force
- ☒ Completed Vista Field Redevelopment Transportation System Impact Evaluation (TSIE) and negotiated mitigation commitments and timing
- ☒ Developed draft Mixed Use zoning ordinance for Vista Field site

KENNEWICK WATERFRONT CLOVER ISLAND

CLOVER ISLAND

- ☒ Boat launch ramp, site paving & bathroom project (100% complete) improvement design
- ☒ Gathering Place project refined and redesigned & project ready for bid
- ☒ U.S.A.C.E. 1135 Program coordination & participation
- ☒ Applied for \$500,000 ALEA grant funds for Shoreline Enhancement (ranked above funding threshold, however state budget funds for RCO programs are unknown)
- ☒ Marina at 92% occupancy

COLUMBIA DRIVE

- ☒ Revised Winery site improvements and bid utility work separately (100% Complete)
- ☒ Established tenant criteria and solicited interest in Winery Buildings (100% Complete)
- ☒ Redesigned Winery Buildings & site improvements and bid project (bidding 100% Complete)
- ☒ Duffy's Pond Phase #1 vegetation cleanup
- ☒ Negotiated Phase #2 preliminary cost sharing agreement with the City of Kennewick
- ☒ Undertook Phase #2 utility and parking lot improvement design (10% complete)

RICHLAND PROJECT

- ☒ Marketing last Spaulding Business Park parcel
- ☒ **Closed .77 ac Land Sale (SARC) - \$167,705**

WEST RICHLAND PARK

- ☒ Partnered with City of West Richland on the successful Urban Growth Boundary Amendment Request (annexation followed in December 2015)
- ☒ Negotiated removal of K.I.D. Flood Water Inundation Clause on West VanGiesen/Raceway property

ACHIEVEMENTS (Sept. 16, 2014—Sept. 30, 2016)

OTHER PROJECTS/PROPERTIES

OAK STREET INDUSTRIAL PARK

- ☒ Development Buildings A, B & C 100% occupancy

VISTA FIELD INDUSTRIAL PARK

- ☒ VFDF-A (Bruker) Building rejuvenation project (100% complete)
- ☒ Closed 9.91 ac Land Sale (Shemali) - \$1,640,000

FINLEY / HEDGES / TWIN TRACKS INDUSTRIAL

- ☒ Closed 146.92 ac Land Sale (Kennewick Game Farm) - \$562,000
- ☒ Closed 37.43 ac Land Sale (Rocking River) - \$230,000
- ☒ Closed 12.64 ac Land Sale (Agrium U.S.) - \$75,000

PLYMOUTH

- ☒ Closed 94.32 ac Land Sale (AgReserves) - \$265,000

DISTRICT WIDE

- ☒ Conducted 4 public participation meetings focused on Comp Scheme update
- ☒ Conducted Port's Commission Retreat/public meeting to discuss Comp Scheme updates

WORK IN PROGRESS

PRIORITY PROJECTS

VISTA FIELD REDEVELOPMENT

- Completing Master Plan for former Airport site (Development Agreement, zoning regulations, Business Improvement District, Financing Plan)

KENNEWICK WATERFRONT

CLOVER ISLAND

- “Gathering Place” design complete & project bidding in October 2016
- U.S.A.C.E. 1135 Program coordination & participation

COLUMBIA DRIVE

- Winery Buildings construction at 421 E. Columbia Drive
- Designing loop roadway & joint-use parking lot for 6 Acre Phase #2
- Undertaking Willows site development feasibility analysis

RICHLAND PROJECT

- Marketing last Spaulding Business Park parcel

WEST RICHLAND INDUSTRIAL PARK

- Completing Master Plan for West VanGiesen/Raceway property
- Finalize inundation clause agreement with K.I.D.

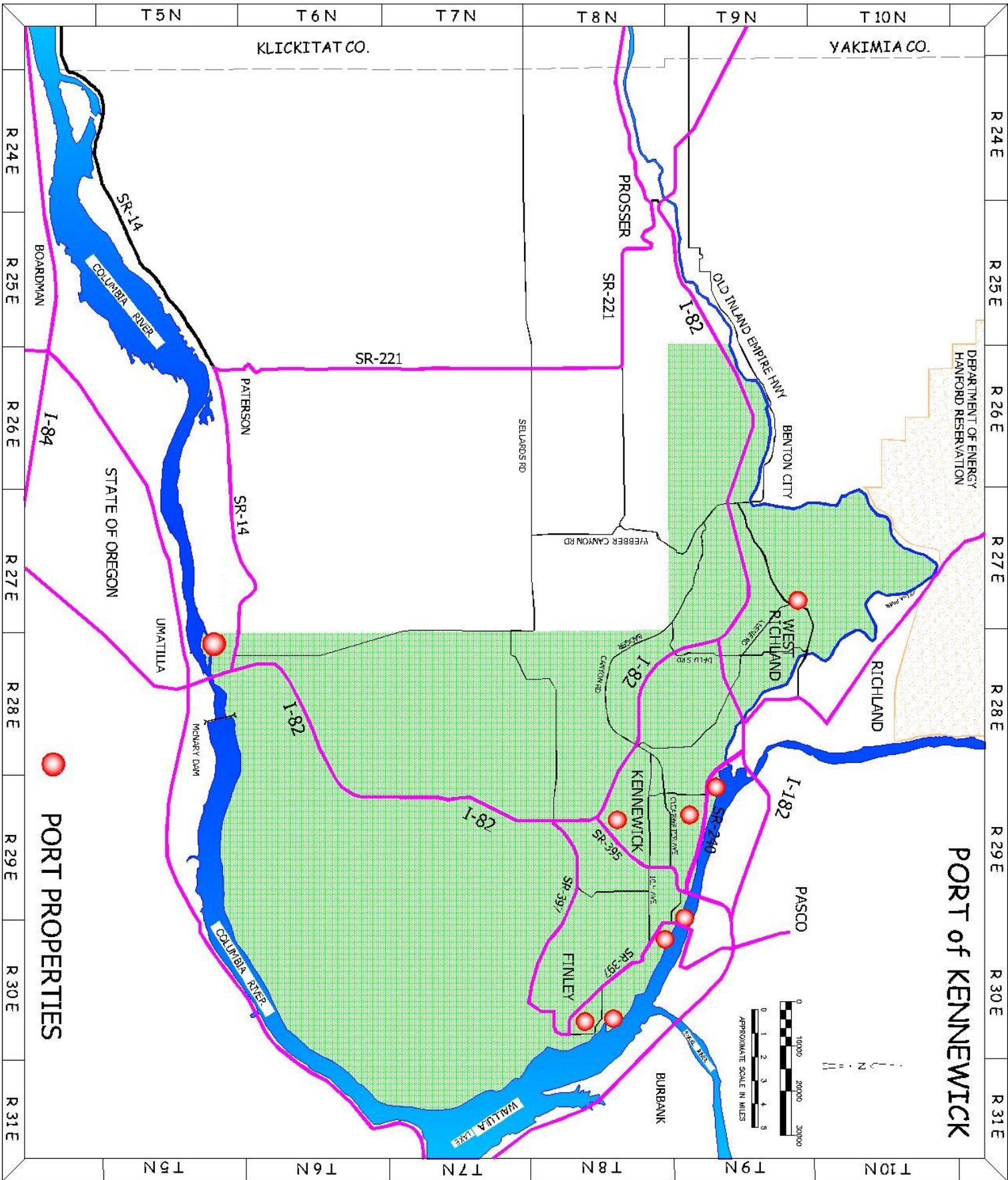
OTHER PROPERTIES/PROJECTS

VISTA FIELD INDUSTRIAL PARK

- VFDF-A (Bruker) Building rejuvenation project 98% complete

OAK STREET INDUSTRIAL PARK

- Ag Engineering Building rehabilitation project 25% complete



VISTA FIELD REDEVELOPMENT

- 103± Acres Combined
- Zoning: CR (Commercial Regional)
- Municipal Services Available

STRENGTHS

- Centrally located in the Tri-Cities, surrounded by vibrant commercial district
- Adjacent to the Three Rivers Entertainment District (Toyota Center Coliseum, Three Rivers Convention Center and Tri-Cities Business & Visitor Center)
- Flat land, consolidated ownership with all utilities available
- No known cultural resources or environmental concerns

CHALLENGES

- ✱ Undertaking massive redevelopment effort while balancing district-wide objectives
- Limited financial resources
- Refining community input into a viable redevelopment plan
- Establishing connection to transportation network and adjacent anchors (Columbia Center Mall & Three-Rivers Entertainment District) while balancing district-wide

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

- ☐ **Complete Master Plan & jointly Adopt a 10-year Development Agreement with the City of Kennewick** ®
- ☐ **Vista Field Phase 1A Improvements - \$5,000,000** ®
 - ◇ Infrastructure (road & utilities) - \$3,000,000
 - ◇ Public Amenities (public plaza, water feature) - \$1,000,000
 - ◇ Hangar building improvements (exterior enhancements & remodel) - \$1,000,000
- ☐ **Vista Field Redevelopment - Town Planner - \$80,000** ®
- ☐ **Vista Field Redevelopment Loan Repayment & Marketing - \$800,000** ®
 - ◇ Vista Field loan repayment - \$700,000
 - ◇ Vista Field marketing for sale or lease - \$100,000
- HOLD Former Vista Field Airport properties until completion of Master Planning process

Obligation
Support Previously Expressed
 ® **Revenue Generation Potential**



KENNEWICK WATERFRONT (Clover Island & Columbia Drive)

- Clover Island 16 Acres; Columbia Drive 15.32 acres
- Zoning: Clover Island CM (Commercial Marina); Columbia Drive CC (Commercial Community)
- Municipal Services: water, sewer, electricity, natural gas and wireless coverage

STRENGTHS

- Unique waterfront property
- City & Port partnership formation for Columbia Drive Wine Village Development
- Tourism Opportunities - lighthouse, gateway, marine, public plazas, shoreline trails & public art amenities with mixed use, commercial & recreational opportunities
- Original Kennewick waterfront destination near Historic Downtown Kennewick

CHALLENGES

- ✱ Balancing focus on both Kennewick waterfront and Vista Field redevelopment priority projects
- Shoreline work must be completed before private sector development occurs
- Blighted neighborhood consisting of residential, low-income, commercial-general and light industrial business-use properties

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

CLOVER ISLAND

- ☐ **Complete construct of the “Gathering Place” and demolition of former Port Office building & Ranney Collector structures - \$725,000 (2015/2016 budget) ®**
- ☐ **Shoreline Restoration design assistance & construction matching funds (USACE 1135 Program) - \$850,000 (\$275,000 in 2015/2016 budget)**
- **Market adjacent property upon completion of the “Gathering Place” project market and Northwest corner property upon completion of the USACE 1135 Program Shoreline Improvements ®**

COLUMBIA DRIVE

- ☐ **Phase#1 -\$3,950,000 (2015/2016 budget) ®**
 - ◇ Complete construct Phase 1 Columbia Gardens Wine Village - \$3,950,000
- ☐ **Phase#2 -\$1,100,000 ® {Rural County Capital Funds}**
 - ◇ Design work and construct loop road & joint use parking lot -\$600,000
 - ◇ Willows utility design work and fund grant matching dollars - \$500,000
- ☐ **Explore potential and complementary private sector development (sale or lease) ®**

Contractual Obligation
Support Previously Expressed
 ® **Revenue Generation Potential**



RICHLAND PROJECT (ISLAND VIEW AREA)

- 31.12 acres cold
- .53 Acre parcel available
- Zoning: City of Richland - C2 (Central Business)
- Municipal Services: water, sewer, electricity, natural gas, wireless coverage

STRENGTHS

- Waterfront area prime for redevelopment
- Central location between two interchanges on SR-240 (Columbia Center Boulevard and Columbia Park Trail)
- Freeway frontage visibility
- Spaulding Business Park redevelopment/infill project created development momentum
- Well suited for professional, medical, office & retail business

CHALLENGES

- ✱ Kennewick waterfront and Vista Field redevelopment priority projects require most of Port resources
- Buffered between aging residential, transitional properties and new professional businesses
- Success of the Spaulding Business Park has led to increased value/expectation of current land owners negatively impacting feasibility of future acquisitions

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

- ☐ Upon completion of the City of Richland's Comprehensive Land Use Plan Update, Port and City staff will work to identify a project of mutual benefit. - **\$400,000**
- ☐ Explore opportunities to create regional linkages to and from Vista Field, including Island View
- **Continue marketing last Spaulding Business Park parcel (.53 Acres) ®**

Contractual Obligation
Support Previously Expressed
® Revenue Generation Potential



WEST RICHLAND INDUSTRIAL

- Keene Road: 14 acres incorporated (12 acres leased, 2 acres available)
- West VanGiesen/Raceway property: 92+ Acres unincorporated (45 acres leased to Alexander Farms)
- Zoning: West Richland (industrial)
- Municipal Services: water, sewer, industrial sewer electricity available to Keene Road Parcels; electricity available to West VanGiesen/Raceway property and water, sewer, industrial sewer within the vicinity

STRENGTHS

- Close proximity to world-renowned Red Mountain AVA
- Ideally suited for wineries and Red Mountain AVA ancillary businesses
- West VanGiesen/Raceway property within City of West Richland UGA and city limits
- Within Wine Effluent Treatment System service area

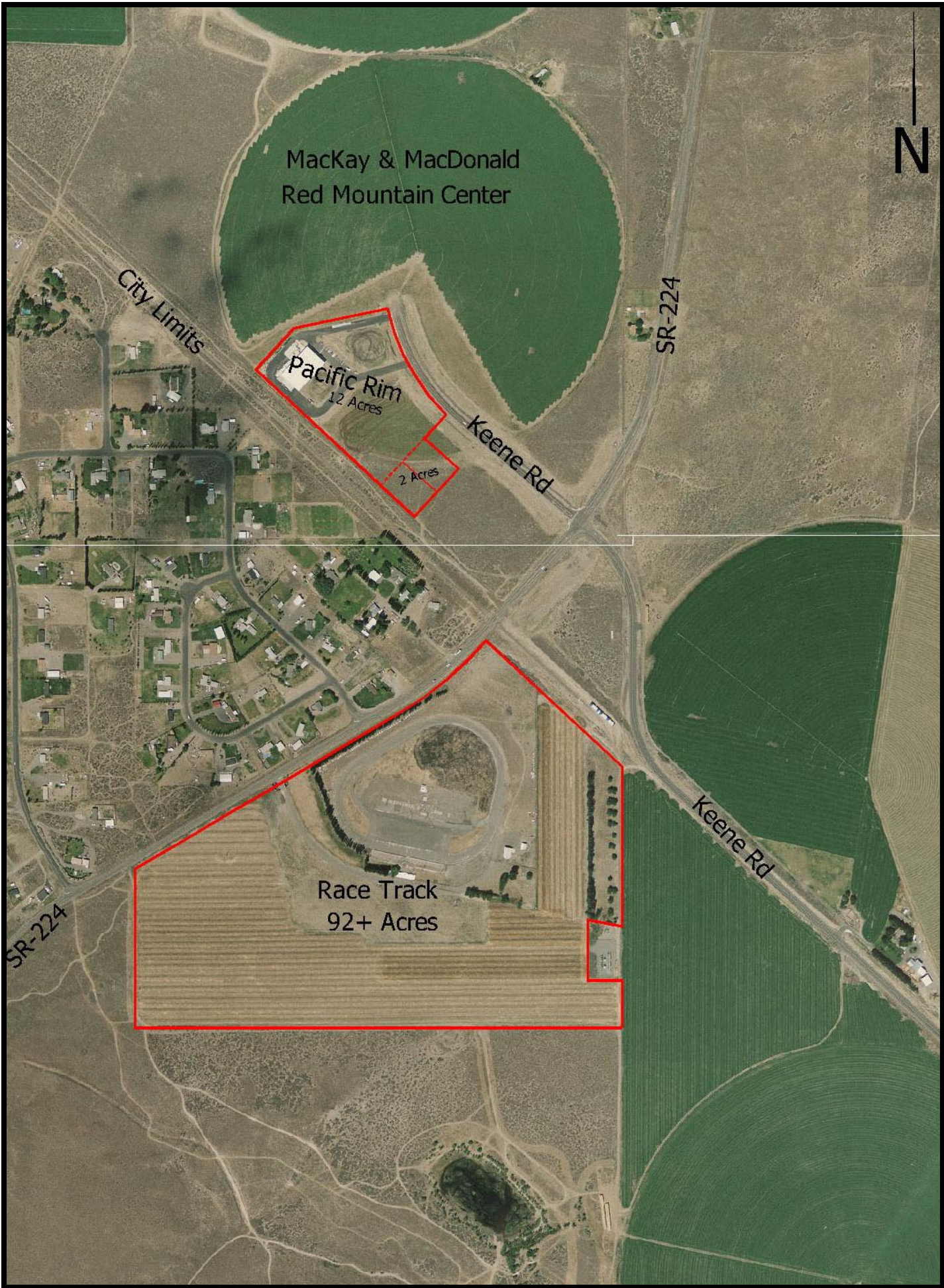
CHALLENGES

- ✱ Kennewick waterfront and Vista Field redevelopment priority projects require most of Port resources
- KID flood inundation clause effectively negates development on West VanGiesen/Raceway property
- Municipal utilities presently unavailable to West VanGiesen/Raceway property (\$750,000+ extension cost)
- Catalyst development needs to be initiated to spur ancillary businesses in immediate vicinity
- Excessive supply of readily available private sector land in the immediate vicinity

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

- ☐ **Complete Master Planning & jointly adopt a 10-year development agreement with the City of West Richland ®**
- ☐ **Finalize agreement regarding of KID inundation clause - \$100,000 ®**
- ☐ **Port and City staff work to identify a project of mutual benefit - \$100,000**
- **Market both Keene Road lots (Lots 3 & 4) consistent with adopted development agreement)®**
- **HOLD West VanGiesen/Raceway property ®**

Contractual Obligation
Support Previously Expressed
 ® **Revenue Generation Potential**



MacKay & MacDonald
Red Mountain Center

City Limits

Pacific Rim
12 Acres

2 Acres

Keene Rd

SR-224

N

Race Track
92+ Acres

Keene Rd

SR-224

OAK STREET INDUSTRIAL PARK

- 74+ Acres
- Zoning: City of Kennewick - IH (Industrial Heavy)
Benton County - LI (Light Industrial)
- Municipal Services: water, sewer and electricity available

STRENGTHS

- Close to SR 397; flat topography; all municipal utilities available to incorporated parcels

CHALLENGES

- ✱ Kennewick waterfront and Vista Field redevelopment priority projects require most of Port resources
- Poor visibility; no rail access; high ground water; perceived as isolated
- Municipal utilities unavailable to land located in county

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

- ☐ Complete improvements underway at Ag Engineering Building (1515 E. 7th Ave)
Phase 1 building improvements - \$110,000 (2015/2016 budget) ®
- ☐ Continue to actively market Development Buildings A, B, C & D as available ®
- Market for sale vacant industrial land southeast of Development Buildings A, B, & C ®
- Market for sale all vacant/ag parcels ®

Contractual Obligation



VISTA FIELD DEVELOPMENT BUILDINGS

- 3.73 acres
- Zoning: City of Kennewick - IL (Industrial Light)
- All municipal services available

STRENGTHS

- Centrally located in the Tri-Cities, surrounded by vibrant commercial district
- VFDF-A Building rehabilitation/remodel work completed September 2016

CHALLENGES

- ✱ Kennewick waterfront and Vista Field redevelopment priority projects require most of Port resources

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

- ☐ Continue to actively market Development Buildings A & B as available ®

Contractual Obligation
Support Previously Expressed
 ® **Revenue Generation Potential**



SOUTHRIDGE

- 8.50 acres
- Zoning: City of Kennewick - CC (Commercial Community)
- All municipal services available

STRENGTHS

- Adjacent to Trios Health (KGH) Hospital development
- Interstate 82/Highway 395 accessibility; Southern gateway entrance into Kennewick
- Prime commercial, mixed use and residential development area

CHALLENGES

- ✱ Kennewick waterfront and Vista Field redevelopment priority projects require most of Port resources
- Excessive quantity of developed land available
- Topography challenges

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

- **Market for sale 8.50+ acre parcel and utilize proceeds for Vista Field Redevelopment®**

Obligation
Support Previously Expressed



FINLEY (TWIN TRACKS & HEDGES LAGOON)

TWIN TRACKS:

- 148.14 acres; Zoning: Benton County - HI (Heavy Industrial)
- Utility Services: ground well, electricity and natural gas available

HEDGES LAGOON:

- 55.35 acres (of which 3.65 acres above ordinary high water line)
- Zoning: upland Benton County - HI (Heavy Industrial); aquatic NA
- Municipal Services: electricity available (upland)

STRENGTHS

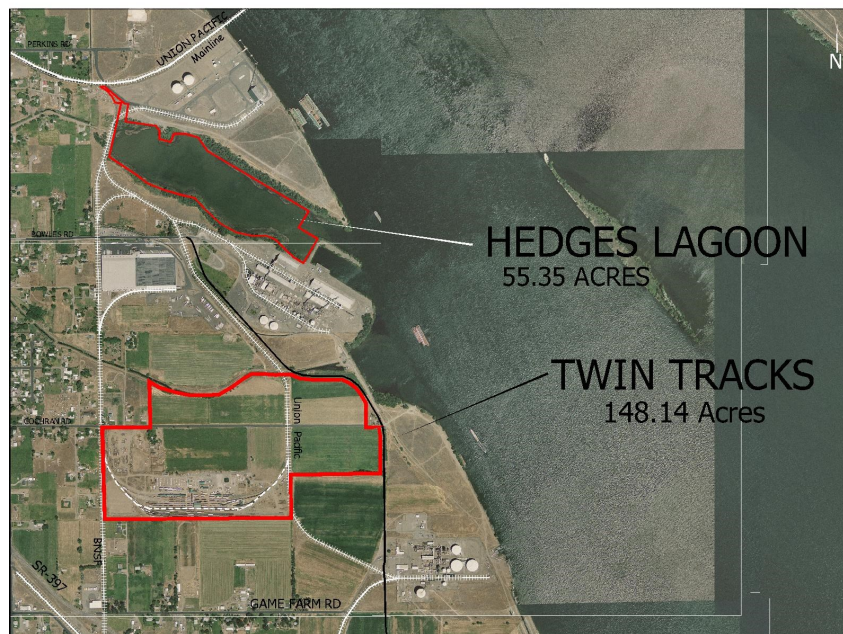
- Current dual rail service (Twin Tracks)
- Inter-Tie and Piert Road project improves access Interstate 82/Highway 397

CHALLENGES

- * Kennewick waterfront and Vista Field redevelopment priority projects require most of Port resources
- No municipal utilities and adjacent to existing & expanding residential (Twin Tracks)

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

- ☐ Investigate sale/transfer of Hedges Lagoon to federal, state and/or tribal parties
- **Market for sale Twin Tracks properties lying east of UP rail spur (34.66 Acres)**
Contractual Obligation
Support Previously Committed
 ® **Revenue Generation Potential**



PLYMOUTH INDUSTRIAL

- 157+ Acres (Zoning: Benton County - P (Park District) and HI (Heavy Industrial))
- Municipal Services: ground wells and power available

STRENGTHS

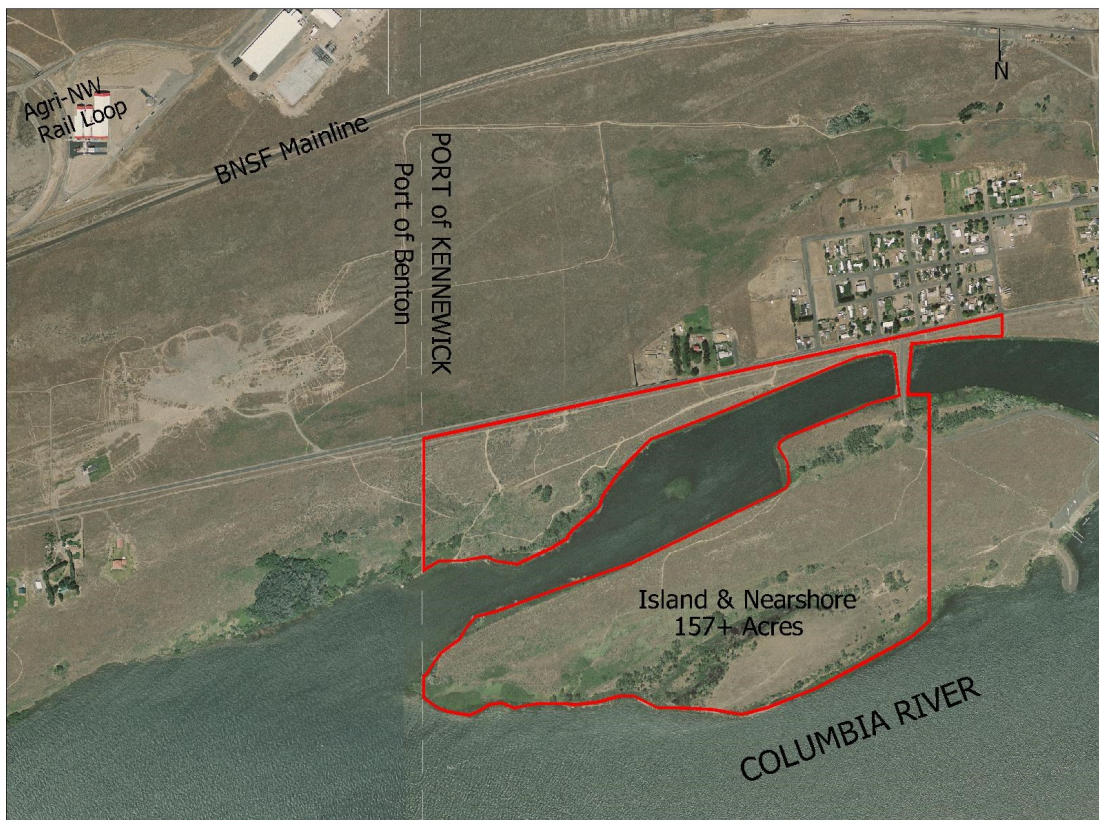
- Near Interstate 82 and State Route 14
- Natural Gas - 1,000 feet from site
- Substantial electrical service in immediate vicinity

CHALLENGES

- ✱ Kennewick waterfront and Vista Field redevelopment priority projects require most of Port resources
- Cultural resource protections on island areas and nearshore

SUGGESTED WORK & PROPERTY MANAGEMENT PLAN

- ☐ Investigate sale/transfer of Island & nearshore land to federal, state and/or tribal parties
 - Contractual Obligation**
 - Support Previously Expressed**
 - ® **Revenue Generation Potential**



DISTRICT - WIDE WORK PLAN PROJECTS

SUGGESTED WORK PLAN

- ☐ Remain focused on the day-to-day efforts to operate a successful Port District
- ☐ Complete projects authorized in 2015-2016 Budget
- ☐ **Pursue grant funding as appropriate** ®
- ☐ **Return-On-Investment analysis & capital reserve for ROI project - \$700,000** ®
- ☐ **Port asset replacement program (building upkeep & annual maintenance) - \$550,000** ®
- ☐ **Opportunity fund for yet to be identified small projects (either Port or outside agency) - \$100,000** ® *[dependent upon project(s) selected]*
- ☐ Governmental relations and public outreach - **\$16,000**
- ☐ Continue strengthening governmental relationships with CTUIR
- ☐ Continue strengthening governmental relationships with jurisdictional partners: City of Kennewick, City of Richland, City of West Richland, City of Benton City, Benton County
- ☐ Partnership with City of Benton City for shoreline master planning efforts - **\$15,000**
{Rural County Capital Funds}
- ☐ Miscellaneous capital - **\$100,000**

Contractual Obligation
Support Previously Expressed
® **Revenue Generation Potential**

2017-2018 PORT of KENNEWICK CAPITAL BUDGET			Committed 2015-2016 Carry-Over	2017-2018 ALLOCATION	FUNDED TOTAL	
Updated October 21, 2016 @ 10:00am						
PRIORITY PROJECTS	VISTA FIELD REDEVELOPMENT		\$0	\$5,880,000	\$5,880,000	
	Phase #1	Infrastructure Roadway and Utility Design & Construction	\$0	\$3,000,000		
	Phase #1	Public Amenities Plaza, Water Feature Design & Construction	\$0	\$1,000,000		
	Phase #1	Building Renovation Corporate Hangar Remodel Design & Construction	\$0	\$1,000,000		
	Phase #1	Financing Loan Repayment & Interest	\$0	\$700,000		
		Town Planning Implementation Assistance (DPZ and Mehaffy & Qamar)	\$0	\$80,000		
		Marketing Project Marketing	\$0	\$100,000		
	KENNEWICK WATERFRONT		\$4,950,000	\$1,675,000	\$6,625,000	
		Construction Clover Island "Gathering Place" public plaza & boardwalk	\$725,000	\$0		
		Design & Construction 1135 Shoreline Program Design & Construction Matching Funds	\$275,000	\$575,000		
	Phase #1	Construction Wine Village Phase 1 Building Construction	\$3,950,000	\$0		
	Phase #2	Design & Construction Columbia Gardens Roadway, Utility and Parking Lot Design & Construction **	\$0	\$600,000		
	Phase #1	Design & Grant Match Willows Design & Grant Fund Match **	\$0	\$500,000		
	CITY OF RICHLAND		\$0	\$400,000	\$400,000	
		Project Allocation Mutually beneficial project within Island View area	\$0	\$400,000		
	CITY OF WEST RICHLAND		\$0	\$200,000	\$200,000	
		Entitlement K.I.D. Inudation Clause removal	\$0	\$100,000		
		Project Allocation Mutually beneficial project within West Van Giesen site area	\$0	\$100,000		
	PRIORITY PROJECT TOTALS			\$4,950,000	\$8,155,000	\$13,105,000
		R.O.I. PROJECT		\$0	\$700,000	\$700,000
			R.O.I. Analysis & Capital Reserve Analyze ROI opportunities & invest consistent with analysis	\$0	\$700,000	
		ASSEST REPLACEMENT PROGRAM		\$110,000	\$550,000	\$660,000
		Building Maintenance Establish dedicated funding source to maintain Port revenue generating properties	\$0	\$550,000		
Oak Street		Building Renovation Ag Engineering Building (1515 E. 7th) Remodel Construction	\$110,000	\$0		
OPPORTUNITY FUND		\$0	\$100,000	\$100,000		
		Capital and/or Partnership Allocation for Yet to Be Determined Small Project (Port and/or outside agency)	\$0	\$100,000		
Misc. Capital Expenditures		\$0	\$100,000	\$100,000		
		Construction & Equipment Non-scheduled improvements and equipment	\$0	\$100,000		
BENTON CITY		\$0	\$15,000	\$15,000		
		Planning Assistance Matching Funds for Shoreline Master Plan Update **	\$0	\$15,000		
GOVERNMENT RELATIONS		\$0	\$16,000	\$16,000		
		Public Relations Public outreach and communication	\$0	\$16,000		
OTHER PROJECT/PROPERTY TOTALS			\$110,000	\$1,481,000	\$1,591,000	
TOTALS			\$5,060,000	\$9,636,000	\$14,696,000	
Notes: ** Rural County Capital Funds						

PORT OF KENNEWICK

RESOLUTION NO. 2016-26

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PORT OF KENNEWICK ADOPTING THE 2017 & 2018 BUDGET

WHEREAS, the Board of Commissioners of Port of Kennewick met at a special meeting on October 25, 2016, a quorum of the Commission being present; and

WHEREAS, Port of Kennewick has properly given notice of the public hearing held on October 11, 2016 to consider Port of Kennewick's Budget for the 2017 and 2018 calendar years, pursuant to RCW 84.55.120; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port of Kennewick after a public hearing, and after duly considering all relevant evidence and testimony presented, has adopted the attached budget for Port of Kennewick for the year 2017 & 2018.

ADOPTED by the Board of Commissioners of Port of Kennewick at its regular meeting on October 25, 2016.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***

By: _____
SKIP NOVAKOVICH, President

By: _____
THOMAS MOAK, Vice President

By: _____
DON BARNES, Secretary

PORT OF KENNEWICK

RESOLUTION NO. 2016-27

A RESOLUTION OF THE BOARD OF COMMISSIONERS FOR THE PORT OF KENNEWICK CERTIFYING THE PORT'S 2016 LEVY FOR 2017 COLLECTION

WHEREAS, the Board of Commissioners of the Port of Kennewick met and considered its budget for the calendar year 2017 and 2018 at a regular meeting on October 25, 2016, a quorum of the Commission being present; and

WHEREAS, a legal notice of public hearing on the Preliminary Budget of Port of Kennewick for the calendar year of 2017 and 2018 was published in accordance with RCW 53.35.020, RCW 53.35.045 and RCW 84.52.020, and such hearing being held on the 11th day of October, 2016; and

WHEREAS, the Port's actual levy amount from 2016 year was \$3,700,000; and

WHEREAS, the population of the Port is more than 10,000; and

WHEREAS, the Board of Commissioners of Port of Kennewick after hearing and after duly considering all relevant evidence and testimony presented, determined that the Port of Kennewick requires a regular levy for the 2017 tax year in the amount of \$4,500,000, which includes an increase in property tax revenue from the previous year, amounts resulting from the addition of new construction, improvements to property, any increase in the value of state-assessed property, and amounts authorized by law as a result of any annexations that have occurred and refunds made, in order to discharge the expected expenses and obligations of the district and in its best interest.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick substantiate that an increase in the regular property tax levy is hereby authorized for the levy to be collected in 2017 tax year. The dollar amount of the increase over the actual levy amount from the previous year shall be approximately \$45,000, which is a percentage increase of 1% from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

BE IT FURTHER RESOLVED that the Board of Commissioners of the Port of Kennewick hereby direct the Director of Finance/Auditor to certify a copy of this resolution and forward the same to the Clerk of the Board of the County Commissioners in accordance with RCW 84.52.020.

APPROVED and dated by the Commissioners of the Port of Kennewick at a regular meeting on October 25, 2016.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

SKIP NOVAKOVICH, *President*

THOMAS MOAK, *Vice President*

DON BARNES, *Secretary*

CERTIFICATION OF TAX LEVY

STATE OF WASHINGTON County of Benton

In accordance with RCW 84.52.020, I, **Nick Kooiker**, CFO/Auditor for Port of Kennewick, do hereby certify to the Benton County legislative authority that the Commissioners of said district request that the following levy October 25, 2016. I hereby request the Board of County Commissioners of Benton County, Washington, to make said regular levy of the Kennewick Port District, as set forth below, and that said regular levy is for operation, maintenance, land acquisition, construction, and the levy is to be distributed as follows:

Expense (General) Fund	\$4,470,000
Administration Refund Fund	\$30,000

<i>Total Regular Levy</i>	<i>\$4,500,000</i>
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<i>Population Certification:</i>	<i>Above 10,000</i>
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If the above certification is more than the Assessor's levy calculations, the Assessor's Office is directed to reduce the Construction Fund amount by the actual Assessor's levy calculation.

CERTIFIED this 25th day of October, 2016.

CERTIFIED BY:

**PORT of KENNEWICK
CFO/AUDITOR**

Nick Kooiker

PORT OF KENNEWICK

RESOLUTION NO. 2016-28

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING AN INCREASE IN TAX LEVY CAPACITY PURSUANT TO RCW 84.55.120 AND WAC 458-19-005

WHEREAS, a public hearing was held by the Board of Commissioners for the Port of Kennewick regarding the 2017 and 2018 budget; and

WHEREAS, pursuant to RCW 84.55.120 and WAC 458-19-005, the rate of inflation (IPD rate) for 2016 is 0.953 percent and the limit factor for property taxes for 2016 is one hundred and one percent (100.953%); and

WHEREAS, the Port of Kennewick's levy amount from the previous year was approximately \$3,700,000; and

WHEREAS, the Port has set its increase in tax levy capacity for the 2017 and 2018 budget at one percent (1%) and finds there is substantial need to set the levy limit at one hundred and one percent (101%); and

WHEREAS, the Board of Commissioners of the Port of Kennewick Taxing District, after hearing and after duly considering all relevant evidence and testimony presented, finds there is a substantial need to set the levy limit at one hundred one percent (101%), in order to discharge the expected expenses and obligations of the district and in its best interest; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Port of Kennewick Taxing District that an increase in the regular property tax levy, in addition to the increase resulting from the addition of new construction and improvements to property and any increase in levy value of state assessed property, is hereby authorized for the 2017 levy in the amount of approximately \$45,000 which is a one (1%) percentage increase from the previous year.

ADOPTED by the Board of Commissioners of the Port of Kennewick at a regular meeting held this 25th day of October 2016; and duly signed by its proper officers in the authentication of its passage on said date.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

SKIP NOVAKOVICH, *President*

THOMAS MOAK, *Vice President*

DON BARNES, *Secretary*



AGENDA REPORT

TO: Port Commission

FROM: Tim Arntzen, CEO

MEETING DATE: October 25, 2016

AGENDA ITEM: Resolution No. 2016-29; Art Policy

I. REFERENCE(S):

Excerpt from January 26, 2016 Minutes
Excerpt from October 11, 2016 Minutes
Resolution 2016-29
Art Policy

II. FISCAL IMPACT: None.

III. DISCUSSION: Included in this Commission packet is the Artwork Policy and excerpts of the minutes from previous Commission Meetings to provide the actions taken related to this matter. The Commission's comments have been incorporated and the policy has been updated.

The Commission shall continue to evaluate the effectiveness of this policy over time and reserves the right to further expand, amend or rescind this policy as appropriate.

V. ACTION REQUESTED OF COMMISSION:

Motion: I move approval of Resolution 2016-29, approving the Art Policy as attached in Exhibit A; and directing the Chief Executive Officer (CEO) to take all action necessary to implement this policy.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

JANUARY 26, 2016 MINUTES

B. Arts Policy

Mr. Arntzen stated he is working on a draft Art Policy, which attempts to outline specific steps when considering art installation or art projects for the Port. Mr. Arntzen stated as this is a draft document he asked for the Commission to review and discuss. The draft Art Policy has four sections, which include:

- Section 1: General Provisions;
- Section 2: Artwork in Port Capital Projects;
- Section 3: Artwork Required as Part of Port Land Sales; and
- Section 4: Artwork Selection Process.

Mr. Arntzen stated the next art installment for the Port is the Latino Mural on the Columbia Drive Winery buildings and he would like to see a policy in place prior to work getting underway on the mural.

Mr. Novakovich inquired if Barbara Carter has seen the draft Art Policy.

Ms. Bader Inglima stated that Ms. Carter has not seen the policy.

Mr. Novakovich asked if Davin Diaz, chairman of the Latino Heritage Mural Committee would be updating the Commission on the progress of the mural.

Mr. Arntzen stated there have been several meetings with staff and the Committee. Staff needed to determine what would be required from the contractor bidding the construction contract for the Winery Buildings, without slowing down the bid process.

Ms. Bader Inglima stated Ms. Carter has been working as Port Liaison with the Committee and the Mid-Columbia Arts Council and has placed a Call to Art, which is available on the Port website. The Call to Art provides information on the project and specific requirements. The request for qualifications will be reviewed by the Committee and up to four artists will be invited to bring forth a more detailed proposal.

Mr. Arntzen stated Section 4 of the draft Art Policy stresses a partnership with the local Arts Commission within the jurisdiction to assist with "Call to Arts." Furthermore, Section 4 provides built in safeguards for the Port when selecting art pieces and will require samples from the artists.

Mr. Moak stated ultimately the decision to accept or reject a piece of art falls with the Commission. Mr. Moak believes Section 2 and 3 are the most important part of the policy.

Mr. Novakovich asked when Mr. Arntzen would like Commission comments on the draft Art Policy.

Mr. Arntzen stated he would like Commission comments back within the next month and he is welcome to public comments as well.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

OCTOBER 11, 2016 MINUTES

DRAFT

Wildhorse Resort as a convention advertising sponsor and were thanked and recognized several times. Ms. Bader Inglima was able to visit at length with Dave, John and Bill Tovey and CTUIR Board Members Aaron Ashely and Alan Crawford. Ms. Bader Inglima also met the new USACE commander of the Walla Wall District, Lieutenant Colonel Damon Delarosa and explained our Memorandum of Understanding with the CTUIR and the joint partnership and reinforced the CTUIR's support for the 1135 project. Ms. Bader Inglima reported a few weeks later she toured Clover Island and the 1135 shoreline project with Lieutenant Colonel Delarosa as part of the bi-annual TREC tour.

B. Art Policy

Mr. Arntzen stated the Commission has previously addressed the Artwork Policy and made comments regarding what they would like to see included. Mr. Arntzen revised the document and made the following alterations:

- Explained in the preamble why the Port established an Artwork Policy and included the expression of ideas and viewpoints;
- The Policy applies to all Artwork commissioned, purchased or gifted to the Port;
- Section 2 clarifies that the Artwork Policy is intended for capital projects, and the Port may elect to refrain from including artwork on an infrastructure project;
- Section 3 includes a staggered compensation plan.

Mr. Arntzen inquired if the Commission had any further revisions. Mr. Arntzen would like to resent the final policy for Commission approval at the October 25, 2016 meeting.

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

Commissioners reported on their respective committee meetings.

D. Non Scheduled Items

1. Mr. Moak stated at he would to make a presentation at a future meeting on places he recently visited.
2. Mr. Arntzen stated the Washington Public Ports Association Small Ports Conference is scheduled for October 20-21, 2016.

PUBLIC COMMENTS

No comments were made.

COMMISSIONER COMMENTS

No comments were made.

Mr. Novakovich anticipates the Executive Session will last approximately 9 minutes, Site Selection per RCW 42.30.110(1)(b) and Real Estate Minimum Price per RCW 42.30.110(1)(c) with no action anticipated. Mr. Novakovich asked the public to notify Port staff if they will return after the executive session.

PORT OF KENNEWICK

RESOLUTION 2016-29

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PORT OF KENNEWICK ADOPTING AN ART POLICY

WHEREAS, this policy is intended to foster the artistic interests of the community, including the expression of ideas and viewpoints, by providing a showcase for artwork created by community and regional artists; and

WHEREAS, this policy provides the guidelines and mechanisms to be used for artwork commissioned, purchased by, or gifted to the Port; and

WHEREAS, the Commission shall evaluate the effectiveness of this policy over time and reserves the right to expand, amend or rescind this policy as appropriate; and

WHEREAS, the policy has been discussed in several commission meetings and amendments have been offered and incorporated into the final edit, which is presented herewith.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of the Port of Kennewick hereby approves and adopts the Artwork Policy as attached in Exhibit A, and directs the Chief Executive Officer (CEO) to take all action necessary to implement this policy.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 25th day of October, 2016.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***

By:

SKIP NOVAKOVICH, *President*

By:

THOMAS MOAK, *Vice President*

By:

DON BARNES, *Secretary*

Port of Kennewick Artwork Policy

It is the policy of the Port of Kennewick to foster the artistic interests of the community, including the expression of ideas and viewpoints, by providing a showcase for artwork created by community and regional artists. In furtherance hereof, the Port establishes the following policy related to artwork.

Section 1. General Provisions.

- A. The term "artwork" means all forms of the visual arts conceived in any medium, material or combination thereof, commissioned, purchased by, or gifted to the Port.
- B. The term "artwork budget" shall include cost of artwork, design fees, engineering costs, installation and similar costs, together with consulting fees and costs related to administering this policy.
- C. The Port Commission shall determine whether artwork shall be installed when the Port designs, engineers and constructs new capital projects of its own undertaking and when the Port sells undeveloped land.

Section 2. Artwork in Port Capital Projects.

If the Port Commission decides to include artwork in a capital project of the Port's undertaking, the Port shall establish an artwork budget of 1% of the total capital cost of the construction project. For infrastructure only projects, i.e.: those where the Port does not construct a building, the Commission may elect to refrain from including artwork.

Section 3. Artwork required as part of Port Land Sales.

- A. When the Port sells unimproved real property, at the discretion of the Port Commission, the Port may require that a sum (as determined below) be paid by the purchaser and deposited with the Port to purchase artwork to be installed in a public area within the Port of Kennewick district boundaries. The selection of the site for artwork shall be at the discretion of the Port Commission.
 - 1. For the first \$500,000, of sales price, a sum equivalent to 3% shall be assessed for artwork; and
 - 2. For sales in excess of \$500,000, a sum equivalent to 2% shall be assessed for artwork.
- B. Funds collected under this section shall be used for selection, acquisition, and installation or display of artwork; repairs and maintenance of artwork; and other project-specific expenses of selection and acquisition of public art.
- C. Any unexpended funds shall be carried forward from year to year until expended for the purposes set forth in this section, unless otherwise directed by the Port Commission.

Section 4. Artwork Selection Process.

- A. When selecting artwork, whether for a capital project of the Port's own undertaking, or when the Port sells unimproved real property, the Port may seek the advice of the arts commission in the jurisdiction where the artwork will be installed. The Port Commission shall request advice from the arts commission in extending calls to artists for submission of artwork and in the evaluation and selection of artwork.
- B. Artists responding to calls for submissions shall provide a detailed sample or rendering of artwork proposed for consideration.
- C. Because potential artwork display areas will be open to all segments of the community and all age groups, artwork shall not include material, which in the sole discretion of the Port Commission is defaming, obscene, or otherwise inappropriate.
- D. Artwork submissions shall be original artwork as opposed to mass-produced, of standard design or limited editions.
- E. The Port Commission may review, evaluate, select or reject any artwork submission in its sole discretion.



AGENDA REPORT

TO: Port Commission

FROM: Amber Hanchette, Director of Real Estate & Operations

MEETING DATE: October 25, 2016

AGENDA ITEM: Resolution 2016-30; Accepting the 415 N. Quay Bldg. A Interior Remodel Project

I. REFERENCE(S):
Resolution #2016-30

II. FISCAL IMPACT:
Tenant retention (Bruker) and two future tenant spaces

III. DISCUSSION:
Banlin Construction LLC has completed a 23,500 square foot interior remodel project at 415 N. Quay Street Building A in Kennewick. The project included replacement and reconfiguration of HVAC, plumbing, mechanical and electrical systems, wall demolition and construction, painting and flooring.

It is appropriate for the Port to accept the construction as substantially complete so that we may issue a public notice and start the clock on potential lien filings by subcontractors and ultimately move toward final acceptance of the entire project.

IV. ACTION REQUESTED OF COMMISSION:
Motion: I move approval of Resolution 2016-30 accepting the 415 N. Quay Street Building A interior remodel project completed by Banlin Construction LLC and authorize the Chief Executive Officer to finalize the financial terms of the contract.

PORT OF KENNEWICK

Resolution No. 2016-30

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK ACCEPTING THE
415 N. QUAY BUILDING A - INTERIOR REMODEL PROJECT***

WHEREAS, Banlin Construction, LLC provided notification that the improvements to the Vista Field Development Facility located at 415 N. Quay Building A, Kennewick has been substantially completed in accordance with the plans and specifications; and

WHEREAS, Meier Architects and the Port of Kennewick staff have inspected the work and certified that it has been completed in accordance with the plans and specifications.

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick hereby accepts the work of Banlin Construction, LLC as being substantially completed in accordance with the contract documents.

BE IT FURTHER RESOLVED that upon completion of all required documentation for the project, the Chief Executive Officer is authorized to proceed with the necessary requirements to finalize the project account.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 25th day of October 2016.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***

By: _____
SKIP NOVAKOVICH, *President*

By: _____
THOMAS MOAK, *Vice President*

By: _____
DON BARNES, *Secretary*