

# PORT OF KENNEWICK REGULAR COMMISSION MEETING

NOVEMBER 8, 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  
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  
Lisa Schumacher, Special Projects Coordinator  
Bridgette Scott, Executive Assistant  
Lucinda Luke, Port Counsel

## PLEDGE OF ALLEGIANCE

Will Parks 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 November 2, 2016***  
Direct Deposit and E-Payments totaling \$71,246.97
- B. Approval of Warrant Registers Dated November 8, 2016***  
Expense Fund Voucher Numbers 38403 through 38449 for a grand total of \$190,411.53
- C. Approval of Joint Commission Meeting Minutes October 18, 2016***
- D. Acceptance of Work: Columbia Drive Utilities; Resolution 2016-31***

***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. McIntyre Theater*

Mr. Moak presented slides of McIntyre Hall Performing Arts and Conference Center in Mt. Vernon, Washington, which has been suggested as a potential model for the Vista Field Performing Arts Center. Mr. Moak met with Nida Tautvydas, Executive Director of the facility and stated the facility is home to 17 local community organizations. Additionally, McIntyre Hall offers a variety of internationally recognized artists and offers events that enrich and entertain the community.

Mr. Frost inquired if the facility operates in the black and how many events are held each year.

Mr. Moak believes the facility operates in the black and stated approximately 200 events were held at McIntyre Hall this year.

## NEW BUSINESS

### *A. Capital Projects Construction Costs Philosophy*

Mr. Arntzen recently met with Mr. Robison and Mr. Peterson to discuss the Port's capital construction projects and stated the Port has completed some projects, some projects are currently underway and others are out to bid. Mr. Arntzen stated it is important to reflect on the Port's successful and unsuccessful bids and look ahead at Vista Field and other projects. Mr. Arntzen, Mr. Peterson and Mr. Kooiker will be meeting with Laurence Qamar and Michael Mehaffy this week to discuss the Vista Field Phase I Draft. Mr. Arntzen would like to be able to direct staff and the consultants on the amenities for Vista Field and what the Commission would like to see in Phase I. Mr. Arntzen asked the Commission to provide further input regarding the construction cost philosophy of the Port going forward. Mr. Arntzen stated there is an unpredictability to cost estimating in capital projects because of features that offer a wow factor and may not have been constructed in this area before. Mr. Arntzen asked Mr. Robison and Mr. Peterson to brief the Commission on cost estimating in capital construction projects.

Mr. Peterson stated as the Port moves forward with the redevelopment of Vista Field, it is important to look at the risk tolerance. Mr. Peterson stated the Gathering Place Contract is on the Agenda today, and this is the third time the project has been bid. The Commission rejected the two previous bids because of the high dollar amount of the project, even after the concept had been revised and design changes were made. The Port had a similar experience with the Columbia Gardens Wine Village, which featured a unique wall system that the local construction community deemed too risky, which increased the first bid substantially. As the Port moves forward, the question becomes how the Port can weigh the predictability of a project versus the potential risk and tolerance of the capital projects. Mr. Peterson inquired if staff should bring back interesting and challenging items that may not have been done before that have an inherent risk or look at predictable items that do not offer the wow factor. Mr. Peterson stated several Port capital projects were successes, such as the Vista Field Development Building A Rehab and the Columbia Drive utility work project.



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Mr. Robison thanked the Commission and stated the Port has developed some of the most unique, special, and challenging projects within our community, and the Commission continues to raise the bar and expectations of development throughout our community. There are few projects in the Tri-Cities that do not have historical data available, however, most of the Port projects do not have historical data available, for example, the Lighthouse. As developers, this means you are asking the organization to determine a master budget and business plan that outlines the costs of tomorrow, predicated on projects not yet designed. Mr. Robison stated the question is how does the Commission decide what risks should be taken and how development predictability in an unpredictable environment should be determined.

Mr. Robison stated more than 2/3 of the construction firms are having trouble finding skilled hourly workers, which creates a shortage that threatens to slow a boom that's driving economic gains in 43 states. The Association of General Contractors of America report that 71% of contractors in the west report issues filling hourly craft positions. Additionally, 47% of contractors report they are increasing the number of overtime hours and 39% of firms are increasing their use of subcontractors. Many firms are responding to worker shortages by increasing pay and providing additional benefits. Another issue driving construction costs are the cost of materials and commodities.

Mr. Robison stated the predictability of a project cost is a factor of multiple project features. Most commonly Port projects include:

- Project Complexity;
- Market Capability;
- Document Completeness;
- Available Information;
- Competitive Estimates;
- Scheduling;
- Labor Market;
- Cost of Materials.

The Port develops very unique projects in the Tri-Cities and as the complexity of a project increases the level of cost predictability decreases. Mr. Robison stated the Port can manage predictability by going lower risk, and building items such as warehouses or big box stores. However, if the Port wants to create a complex, special and unique development, the complexity and risk will increase.

Mr. Robison believes the most important thing to recognize as you invest the public funds, as an agency, is stewardship and how that stewardship is managed. It is managed by selecting projects that fit within the parameters of what the development opportunities are, within the communities that you serve. Furthermore, you look ahead and hope that you raise the bar and the educational levels of the craftspeople who serve you. Mr. Robison believes the Commission should consider looking at the long view of the development and understand that the Port is developing an entire community's expertise to develop the community.

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Mr. Moak inquired if apprenticeship programs help in terms of improving the craft or improving the product.

Mr. Robison stated one of the issues with apprenticeships is getting individuals to enroll in a program and it is a competitive market and there are educational and monetary commitments. All of the major programs are prevailing wage or scale and this does not necessarily require a firm to be part of the union scale. Port projects may not necessarily enact the number of apprentices that a full union job might.

Mr. Barnes believes this will be an ongoing challenge for the Port because of the ambitious plans for upcoming projects. The Port chose an ambitious design for Columbia Gardens and the construction community did not want to subject themselves to the risk and it was reflected in the bids the Port received. The challenge is setting a budget that includes the unique features and functionality that make the development special and Mr. Barnes believes it is important to rely on professionals to help keep the Port on budget. Mr. Barnes stated an engineer's estimate is a useful tool that should be utilized, to see if the project falls within the budget. Mr. Barnes understands the bid environment is a moving target and there are changes in labor costs, commodities, and technologies, however, it is important for the Port to continue pursuing ambitious projects and know that sometimes there will be setbacks.

Mr. Robison stated an engineer's estimate is utilized for several things, however, it is not an estimate of total budget costs, but more of an estimate of construction costs. An engineer's estimate is used so contractors and sub-contractors can see if the project is bondable within their limits. In addition, it helps determine insurance rates, which are included in the bid. An engineer's estimate is a guideline for several factors, however, it is based on expectation and hope and strategy, and is not an exact science.

Mr. Novakovich appreciates Mr. Robison's presentation and stated the Port has promised the public amenities that is beyond what the community has seen, and with that comes complexity and risk. The Port has a budget to deliver high class projects and create something the public wants, while being good stewards of the tax payer's money. The Port may only be able to complete one project at a time, but we are committed and with that comes risk. Staff and the consultants cannot anticipate everything that is going to happen, for example, with the Wine Village, staff did an excellent job, but we were blindsided by the market and the local expertise that was available. The Commission agreed to move forward with the Wine Village design, but the project did not come in where we expected. Mr. Novakovich stated the Port needs realize there will be risk involved for any project and we need try to manage the risk as carefully as possible, with the help of our staff and our consultants.

Mr. Barnes agrees with Mr. Novakovich and stated there are ongoing risks associated with constructions and there are lenders that won't make construction loans because of the risk. The Port does not build houses or cookie cutter projects that provide historical data, but builds unique projects. Mr. Barnes stated it is important to continue to build unique projects, but do the best we can to keep the costs at a reasonable level and rely on trusted professionals to help us determine costs.

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Mr. Robison stated staff has done a very good job managing risk overall.

Mr. Peterson presented the risk tolerance slide, which outlines Port projects based on risk and complexity. Mr. Peterson stated risk is a measure of uncertainty in process, price and predictability. A low risk and predictable project is Oak Street Development Building C, which is a 12,000 square foot building that is very easy to replicate. The risk and predictability increases when the Port remodels a building, because there may be surprises when you open up the wall. Interesting projects such as the Columbia Drive Loop Road and the Willows redevelopment increases in risk because of the cost and complexity. Phase I of Vista Field will include several unique items, such as a water feature, an elevated tower and narrow roads, which increases the risk exponentially. Additionally, the 1135 project is a higher risk project because of the 50% contingency and working in the water. Mr. Peterson stated warehouses are important, however, it is the unique projects within our community that are risky.

Mr. Novakovich stated the Port has only so much money for construction projects and it is important to be good stewards, however, it is equally important to listen to the community's ideas and try to bring them to fruition.

Mr. Arntzen reiterated that staff will be meeting with Mr. Qamar and Mr. Mehaffy this week and asked for guidance and direction regarding elements for Phase I of Vista Field. Mr. Arntzen stated elements such as the water feature and narrow roads will be very challenging and risky, whereas the plaza may be more predictable, in terms of costs. Furthermore, Mr. Arntzen understands that our recent track record has raised legitimate questions and concerns and asked the Commission where they would like to see the project in terms of predictability and economic factors.

Mr. Novakovich reiterated that Mr. Arntzen would like direction on Phase I, whether the Commission would like to see unique items that create risk or basic elements that will produce predictable costs.

Mr. Barnes believes the objectives for Vista Field should be as high as possible, if the Port constructs standard strip centers and cookie cutter homes, the development will fail. Mr. Barnes hopes the Port is ambitious in creating something that is in line with vision that has been drawn out by DPZ in the Draft Master Plan. Mr. Barnes understands Mr. Arntzen's concerns and stated he does not want to see standard, cookie cutter construction at Vista Field. Mr. Barnes inquired if Phase I could be constructed in modular components, which would establish the basic components and then add on as many creative and innovative elements as we can. If Vista Field can be constructed in modular components, then the Port could move forward with the budget and contain costs.

Mr. Arntzen stated the modular approach does not always solve the question of predictability because of the complexity of the project. Mr. Arntzen stated the engineer's estimate is our best



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guess, but the Port is not the contractor and if a narrow street is estimated at \$300,000 but comes in at \$400,000, how would the Port move forward.

Mr. Barnes would like to see as many elements included in Phase I rather than reducing the cost of the project. If there are 7 or 8 elements and the cost exceeds the budget, the Port could choose which element to remove and construct that element in another phase. Mr. Barnes would like to maintain complexity and the unique and ambitious features of Vista Field, rather than designing a simpler development.

Mr. Novakovich agrees and stated if the Port has a certain amount to invest in the redevelopment and the Commission understand the risks, the Port can maintain the quality and expectation of the community by looking at associated costs for each element. Mr. Novakovich stated if the Commission understands the cost of each element, then we can decide which elements to include based on the risk factor and cost, while maintaining a first class development and realizing we many not being able to do everything.

Mr. Arntzen is unsure if the project could be segmented, as Mr. Barnes and Mr. Novakovich suggested.

Mr. Moak inquired if some elements can be included as alternates to the base bid.

Mr. Arntzen is not sure alternates can be done on large scale projects such as this and deferred to Mr. Peterson. Mr. Arntzen would like to present the basics of Phase I, which would be a reasonable plan that the public finds acceptable for the beginning construction of Vista Field.

Mr. Peterson is unaware if the alternates could exceed the base bid, and deferred to Ms. Luke. Mr. Peterson believes advertising a bid with various pieces would create too much confusion.

Mr. Barnes stated many of these elements have been done before and inquired why the design professionals cannot design to a budget of \$5,000,000.

Mr. Peterson stated some elements are more predictable, however, elements such as the water feature and the pavilion/tower, even though they may have been done before, may require a higher contingency.

Mr. Novakovich stated from the discussion, it is obvious the Commission cannot pick and choose elements for this project. Mr. Novakovich inquired if staff is looking for direction regarding how much contingency should be allocated and what the Commission is willing to risk to get the highest quality development. Mr. Novakovich asked Mr. Kooiker if the Port has an additional funding source for Vista Field.

Mr. Kooiker stated the Port does not have an additional funding source beyond the loan, which the Port will pay debt service on for 10 years, however, determining the timing and sequencing of Phase I is important so the Port can sell lots, which will bring in revenue for Phase II.

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Mr. Novakovich stated one of the items the Port needs to focus on other than providing unique elements is ensuring the correct infrastructure is in place, so lots can be sold, to move the project forward.

Mr. Arntzen stated he will use the \$5,000,000 budget as the not to exceed level and believes he will be able to present a fantastic plan with a contingency, which may or may not exceed the engineers estimate and asked for Commission leeway if the estimate is higher, but still under budget.

Mr. Barnes stated if the Port is going to be ambitious by installing unique elements, then we run the risk of complexity and uncertainty, however; if the Port chooses to install basic cookie cutter elements, the Port runs a greater risk in the eyes of our constituents. Mr. Barnes hopes the Port does not compromise or sacrifice elements to have greater cost certainty.

Mr. Novakovich stated the Commission is willing to take the risks, up to \$5,000,000, no matter what the engineer's estimate may be.

Mr. Moak believes the Port needs to hold the contractors accountable and our consultants should help advise us on the risk. Mr. Moak inquired if the Port can research the elements, such as the narrow road and determine the issues to help mitigate the risk, by contacting communities that have installed the narrow street before.

Mr. Peterson stated the Port takes risk in terms of bids, whereas the contractors takes the risk on what project they bid, and for some contractors, it is not the worth the risk.

Mr. Moak would like the wow factor at Vista Field and understands that there is risk in the water feature, however, a good water feature can be astonishing. Mr. Moak is looking for something spectacular that drive people to want to live at Vista Field.

Mr. Arntzen appreciates the discussion and stated staff previously directed Mr. Qamar and Mr. Mehaffy to look at several elements for Phase I, including the hangars. Mr. Arntzen stated after the meeting with DPZ, Mr. Arntzen will apprise the Commission of what can be accomplished, within the budget and identify items that may be risky. Mr. Arntzen is optimistic that staff can bring forth a reasonable plan with bigger contingencies, which the public will approve of.

Mr. Moak stated when the public is able to see Phase I plans, then we can discuss the issues. It is important to understand the issues and look at the trade-offs associated with the project.

Mr. Novakovich believes the Commission is comfortable with Mr. Arntzen's duties and will not criticize Mr. Arntzen for taking risks.

Mr. Barnes is comfortable with the high level of risk for Vista Field believes the community expects to see something great.

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Mr. Moak stated with Mr. Robison and Rowan Estimating as part of our team, he has a greater level of confidence and using our professionals to obtain estimates will help minimize the risk.

Mr. Arntzen and staff will continue to work with the DPZ Portland team, however, staff will also ask the DPZ Miami team review the plans for additional input. Mr. Arntzen would like to invite Ms. Plater-Zyberk to the Tri-Cities to unveil the Phase I plan.

Mr. Barnes appreciates Mr. Arntzen's comments and stated the Port had the Vista Field Charrette two years ago and believes it is time for another session with DPZ Miami.

Mr. Arntzen thanked the Commission for their comments stated it is important to produce a Phase I that is fiscally conservative and exceptional. Furthermore, Mr. Arntzen may ask staff and a Commissioner to travel to Miami to work with the Miami team for additional input to create an exceptional plan.

## ***B. Project Bid Award: Gathering Place, Resolution 2016-32***

Mr. Peterson presented Resolution 2016-32, authorizing a contract between the Port and Big D's Construction of Tri-Cities to construct the Gathering Place, which includes a boardwalk and landscape to showcase the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) heritage artwork. The Gathering Place project has been bid twice and each time the lowest responsive bid exceeded the budget. Staff worked with the design team and the CTUIR to reduce the cost while retaining the core principal to create a special location for the placement of the CTUIR heritage artwork. Included in the bid were to alternates to consider:

- Alternate A: Installation of a speed hump on Clover Island Drive;
- Alternate B: Demolition of the old Port Office Building and the adjacent pump house building.

For Commission consideration, Resolution 2016-32 includes the Base Bid and Alternate B for the sum of \$575,333.00 plus applicable tax. At this time staff recommends rejecting Alternate A to stay in line with the budget.

Mr. Moak inquired if the speed hump is essential to the project or if there are other ways to slow traffic down.

Mr. Peterson stated a speed hump was included in the Clover Island Master Plan and over the past several years, there has been a strong pedestrian connection on Clover Island and the speed hump is a way to slow traffic down on Clover Island. Mr. Peterson stated the speed hump can be added in at a later date through a small works project.

## **PUBLIC COMMENTS**

No comments were made.

***MOTION: Commissioner Barnes moved for approval of Resolution 2016-32, authorizing the Port's Executive Director to execute the contract with Big D's Construction of Tri-Cities, Inc. for construction of the Gathering Place and demolition of the former Port office building and Ranney collector pump***



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*house building on Clover Island, rejecting Alternative A and including Alternative B, for the sum of \$575,333.00, plus applicable tax; Commissioner Moak seconded.*

*Discussion:*

*Mr. Moak indicated a lot of work has taken place on this project over the last few years and the artwork reflects our partnership with the CTUIR. Mr. Moak stated this is a great project that helps the Port to continue developing the Kennewick Waterfront and moves us forward.*

*Mr. Novakovich complimented staff and stated it would have been easy to get discouraged but you continued to move forward. Mr. Novakovich thanked staff for helping this project come to fruition.*

*With no further discussion, motion carried unanimously. All in favor 3:0.*

## RECESS

*Mr. Novakovich recessed the meeting 3:41 p.m. for a break and will reconvene at approximately 3:50 p.m.*

*Mr. Novakovich reconvened the meeting at 3:50 p.m.*

## PUBLIC HEARING

*Mr. Novakovich opened the public hearing for discussion on the Comprehensive Scheme of Development and Harbor Improvements.*

### ***A. Comprehensive Scheme of Development and Harbor Improvements; Resolution 2016-33***

Mr. Floyd presented for Commission consideration Resolution 2016-33, amending the 2011 Comprehensive Scheme of Development and Harbor Improvements. The document includes the requested updates from the October 11, 2016 Commission meeting which focuses on community revitalization. Additional clarifications were made to the City of Richland Island View project and the West Richland Light Industrial Property will now be referred to as the Former Tri-City Raceway Redevelopment Property. Furthermore, staff reviewed the document last week for one final edit and Mr. Floyd stated a few minor cosmetic issues will be addressed once the document is approved, however, the content will remain unchanged.

Mr. Peterson stated if the Commission chooses to amend the Comp Scheme, this will supersede and replace the 2011 Comp Scheme.

Mr. Arntzen stated staff and Mr. Floyd came up with a very good process for updating the Comp Scheme and were very thorough throughout the process. Furthermore, Mr. Arntzen was pleased with the retreat and how the Commission were on-point during the discussions. Mr. Arntzen commended the Commission, our jurisdictional partners, the public, staff and Mr. Floyd for creating a well written document that is focused and succinct.

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## PUBLIC COMMENTS

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick appreciates staff clearing up the Capital Improvements Table located on Appendix E, page E-2, and adding footnote b which states that this amount is a debt service payment and not a true capital improvement expenditure.

No further comments.

*Mr. Novakovich closed the public hearing.*

**MOTION:** *Commissioner Barnes moved approval of Resolution 2016-33, amending the Comprehensive Scheme of Development; Commissioner Moak seconded.*

### ***Discussion:***

*Mr. Moak took part in the public meetings and appreciates the public participation. Mr. Moak stated the document provides a good direction for the Port and narrows the focus on the properties, such as renaming the Tri-City Raceway to the Former Tri-City Raceway Redevelopment Property and creating a timeline for development. The document delivers a focused direction and Mr. Moak appreciates Mr. Floyd and staff for working on this over the past two years.*

*Mr. Barnes agrees with Mr. Moak and thanked Mr. Floyd and staff for all of their work. The Port changed direction and evolved when the Commission decided to close Vista Field. In this updated Comp Scheme the Port focuses on urban revitalization and redevelopment. As Mr. Robison eluded to earlier, Port projects are unique and well received by the community.*

*Mr. Novakovich concurs and thanked Mr. Floyd and staff for creating an awesome document.*

***With no further discussion, all in favor 3:0. Motion carried unanimously.***

## REPORTS, COMMENTS AND DISCUSSION ITEMS

### ***A. West Richland (former Tri-City Raceway) Master Plan***

Mr. Peterson stated before the Commission is the Draft Master Plan for the former Tri-City Raceway Redevelopment Property, which details the layout for the Port's 92 acres of property located in the City of West Richland. The Draft Master Plan outlines the following items: access to the property, infrastructure that will need to be included, small land public right-of-ways; Bonneville Power Administration Easements and design standards; and key concepts. Mr. Peterson stated the Commission previously approved the Amended Comp Scheme, which outlines a project timeline of 4-7 years. In the interim the Port and the City of West Richland will look at a joint project of extending utilities to the Former Tri-City Raceway Redevelopment Property. The City of West Richland recently opened the wine wastewater treatment facility to service the local wineries from the Red Mountain AVA and spur additional private sector development.

The Port and City will look at offsetting costs with federal and state grant funding for Phase I of the development. Furthermore, lots will be sold on ½ acre or larger parcels because of the non-compete clause with the City of Kennewick and the Columbia Gardens Wine Village.

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Mr. Peterson stated the Final Master Plan will be presented to the Commission at the December 13, 2016 meeting. Furthermore, if the Commission has any additional comments to please email him by November 23, 2016.

Mr. Arntzen stated by having the non-compete clause, the City of Kennewick will invest approximately \$4,900,000 in Columbia Gardens.

## ***B. Columbia Drive Update***

Mr. Peterson stated work continues at the Columbia Gardens site and Banlin Construction is preparing to pour the footings on Friday. Mr. Peterson reported that local construction crews are very busy and the concrete work for the Gathering Place will be executed by a firm out of Walla Walla.

## ***C. 2017 Committee Assignments***

It is the consensus of the Commission to accept the 2017 Committee Assignments as proposed.

## ***D. Commissioner Meetings (formal and informal meetings with groups or individuals)***

Commissioners reported on their respective committee meetings.

## ***E. Non Scheduled Items***

1. Mr. Novakovich stated he recently visited with a constituent who was impressed with the Port of Kennewick and the projects that we undertake. Furthermore, Mr. Novakovich received a note from Paul Marshall, Deputy Director of Washington State Transportation Commission, stating "it was wonderful to see all the redevelopment activities completed or underway by the Port of Kennewick; and with Vista Field, the best is yet to come."
2. Ms. Scott reminded the Commission and public that the November 22, 2016 Commission meeting is cancelled and the next meeting will be December 13, 2016.

Ms. Scott stated Ben Franklin Transit will have a dedication ceremony of the three new trolleys on November 9, 2106 at 10:30 a.m.

3. Ms. Bader Inglima congratulated the Commission for moving forward on the Gathering Place and stated the CTUIR and artist will be pleased to see the artwork placed. Ms. Bader Inglima stated once the work is completed at the Gathering Place, the Port will have additional upland space available for additional commercial development on Clover Island.

Ms. Bader Inglima stated the *Port of Kennewick Newsletter* went out today in the *Tri-City Herald* and will be included in the *Journal of Business* and the *Senior Times*. It is also available at the front desk or on the Port website.

Ms. Bader Inglima reported that the Tri-City Regional Chamber of Commerce holds polls during their lunches and recently, the question was "which of these do you believe would have the greatest impact in building a strong entrepreneurial ecosystem in the Tri-Cities?" The choices were:



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- Building on the assets we already possess;
- Creating an atmosphere of radical inclusivity;
- Educating community leaders; or
- Infusing arts into our cities.

Ms. Bader Inglima reported that 34% of the attendees believed that infusing arts into our community would have the greatest impact in building entrepreneurial ecosystem and congratulated the Commission for being leaders. Ms. Bader Inglima appreciates the investments in our community.

4. Mr. Arntzen stated the Washington Public Ports Association Annual Conference is next week and asked Ms. Scott to brief the Commission on the schedule. If the Commission has further questions, please contact Ms. Scott.

Ms. Scott stated the conference begins the morning of Wednesday, November 16, 2016 and Mr. Arntzen will be heading up one of the round table sessions on tribal partnerships. The conference finishes up on Friday, November 18, 2016, after the Board of Trustees Meeting.

Mr. Arntzen stated the Unified Wine and Grape Symposium will be held in late January and feels this will be a good year to send a small group to Sacramento to discuss Columbia Gardens, the Willows and Culinary Institute. Mr. Arntzen stated Mr. Moak attended the Symposium two years ago and inquired if any Commissioners are interested in attending.

Mr. Barnes has not attended and is interested in attending the Symposium.

Mr. Arntzen and City Manager, Marie Mosely met with the Columbia Basin College Board of Trustees to discuss the Willows. Mr. Arntzen stated about 30 people were in attendance and were very excited to hear about the new project. Mr. Arntzen is excited about partnering with CBC, and feels they have a solid reputation for doing things right.

Mr. Arntzen reported staff has been informally approached about the 211 building and hopes to share a proposal with the Commission at the next meeting. Mr. Arntzen stated the Port has been trying to avoid demolishing the building, and recently a business has shown interest in the site that is consistent with Columbia Gardens and the Culinary Institute.

5. Ms. Luke stated her day revolves around risk management and she wanted to commend Mr. Arntzen and staff for presenting the risk management discussion to the Commission and believes the presentation will serve you well.

Mr. Moak inquired if Ms. Luke gives her perspective after the contract has been approved or if she were able to do it beforehand.

Ms. Luke stated she will assist at any time, from the beginning when identifying issues of risk, from a legal perspective, to cleaning up the contract if the issues were not identified.

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6. Ms. Hanchette commented on our local construction climate and stated the construction of the new Auto Zone warehouse is utilizing many local contractors. The Port utilizes Cascade Fire Protection frequently, and they have half of their staff installing 8,000 sprinkler heads at the new warehouse facility.

## PUBLIC COMMENTS

No comments were made.

## COMMISSIONER COMMENTS

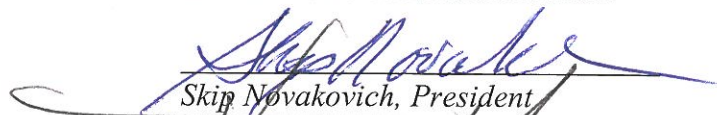
No comments were made.

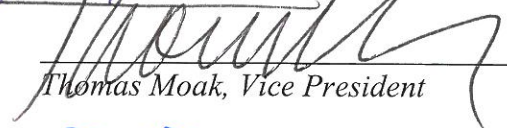
## ADJOURNMENT


With no further business to bring before the Board; the meeting was adjourned 4:28 p.m.

**APPROVED:**

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**

  
Skip Novakovich, President

  
Thomas Moak, Vice President

  
Don Barnes, Secretary

**PORT OF KENNEWICK**  
**Resolution No. 2016-31**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE PORT OF KENNEWICK ACCEPTING THE COLUMBIA GARDENS WINE  
VILLAGE PHASE #1 UTILITY PROJECT**

**WHEREAS**, Big D's Construction of Tri-Cities, Inc. provided notification that the utility improvements for the Columbia Gardens Wine Village to the has been substantially completed in accordance with the plans and specifications; and

**WHEREAS**, Meier Architects, Port of Kennewick staff and City of Kennewick Public Works Department 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 Big D's Construction of Tri-Cities, Inc. 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 8th day of November 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. 2016-32**

***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF  
KENNEWICK ACCEPTING AND AWARDING A PROJECT CONSTRUCTION  
CONTRACT FOR THE GATHERING PLACE PROJECT ON CLOVER ISLAND***

**WHEREAS**, a request for bids for the construction a boardwalk and landscaping improvements and building demolition on Clover Island was properly advertised with the approved plans and specifications being made available to prospective bidders; and

**WHEREAS**, construction bids have been received and staff and the project architect have certified that the bids received are in compliance with the plans and specifications; and

**WHEREAS**, the staff and the project architect have certified that the low bidder for the project is Big D's Construction of Tri-Cities, Inc. in the amount of \$411,986.00, plus applicable tax, for the base bid work which includes construction of boardwalk and landscape improvements known as the Clover Island Gathering Place and that such bid is in compliance with the plans and specifications; and

**WHEREAS**, the staff and the project engineer have certified that the low bidder also provided a bid in the amount of \$163,347.00, plus applicable tax for Bid Alternative B work which includes demolition of the former Port office building and Ranney Collector pump house and construction of a viewing platform atop the former pump house, and that such bid is in compliance with the plans and specifications; and

**NOW THEREFORE, BE IT RESOLVED** that the Port of Kennewick Commission does hereby accept the base bid of Big D's Construction of Tri-Cities, Inc. for the construction a boardwalk and landscaping improvements on Clover Island as the low bidder in the amount of \$411,986.00, plus applicable tax and hereby awards the construction contract to said low bidder.

**BE IT HEREBY FURTHER RESOLVED** that the Port of Kennewick Commission does hereby reject the Bid Alternative A of Big D's Construction of Tri-Cities, Inc. for the construction of a traffic calming speed hump on Clover Island Drive in the amount of \$25,324.00 plus applicable tax,

**BE IT HEREBY FURTHER RESOLVED** that the Port of Kennewick Commission does hereby accept the Bid Alternative B of Big D's Construction of Tri-Cities, Inc. for the demolition of the former Port office building and Ranney Collector pump house and construction of a viewing platform atop the former pump house in the amount of \$163,347.00 plus applicable tax and hereby increases the construction with said low bidder to include this work.

**BE IT HEREBY FURTHER RESOLVED** that the Chief Executive Officer (CEO) is authorized to enter into a contract between the Port of Kennewick and Big D's Construction of Tri-Cities, Inc. for \$575,333.00 plus applicable tax for the construction a boardwalk and landscaping improvements and building demolition on Clover Island and that the CEO is further

authorized to proceed with all necessary procedures required to complete construction of the project.

**BE IT HEREBY FURTHER RESOLVED**, that the Chief Executive Officer is authorized to amend the 2015-2016 capital budget to reflect the actual bid cost of the project.

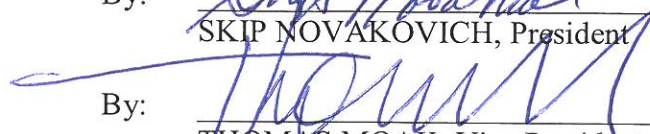
**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 8th day of November, 2016.

***PORT of KENNEWICK***  
***BOARD of COMMISSIONERS***

By:

  
SKIP NOVAKOVICH, President

By:

  
THOMAS MOAK, Vice President

By:

  
DON BARNES, Secretary

**PORT OF KENNEWICK**  
**Resolution No. 2016-33**

***A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE PORT OF KENNEWICK ADOPTING AN UPDATE TO ITS  
COMPREHENSIVE SCHEME OF DEVELOPMENT***

**WHEREAS**, RCW 53.20 requires Port districts to adopt a Comprehensive Scheme of Development and Harbor Improvements which serves as the guide for future Port investment and actions; and

**WHEREAS**, the Port adopted a Comprehensive Scheme of Development in 2011 which has been implemented over the last five years and amended in 2013 to reflect the closure and redevelopment of the former Vista Field Airport; and

**WHEREAS**, the Port of Kennewick has and will continue to play a role in accommodating economic growth by acquiring, developing, selling and leasing land; and

**WHEREAS**, as required by law, the Board of Commissioners conducted a public hearing on the question of whether or not its Comprehensive Scheme of Development should be updated at a meeting of the Board of Commissioners held in the Commission Chambers of the Port Offices located at 350 Clover Island Drive, Kennewick, Washington at 2:00 pm on November 8, 2016; and

**WHEREAS**, notice of such hearing was given as provided by law (copy of said notice attached hereto as "Exhibit 1" and "Exhibit 2" and such public hearing was held at such time and place and on said date; and

**WHEREAS**, after discussion and consideration of the proposed update to said Comprehensive Scheme, the Board of Commissioners determined that said scheme should be updated.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the Board of Commissioners of the Port of Kennewick that after and pursuant to a public hearing held on the 8<sup>th</sup> day of November 2016, after notice thereof duly given in the manner required by law, the Board of Commissioners of the Port of Kennewick does hereby adopt the Update to the Comprehensive Scheme of Development as identified as "Exhibit 3".

**BE IT FURTHER RESOLVED** that previous versions of the Comprehensive Scheme and resolutions amending the previous Comprehensive Schemes are superseded by this new Comprehensive Scheme Update document.

**ADOPTED** by the Board of Commissioners of Port of Kennewick on the 8th day of November, 2016.

***PORT of KENNEWICK  
BOARD of COMMISSIONERS***

By:   
SKIP NOVAKOVICH, President

By:   
THOMAS MOAK, Vice President

By:   
DON BARNES, Secretary

10B

TRI-CITY HERALD

WEDNESDAY NOVEMBER 2 2016

IS EXPECTED TO BE  
the District's Board of Commissioners.  
#2716292 10/26 & 11/02/2016

**PORT OF KENNEWICK  
PUBLIC HEARING NOTICE**

NOTICE IS HEREBY GIVEN that a Public Hearing will be held on Tuesday, November 8, 2016 at 2:00 p.m., or as soon thereafter as possible, in the Commission Chambers at the Port of Kennewick, 350 Clover Island Drive, Kennewick, Washington, to receive statements for and against adopting the port's Comprehensive Scheme of Development and Harbor Improvements (commonly known as Comp Scheme). The public is welcome and encouraged to attend.

/s/ Skip Novakovich,  
President, Board of Commissioners  
Port of Kennewick

Notice Dated: October 31, 2016

Please Direct Questions to:

509 586 1186

#2763688 11/02/2016

WASHINGTON STATE DEPARTMENT

SUNDAY NOVEMBER 6 2016  
TRICITYHERALD.COM

## PORT OF KENNEWICK PUBLIC HEARING NOTICE

NOTICE IS HEREBY GIVEN that a Public Hearing will be held on Tuesday, November 8, 2016 at 2:00 p.m., or as soon thereafter as possible, in the Commission Chambers at the Port of Kennewick, 350 Clover Island Drive, Kennewick, Washington, to receive statements for and against adopting the port's Comprehensive Scheme of Development and Harbor Improvements (commonly known as Comp Scheme). The public is welcome and encouraged to attend.

/s/

Skip Novakovich,  
President, Board of Commissioners  
Port of Kennewick

Notice Dated: October 31, 2016

Please Direct Questions to: 509.586.1186



# 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 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 fall 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 urban revitalization and redevelopment. Consistent with Port Commission direction, for the next several years, the Port expects to focus on projects for the Kennewick waterfront and Vista Field, while advancing the West Richland former Tri-City Raceway redevelopment property and the Richland Island View area plans and development activities. Kennewick waterfront urban revitalization 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

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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 plan 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 actions. 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

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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 who 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 (Appendix A include a list of abbreviations used in the document).



The Port held four public workshops in spring 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 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

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

- Undertake Vista Field redevelopment.
- Continue with Kennewick waterfront urban revitalization projects: Clover Island – Shoreline improvements “Gathering Place” and U.S. Army Corps of Engineers (USACE) 1135 program improvements; and Columbia Drive – 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 Tri-City Raceway redevelopment 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. 2014-31) with budget and financing goals for Port projects. This resolution included the following elements:

- 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)
- Working toward closing an existing operating gap between operational revenue coming in and expenses



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

## Port History

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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 dredge 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 urban revitalization and 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.

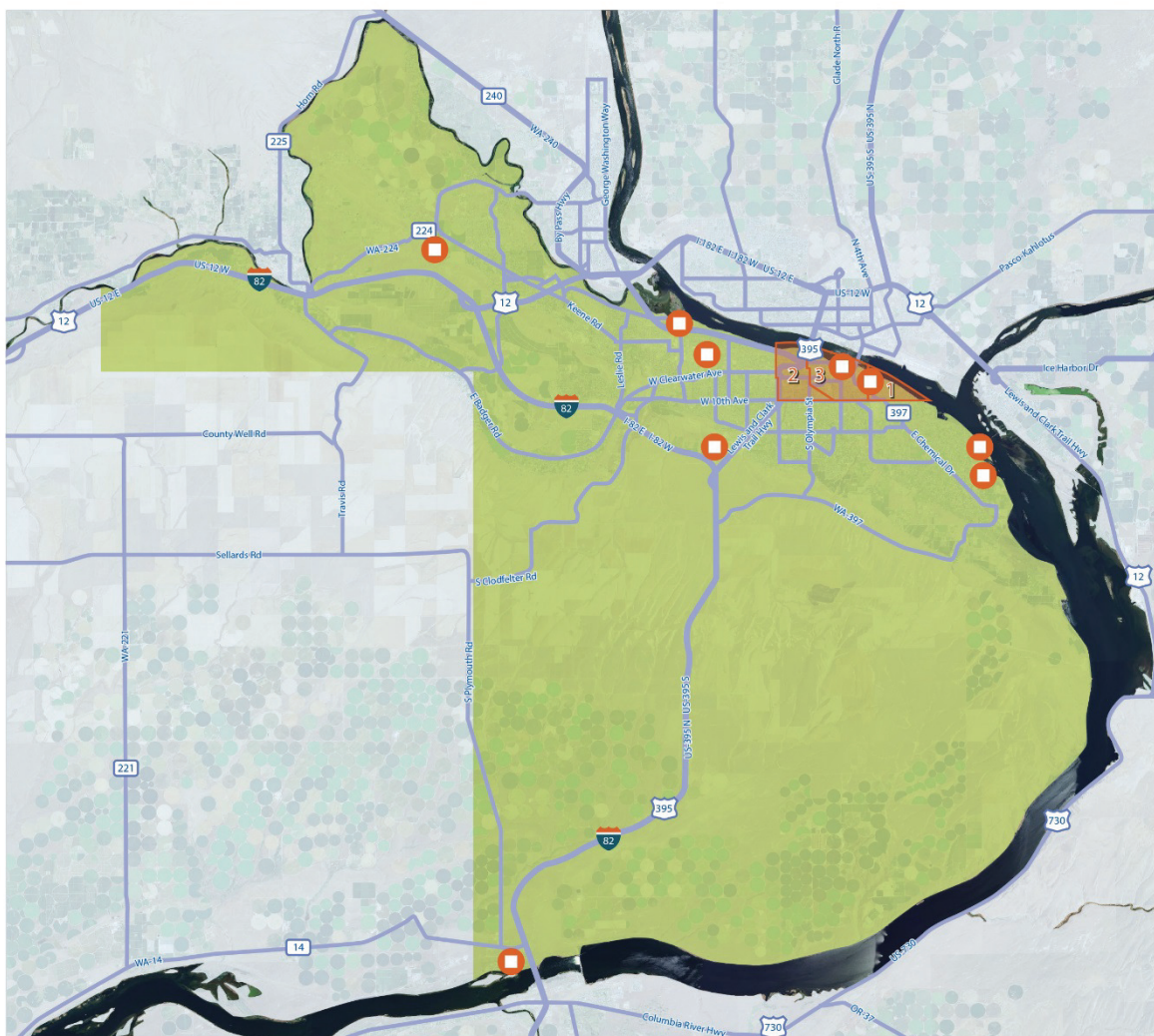
The Port has achieved several notable successes during its 100-year history, including success in barging, warehousing, rail services, and industrial development. The Port has fostered the creation of thousands of jobs in the Port District boundaries, stimulating Clover Island and Spaulding Business Park redevelopment, and helping businesses such as TiLite, GBW Railcar 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 and 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 enlarged the Port District to the current boundaries identified in Figure 2.





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





■ Current Port Properties   
 ■ Current Port Boundaries   
 ■ 1915 Boundaries

**FIGURE 2. SITE MAP**

### Recent Transition to Urban Revitalization and Redevelopment

In recent years, the Port has started to concentrate its efforts on urban revitalization and 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 in 2013, 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 URBAN REVITALIZATION AND 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 former Tri-City Raceway redevelopment property 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

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The Vista Field Airport is 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 fall 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 without Federal Aviation Administration funding 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 Waterfront

The Port currently has two urban revitalization 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 near 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, and 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



**FIGURE 4. COLUMBIA DRIVE URBAN REVITALIZATION AREA SITE MAP**





buildings, making limited infrastructure improvements, grading sites, and establishing development conditions and covenants.

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 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 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 the 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; Figure 5), 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 335 jobs and more than \$40 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 the successful Spaulding Business Park redevelopment and consistent with the City's Comprehensive Plan. Throughout the next several years, the Port will work with the City to identify, support, and/or implement one or more projects that 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 former Tri-City Raceway redevelopment property (93 acres; Figure 6). The Keene Road site is served by municipal services, including water, sanitary and industrial sewer, power, and other utilities. The former Tri-City Raceway redevelopment property 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, which includes the former Tri-City Raceway redevelopment property, was finalized in December 2014, and the City annexation was completed in 2015. This will allow extension of City utilities



**FIGURE 6. WEST RICHLAND SITE MAP**



within the site. The Port and City are master planning the property and envision an industrial hub to support the nearby Red Mountain AVA. 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, with two additional 1-acre parcels ready for business development. The Port continues to market these properties.

The former Tri-City Raceway redevelopment property was recently annexed to the City of West Richland and is zoned Commercial/Light Industrial (CLI). Current Port-owned buildings at this site include the bathroom building and the Racetrack Shop on the racetrack property.

Overall, during the next several years, the Port will work to remove a Kennewick Irrigation District (KID) inundation clause from the former raceway site, and complete master planning. The Port is also pursuing a 10-year joint development agreement with the City of West Richland, and expects to implement one or more projects during the next several years consistent with this agreement. Development of the former raceway 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 former Tri-City Raceway redevelopment property.

The Port is also working with the City to identify shorter term development priorities to focus on from 2017 through 2020, while the longer-term work is being conducted for the former Tri-City Raceway redevelopment property. This shorter term strategy will be approved by the City and Port prior to implementation and will be incorporated by amendment to this Comprehensive Scheme.





## Other Port Properties

### Oak Street

The Oak Street site is in northeast Kennewick off East Third Street 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 buildings and the former Joe Schmidt building, and Industrial Light (IL) for the remainder of the site, which 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 on-site 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 (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 Facilities

Near Vista Field, the Port owns 3.7 acres of industrial property, including Port-owned Vista Field Development Facilities (VFDF) A and B (Figure 8). VFDF 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 FACILITIES SITE MAP**

## Southridge

The Port's Southridge 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. 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 (Figure 10).

The Twin Tracks property is 148 acres and zoned 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. Potable water is available only through exempt wells, and sewer is provided only through on-site 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 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 GBW Railcar, 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.



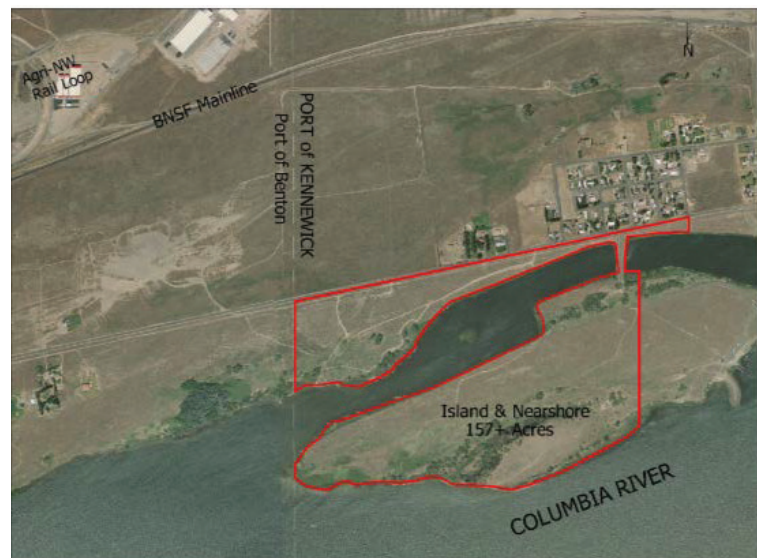
The Hedges Lagoon property is 55 acres and zoned IH, with all but 3.65 acres below the ordinary high water mark. This property has electricity only. The Port could find a public agency such as the Washington State Department of Natural Resources or other resource management agency interested in owning or managing this property for recreation and/or habitat protection purposes. The Port would also want to ensure the arrangement that 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 in southern Benton County near Interstate 82 and State Route 14 (Figure 11). 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 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

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In 2015, the combined property tax revenue received from Port-owned properties in Kennewick, Richland, Benton County, West Richland, and Benton City amounted to \$3,669,499. 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 reimbursements for approved projects 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 Appendix E, Table E-1. This table projects beginning cash balances and reserves, less planned expenditures, including capital projects. The capital projects are summarized below and identified in Appendix E, Table E-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.





# Capital Improvement Plan

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The following capital improvements are planned at the various Port-owned properties, consistent with Port priorities, during the next 10 years:

- **Vista Field Redevelopment** – \$5.9 million in infrastructure and other improvements consistent with the master plan expected to be finalized in early 2017. Land sale revenues from Vista Field are being reinvested in Vista Field redevelopment.
- **Kennewick Waterfront Urban Revitalization** – \$2.9 million, including \$1.3 million to construct and maintain shoreline improvements at Clover Island, in partnership with USACE, and \$1.6 million to continue work at the Columbia Gardens site.
- **Richland Island View** – \$1.9 million to support infrastructure and other potential improvements, with specific projects to be identified in partnership with the City of Richland.
- **West Richland former Tri-City Raceway Redevelopment Site** – \$500,000 to support funding for extending infrastructure to the site and providing on-site improvements.
- **Return on Investment (ROI) Project** – \$6 million on one or more projects to bring in additional operating revenues for the Port.
- **Port Facilities Asset Replacement Program** – \$2.6 million (approximately \$250,000 per year) to support renewal and replacement of Port facilities, with specific projects identified in the Port 2-year operations budget.
- **Opportunity Fund** – \$500,000 (\$50,000 per year) for partnership opportunities. These will include funding requests for community programs or smaller community or Port projects emerging outside of the Port budgeting process. Once funding is allocated for a budgeting period, additional proposals will be considered during the next budgeting period.
- **Rural County Capital Funds Project** – \$1.2 million for an additional project to be funded through this source. This project will be identified in coordination with one or more development partners and selected consistent with the Process for Evaluating Future Investment Opportunities below.
- **Miscellaneous Capital** – \$570,000 for smaller capital expenditures, such as equipment, on Port properties that are expected to emerge during each 2-year budgeting period.

Total capital improvements for the 10-year period (2017 to 2026) add up to \$28.8 million. Table E-2 in Appendix E includes these capital projects on a 10-year timeline. The Capital Improvement Plan is expected to be reviewed annually and updated every 2 years by the Port. 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, and as outlined in the 2017 to 2026 One-time Revenues in Table E-2. The outside sources of revenue include grant funds from the state and federal government, local partnering agencies' contributions for economic development, and private contributions. The one-time revenues include expected land sales from Port properties. These outside revenues and property sales, when combined with the annual revenue available to the Port and less Port annual operating expenses, provide the funds for capital improvements. As noted 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 review the plan annually, with adjustments made as necessary based on any changes in land sale or other assumptions, partner commitments, and other relevant information updates.

## 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.

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 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 project's 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.

## Process for Evaluating Future Investment Opportunities

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### Overview

Consistent with the Port Mission and Goals described above, including the referenced resolution (No. 2014-31) describing Port objectives for budget and financing goals for future Port projects, the Port Commission adopts the following additional policy as part of the 2016 Comprehensive Scheme update. The Port intends to use this process to identify, evaluate, prioritize, and implement its most important future capital projects. The Port Commission recognizes the numerous opportunities regularly proposed for Port 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 and staff, and the public



- *Project Evaluation* – With the assistance of staff, the Port 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.

### 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?
- 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 attract regional and national tourism?

### Social/Environmental/Legal Considerations

Social, environmental, and legal considerations will also be reviewed:

- Is the community involved and supportive of this project?
- If the project is 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 potential adverse impacts associated with the project?
- 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:

- Does the site or project require extraordinary or unique purchase cost, architectural/engineering, or other efforts or commitments of financial or staffing resources?
- 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 project screening shall begin with staff providing a brief description of each project. The Port Commission shall then review, evaluate, and rank each project based on the above criteria. High-priority projects shall be incorporated into the draft work plan.





# 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.





An aerial photograph of a rural landscape, likely a farm or agricultural area. The image shows a grid of rectangular fields, some of which are planted with crops. There are several small buildings, possibly farmhouses or barns, scattered throughout the landscape. A road or path runs diagonally across the middle of the image. The overall scene is a typical representation of a rural agricultural setting.

## Appendix A

### List of Abbreviations

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# LIST OF ABBREVIATIONS

AVA	American Viticultural Area
BNSF	Burlington Northern Santa Fe
CC	Commercial Community
CG	Commercial General
CLI	Commercial/Light Industrial
CM	Commercial Marina
Comprehensive Scheme	Comprehensive Scheme of Development
CTUIR	Confederated Tribes of the Umatilla Indian Reservation
DPZ	Duany Plater-Zyberk
GMA	Growth Management Act
IH	Heavy Industrial
IL	Industrial Light
ISI	Integrated Structures Incorporated
KID	Kennewick Irrigation District
MOU	Memorandum of Understanding
PNNL	Pacific Northwest National Laboratory
Port	Port of Kennewick
RCW	Revised Code of Washington
ROI	return on investment
UGA	Urban Growth Area
UP	Union Pacific
USACE	United States Army Corps of Engineers
VFDF	Vista Field Development Facilities
WESD	Washington State Employment Security Department





An aerial photograph of a rural landscape, likely in the Midwest, showing a grid of agricultural fields and scattered farm buildings. A prominent road or railway line runs diagonally across the lower half of the image. In the background, a range of hills or mountains is visible under a clear sky.

## Appendix B Partner, Public Meeting, and Port Commission Retreat Summaries

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## MEMORANDUM

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<b>To:</b>	Tom Moak, Port Commissioner Larry Peterson, Director of Planning and Development Port of Kennewick	<b>Date:</b>	June 2015
<b>From:</b>	Ben Floyd, Anchor QEA, LLC	<b>Project:</b>	140691-01.01
<b>Cc:</b>	Port Public Partners		
<b>Re:</b>	2015 Comprehensive Scheme of Development Update – Partner Meeting Summaries		

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In March and April 2015, Port of Kennewick (Port) leaders met with representatives from the cities of Benton City, Kennewick, Richland, and West Richland, and the Ports of Benton and Pasco, in preparation for the 2015 Comprehensive Scheme update. A summary of the discussions from these meetings is provided in this memorandum. A summary of meeting dates and attendees are provided in Table 1.

**Table 1**  
**Port Public Partners Meetings**

Date	Public Partners	Attendees	Port of Kennewick Attendees
3/13/2015	Benton City	Mayor Lloyd Carnahan, Stephanie Haug, City Clerk	Larry Peterson, Planning Director Ben Floyd, Anchor QEA
3/13/2015	Benton County	Commissioner Jim Beaver Adam Fyall, Parks and Recreation Director	Larry Peterson, Planning Director Ben Floyd, Anchor QEA
3/13/2015	City of West Richland	Mayor Brent Gerry Aaron Lambert, Comm. Dev. Director Roscoe Slade, Public Works Director	Larry Peterson, Planning Director Ben Floyd, Anchor QEA
3/27/2015	Port of Pasco	Randy Hayden, Executive Director Gary Ballew, Director of Economic Development and Marketing	Tom Moak, Port Commissioner Larry Peterson, Planning Director Ben Floyd, Anchor QEA
4/10/2015	Port of Benton	Scott Keller, Executive Directors	Tom Moak, Port Commissioner Larry Peterson, Planning Director Ben Floyd, Anchor QEA



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Date	Public Partners	Attendees	Port of Kennewick Attendees
4/10/2015	City of Richland	Bill King, Deputy City Manager Brian Moore, Redevelopment Project Supervisor Pete Rogalsky, Public Works Director	Tom Moak, Port Commissioner Larry Peterson, Planning Director Ben Floyd, Anchor QEA
Multiple dates	City of Kennewick	Several City staff	Several Port staff

### **Benton City – March 2015**

- City is working on appraisal for Washington Department of Natural Resources (DNR) lands south of I-82; issue with federal Bureau of Land Management ownership and ability to transfer out of federal ownership.
- Port of Kennewick could potentially assist with infrastructure on I-82 sites.
- City still needs to coordinate with the Kennewick Irrigation District (KID) on the land they own at the I-82 site to see how they might participate as a potential development partner.
- Planned interchange improvements that would be beneficial to the City:
  - Phase 1 – Round-about improvements (potential for construction in Fall 2018).
  - Phase 2 – Red Mountain Road freeway interchange.
- Considering development potential in the downtown area.
- Redevelopment with historic building structures.
- The wine barrel manufacturing business is doing well.
- Business in town that manufactures steel tanks for the wine industry is doing well (producing 100 to 200 tanks per year).
- Benton City retail competes with Queensgate development in Richland.
- Relies on up to 15,000 in population within the school district.
- The City wondered whether the Port had experience with commercial kitchens. They were considering whether there was an opportunity to use an existing kitchen in a restaurant.

### **Benton County – March 2015**

#### ***Vista Field***

- Send follow-up email to Commissioner Beaver regarding monthly meetings.
-

- Discussed the possibility of a proposed driving aisle through the County's Justice Center parking that would improve connection between Vista Field and Columbia Center.
- The Port is coordinating with Ben Franklin Transit.
- Explore opportunities to connect the Richland Museum District/Hanford Reach Center with Vista Field.

### ***Badger Mountain Trailhead Parking***

- The County appreciates the support the Port provided of \$150,000 to help improve trailhead parking.

### ***Two Rivers Park***

- The County is considering pursuing grant funding for a boardwalk with viewing platform. Port could potentially be a partner to provide support for the County's grant funding request.

### **City of West Richland Meeting Summary – March 2015**

- The City is pursuing a Recreation and Conservation Office (RCO) grant for a trail connecting up with Van Giesen and extending around the perimeter of the West Richland golf course.
  - Racetrack and Red Mountain Center Master Planning:
    - Started in late January 2015.
    - Starting to discuss transportation improvement and changes in road alignments.
    - Zoning changes to have similar development standards.
    - Development targets include wine and spirit-focused businesses.
    - Comprehensive Economic and Development Strategy (CEDS) will include proposed improvements for roads, as well as water/sewer line extensions from planned effluent treatment facility to racetrack.
    - Potential Port partnership on pursuing federal Economic Development Administration (EDA) grant application; seeking \$1.7 million.
      - Submit application by June 2015.
-

- EDA application is triggered if the City received outside funding to help identify equitable ways to distribute funds.
  - State Representative Sharon Brown requesting state funding of \$500,000 in local matching funds.
- Belmont Road Property includes a 10-acre site with city shops, and city is developing design standards.
- Washington State Department of Ecology (Ecology) is looking at wineries on Red Mountain for phased permitting.

## **Port of Pasco Meeting Summary – March 2015**

### General:

- Avoid duplication of work.
- Consider ways to increase access and connectivity between East Pasco and East Kennewick (e.g., water taxi?):
  - Promote collaboration between entities.
  - Enlist congressional support and broaden vision for addressing federal levees.
  - Hold joint commissioners' meetings, followed by tour of East Pasco and East Kennewick.
  - Explore opportunity to share visions and lessons learned.
- 75<sup>th</sup> Anniversary is in August 2015:
  - Celebration event will be held on August 4.
- Port will continue to look for opportunities to develop heavy industrial properties.
- Partnering with Connell on dairy processing feasibility and wastewater analysis.
- Support rail interchange for better access.
- Food manufacturing is a future target industry.

### Marine Terminal Redevelopment

- Maul Foster Alongi is conducting a \$200,000 plan, including offices and retail space with some back-area production, all centered around a market square.
  - The plan envisions an upscale development with southwestern-themed styles similar to examples in San Diego and San Antonio developments.
  - Wineries were not considered in this plan.
  - Consider synergy between Columbia Gardens and the Marine Terminal sites.
-

- Development timeframe is 10 to 15 years.

### **Big Pasco Industrial Center and Osprey Pointe**

- The industrial center is currently at 65% occupancy.
- Building roofs have been replaced and dock maintenance and replacements will occur next.
- Big warehouse capacity is available.
- Large space is more limited for rail lay-down yard needs.
- Parsons invested in some facility updates.
- Flood elevation is 2-feet higher on this site (a Letter of Map Revision has been approved by the Federal Emergency Management Agency for Osprey Point and Big Pasco)].

### ***Tri-Cities Airport***

- The airport is very important for growth and development.
- Port is seeing a 3% increase in air services (number of seats filled).
- Working to secure American Airlines service to Los Angeles.
- Grant application submitted by the Port to Washington State Department of Transportation requesting \$200,000 in funding to support improvements at airport.
- There is a marketing emphasis on northeast Oregon.
- Airport remodel is going well and on schedule to be completed within the 20-year build-out timeframe.
- Airport appearance at the gateway will be improved.

### ***Airport Business Park***

- The site includes 75 acres and includes airport tenants and retail at the major intersections.

### **Port of Benton Meeting Summary – April 2015**

- Port is helping support the Wine Science Center at WSU Tri-Cities:
    - Center is enrolling 180 to 200 new students.
    - Dormitories constructed next to the starch plant just north of the branch campus.
-



- New developments in North Richland includes a new brew pub, GESA Credit Union, and three apartment complexes.
  - 3000 Area property transferred to the Port using the federal Maritime Act:
    - Under this authority, Port cannot sell land.
    - Working on getting deed release so they can sell.
    - Potential industries include research and development, business incubator space, and commercial development.
  - Historical Port policy is not to sell land, but present policy allows selling or leasing:
    - Charge \$3 to \$5 a square foot sale price.
    - There are 100 acres available in North Richland.
    - There are 750 acres in the Manufacturing Mall.
    - There are 71 acres in the 3000 area.
    - There are 200 acres of Hanford property.
  - The Port has begun buying old buildings and fixing them up. For example, there are two older building in Benton City that could be fixed up.
  - The Port receives \$4 to \$5 million a year of rental income (\$1.9 million in taxes), which is covering operation costs.
  - Richland Airport site:
    - Consists of 40 acres.
    - Has a 300-aircraft capacity.
    - Fixed Base Operator does a good job.
  - Prosser Development:
    - Businesses include:
      - Chukar Cherry
      - Prosser Airport (doing well)
      - Milne Fruit
      - Fruit Smart
      - Vintners I (built out)
      - Vintners II (not selling as quickly as Port had expected)
    - Crow Butte Park (breaking even):
      - Port receiving positive feedback for taking over the Park.
-

- \$250,000 in Port property tax revenue per year received from agriculture lands around Crow Butte.

## **City of Richland – April 2015**

### ***Island View***

- Smaller residential parcels need to be consolidated, along with an updated street grid, which is built at a finer scale than needed.
  - Consider coordinating redevelopment planning for this area with the planned City infrastructure improvements:
    - Columbia Park Trail has improvements planned and supported by Transportation Improvement Board funds.
    - Stormwater discharge to the river – funding from Ecology and potential matching Port funds (\$100,000 to \$300,000).
    - Multi-family and mixed-use redevelopment potential.
  - Pedestrian overpass over Highway 240 – Align on Center Parkway or connect to the Island View or Hanford Reach Center.
  - West Columbia Park:
    - Land to south is private.
    - Connect Fowler to Reach Road as part of a Museum District plan.
  - Columbia Center North – Could be potential for mixed use?
    - C2 (current) zoning does not encourage mixed use.
    - Zoning in this area is still residential (and under diverse ownership).
  - Perhaps the Port would consider purchasing vacant properties to south of Hanford Reach Center?
  - Mid- to long-term outlook for Island View:
    - Partner on road project improvements.
    - Develop and begin implementing a strategy for assembling smaller properties.
    - Redevelop Columbia Center North into mixed-use development.
  - Biggest impact opportunity could be to purchase Sleater triangle (triangle next to Highway 240/Columbia Park Trail exit).
  - Parcel record and property boundaries search might prove helpful.
-

- Potential for a restaurant district, similar to Rainey Street district in Austin, Texas, in the small houses near SagePort Grille?
- The City has zoning in place in the Central Business District to encourage the kind of development desired.
- A Memorandum of Understanding (MOU) is in process to address zoning and street vacations, and identify the strategic plan. MOU to be updated following completion of ownership study.

## **City of Kennewick**

### ***Kennewick Waterfront and Vista Field***

- The Port meets regularly with City of Kennewick officials on the two redevelopment projects underway within the City to discuss partnerships, future land use, and infrastructure improvements.
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## MEMORANDUM

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<b>To:</b>	Tom Moak, Port Commissioner Larry Peterson, Director of Planning and Development Port of Kennewick	<b>Date:</b>	June 2015
<b>From:</b>	Ben Floyd, Anchor QEA, LLC	<b>Project:</b>	140691-01.01
<b>Cc:</b>	Port Public Partners		
<b>Re:</b>	2015 Comprehensive Scheme of Development Update – Port of Kennewick: Public Meetings		

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In March and April 2015, in preparation for the 2015 Comprehensive Scheme update, the Port of Kennewick (Port) hosted four public meetings to solicit public input on future use and development plans for the Port properties. Meetings were held in West Richland on March 12, Richland on April 6, and Kennewick on April 9 and 20. A summary of the discussion from these meetings is provided in this memorandum.

### Comments:

#### ***General:***

- Development approaches:
    - Take the time to do it right versus “ready, fire, aim” approach.
  - Consider return for communities in cost/benefit analysis methods.
  - Consider demographic trends; younger demographics are not staying in the area.
  - Clearly identify Port District Commission boundaries.
  - Consider relationship of Port actions to other Ports and regional benefits.
  - Preserve railroad right-of-way for rail purposes.
  - Confirm the mix of projects and properties seems like a “great mix.”
  - Port should weigh in on proposed changes in Benton County land use and zoning that could limit urban sprawl.
  - Industrial areas provide assets.
-

***Vista Field:***

- Opportunities:
  - Work with the Public Facility District (PFD) or performing arts to establish a “cornerstone” in the northwest area.
  - Consider parking or outdoor storage opportunities in the vicinity of the existing runway.
  - Identify other development catalyst opportunities.
- General Considerations:
  - Consider 50 to 60 years out for visioning.
  - The old Amera building is not consistent with the Port’s vision.
  - The southeast area of the Vista Field is in an industrial setting.
  - Develop a memorandum of understanding (MOU) with the City of Kennewick/PFD.
  - Get the Vista Field plan moving with an anchor business/catalyst.
  - Consider how Vista Field redevelopment can affect quality of life for the area.
  - Vista Field Stages 1 and 2 has received kudos.
- Business/Industry Considerations:
  - Performing Arts facility:
    - Conceptual Design for Stage 1 of the facility can provide a development catalyst for Vista Field.
    - The timing for this facility development is approximately 2 to 3 years out, giving the Port time to develop more detailed master plan for Vista Field.
    - The facility is believed to be financially feasible, although funds are not yet secured.
  - Mid-Columbia Symphony is a big asset for the Tri-cities.

***Island View:***

- Opportunities:
    - Small lots that can be reconfigured.
    - Several rental properties currently exist.
-

- There is an opportunity to provide connectivity between Island View and Vista Field.
  - Center Parkway extension is also an opportunity to provide a connection to Island View.
  - The property is located near the Ben Franklin transit center on Columbia River Trail.
  - A future step is to consolidate/reconfigure lands under private ownership.
  - Trail system ideas and comments for connecting Columbia Center, Vista Field and Island View include:
    - o Connections to provide for bicycle/pedestrian access.
    - o Conceptual Plan is needed.
    - o Determine how to provide for a pedestrian bridge on Highway 240 on the Center Parkway alignment.
    - o Vista Field can be connected to the Hanford Reach Center.
    - o Trolley bus line could be a first step to an ultimate physical connection between Vista Field, the Reach Center, and Island View area.
  - Concerns:
    - Compare sprawl associated with greenfield development versus in-fill development that could occur at Island View.
    - Evaluate if there are water quality issues with shoreline.
  - Business/Industry considerations:
    - An investment the Port should consider for development is a Performance and Visual Arts Center.
    - Consider potential development opportunities at Kiona along I-82 south of Benton City.
    - Locust Grove exit and property owned by Trios could be an opportunity area. Potential for trading land with Trios?
    - Small unit nuclear facilities could be an opportunity.
  - General comments:
    - Focus on Island View opportunities.
    - Capture/utilize benefits that can come from a locally, highly educated workforce.
-



- Explore opportunities at Badger Mountain South, supporting a North Richland Bridge, and look at other areas too.
- U.S. Army Corps of Engineers involvement opportunities:
  - Lower levees.
  - Relocate Columbia Park Trail.
  - Redevelop Columbia Center North.
  - Approval to relocate road away from the Columbia River by Hanford Reach Center, opening up more shoreline area for potential development.
  - Approval for developing area around Duffy's Pond.

## Questions and Answers

**Q:** What is the western boundary of the Port district?

**A:** The Port District extends to an area just west of Benton City and near the Yakitat Road exit on I-82, and then along the northern edge of the Horse Heaven Hills just south of I-82, and then in a line roughly along South Plymouth road south to the Columbia River. The Port has a boundary map available with additional detail.

**Q:** Is the Oak Street industrial area still owned by the Port?

**A:** Yes.

**Q:** What is the change in the Urban Growth Area (UGA) boundary in West Richland versus Kennewick?

**A:** The City of West Richland UGA was extended to include the Port's Light Industrial business park (former Tri-Cities Raceway). Kennewick sought a UGA expansion south of I-82 near Locust Grove Road, but this extension has not been approved.

**Q:** Is the Port providing comments on Benton County's zoning/land use revisions intended to reduce sprawl?

**A:** The Port provides comments to the County when necessary.

---

**Q:** What will happen to the old Port office?

**A:** It will be removed as part of Clover Island redevelopment.

**Q:** What type of Clover Island hotel improvements would occur and what would be the length of the lease agreement?

**A:** The Port has been in discussions periodically with Clover Island Inn on potential improvements and expects continued discussions in the future.

**Q:** Are there plans to breach the causeway?

**A:** Federal permitting agencies are not likely to approve a causeway breach, so the Port has stopped pursuing this idea. Additionally, the costs for breaching the causeway could cost several million dollars.

**Q:** How much parking could be provided on Columbia Drive?

**A:** Up to 1.5 acres could be available for parking

**Q:** Is there private sector interest for Vista Field?

**A:** Yes, there is private-sector interest, but the Port is holding off on engaging private-sector investment until a development strategy has been established.

---



An aerial photograph of a coastal town and agricultural fields. The town is built on a flat area with a grid-like street pattern. There are many small houses and some larger buildings. A body of water is visible in the background, and a road or railway line runs through the town. The foreground shows large, rectangular agricultural fields.

# Appendix C

## Port of Kennewick History

### Highlights

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# History Highlights *of the* Port *of* Kennewick

**Prepared for**

Port of Kennewick  
350 Clover Island Drive, Suite 200  
Kennewick, Washington 99336

**Prepared by**

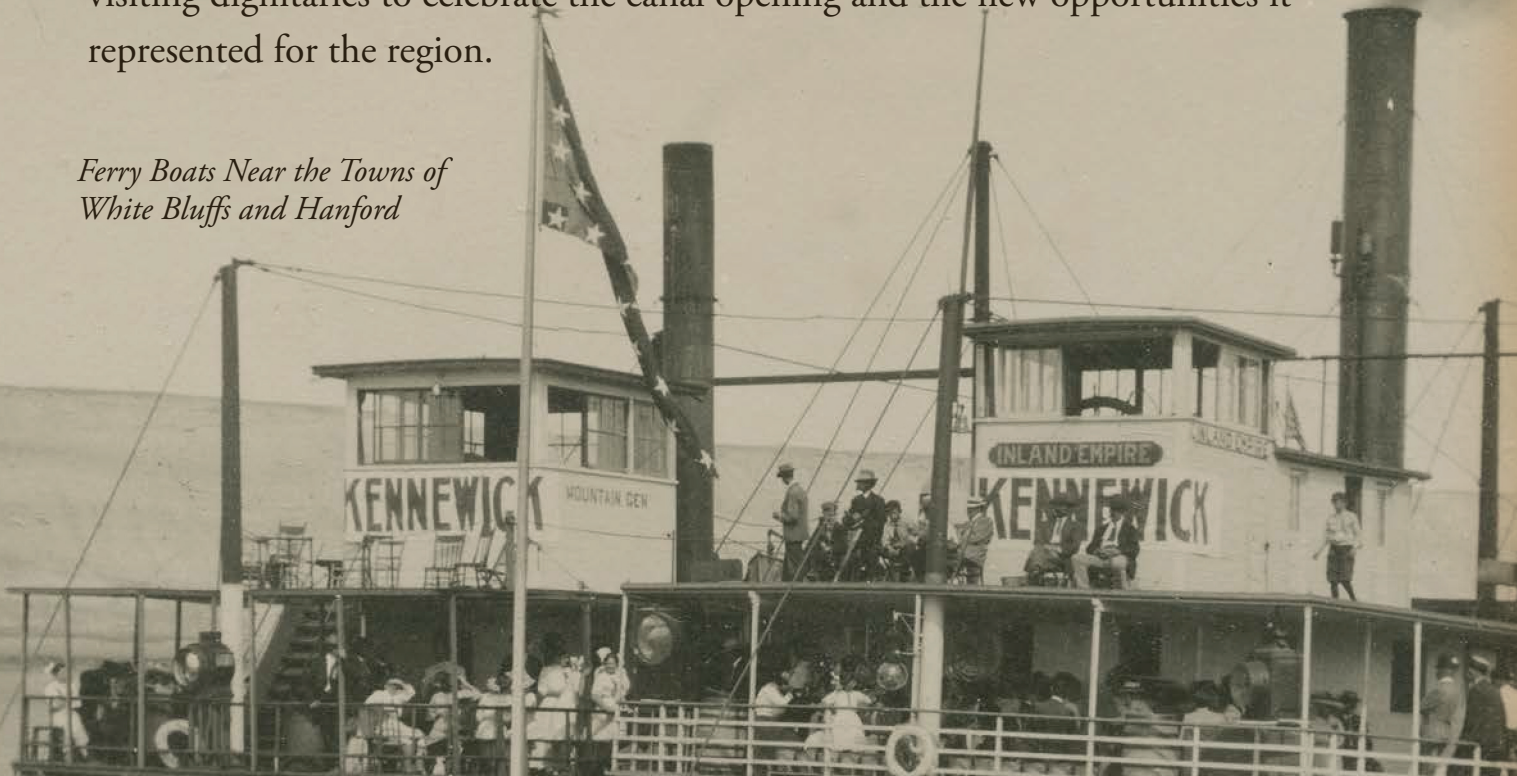
Anchor QEA, LLC  
8033 W. Grandridge Blvd., Suite A  
Kennewick, Washington 99336

March 2015

# Port Created March 6, 1915

Creation of the Port of Kennewick was initiated by the Kennewick Commercial Club, which wanted to capitalize on the Celilo Falls navigation canal (Celilo Canal) opening in May of 1915. The Port creation had strong community support, with 282 out of 379 voters (75 percent) supporting the Port's creation. The opening of the canal allowed river traffic from Portland through the Cascade Canal and Locks and from the Celilo Canal to the upper Columbia and Snake rivers. A grand banquet was held in Kennewick for visiting dignitaries to celebrate the canal opening and the new opportunities it represented for the region.

*Ferry Boats Near the Towns of  
White Bluffs and Hanford*



*"It is not only opportune, but absolutely imperative that Kennewick should be awake and doing her share of this toiling, hoping, progressing. The first step to take is the creation of a port district."*

Kennewick Courier-Reporter Editorial, March 1915





*Celebration of Celilo Falls Canal opening in Kennewick*

The Port of Kennewick immediately began to operate docks, approach and landing facilities, leasing these facilities from the Kennewick Improvement Corporation (a private entity that had organized in 1909 to develop the facilities) for \$1 per year. By the summer of 1915, shipments of cargo and passengers were leaving from and arriving at Kennewick's docks.

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 comprehensive scheme was approved by a small majority (118 to 97), with some controversy regarding whether the public or private sector should be paying for proposed improvements.

The Port's budget was \$2,000 in 1916 and \$1,800 in 1917. During this time, the Port constructed the Ivy Street Terminal for handling cargo and passengers, and also authorized the building of a new warehouse next to the

waterfront to handle record-setting cargo volumes. In 1917, the Port purchased the previously leased land and assets from the Kennewick Improvement Corporation for \$1,200. The following year, steamboat activities came to a halt due to rail competition and barges, which began replacing the less efficient steamboats.

The drop in steamboat traffic and rises in rail and motor vehicle traffic spurred the Port to refocus its activities. For the next several years, the Port concentrated on building rail- and water-transfer facilities and warehouses.



# Docking and Loading Facilities for Boats and Barges

In the early 1900s, the Port of Kennewick provided docking and terminal facilities for steamboats, as a direct result of the opening of Celilo Falls navigation canal. The *Inland Empire* was one of the boats that travelled to Kennewick, where it served as a local ferry for several years, moving goods and people in and around the area from the Port's docking and terminal facilities. A significant flood occurred in 1926 that severely damaged the Port's dock and loading facilities, causing a period of Port inactivity until the 1940s.

In the early 1940s, World War II stimulated docking and loading activities in the Port. In 1941, the Port acquired a portion of Clover Island and leased property to Columbia Marine Shipyards for a barge-building site on the island. This barge-building site complemented the Port-constructed bulk grain conveyer and elevator, and a dock extending more than 390 out into the Columbia River from the mainland just downstream of Clover Island.



*Port dock facility in 1922, just downstream of Clover Island*



*Port of Kennewick Facilities circa 1920*



*Ivy Street Terminal (Port of Kennewick 1941)*





*The Winquatt tugboat and Port of Kennewick barge were constructed on Clover Island on Port-leased land*

Two 175-foot barges were built and launched at Kennewick in the 1940s, and one was christened the *Port of Kennewick*. In 1944, the *Winquatt*, once known as the most powerful tugboat in the world, was also built at Clover Island.

Another large flood occurred in 1948 that caused significant

damage to Port barge and boat loading facilities, and this ended the Port's involvement in these type of facilities in the vicinity of Clover Island.

After the Port District boundary expanded in 1954, the Port constructed a dock and waterway at the Hedges Industrial Area

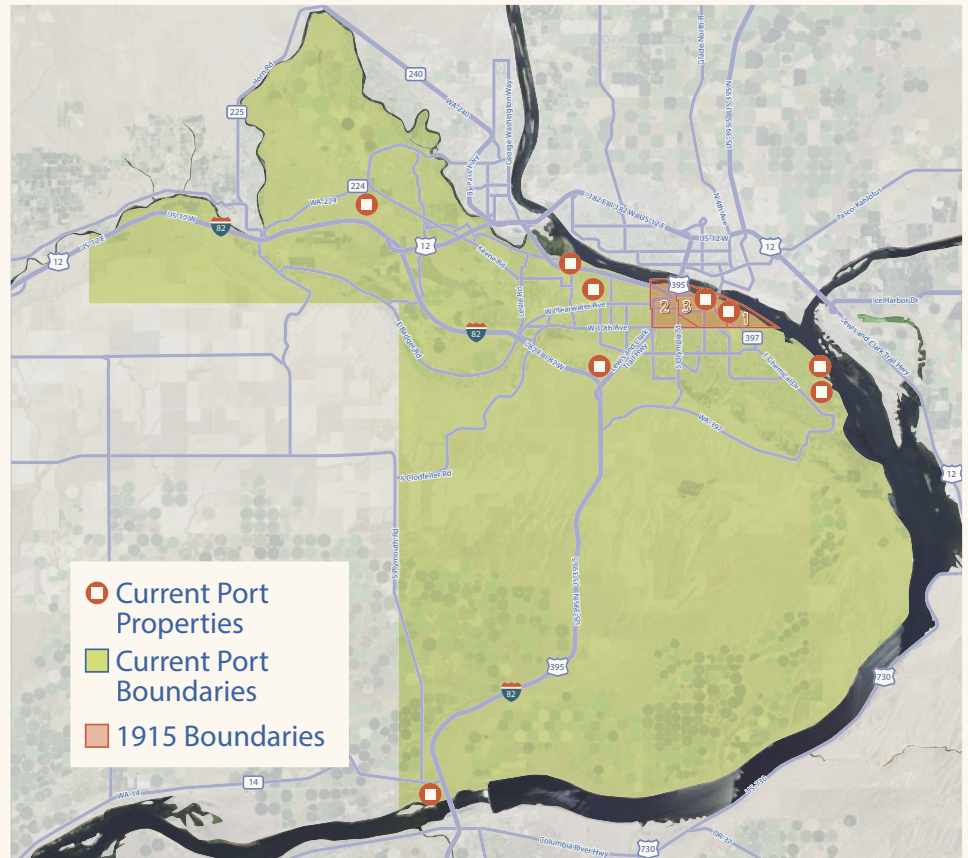
in Finley to serve the chemical manufacturing businesses beginning to locate in that area. In 1967, the Port sold the Hedges land and presumably the associated water facilities to the Collier Carbon Chemical or other industrial businesses in the area, ending the Ports involvement in dock and barge loading facilities.



*Port Commissioners, A.I. Smith, George R. Turner, and Harry A. Linn attend a barge launch*

# Historical and Current Port District Boundaries

The Port of Kennewick District boundary originally extended south from the Columbia River at the middle of the present-day Columbia Park Golf Course, to the intersection of US 395/10th Avenue, and then due east along 10th Avenue to the Columbia River. In 1954, after seven years of construction, the McNary Dam was finished, which provided flood control along the Columbia River and improved navigation to the Tri-Cities area. The dam created new opportunities for the Port of Kennewick, with improved navigation and more river-accessible land in the City of Kennewick and Benton County. These opportunities led to an expansion of the Port District, additional Clover Island development, and heavy industrial development in the Finley and Hover areas of east Benton County. Property acquired by the U.S. Army Corps of Engineers and associated with McNary Dam construction was designated for



*Port of Kennewick current boundaries*

industry, recreation, and habitat, and industrial land was made available to public agencies. This additional industrial land was made available to the Port, which led to a proposal to expand the Port District.

In November 1954, 75 percent of voters approved the expansion of the Kennewick Port District to include an area constituting 485 square miles and comprising the eastern half of Benton County.



# Port Supports the Navy During World War II and Later Invests in Rail in Downtown Kennewick



---

*In 1942, representatives of the United States Navy called on the Port of Kennewick Commission to support the war effort by relinquishing to the Navy supplies of railroad steel and ties the Port had on hand for completion of a railroad spur track to Port facilities. The Port Commission felt duty-bound and obliged the Navy's request.*

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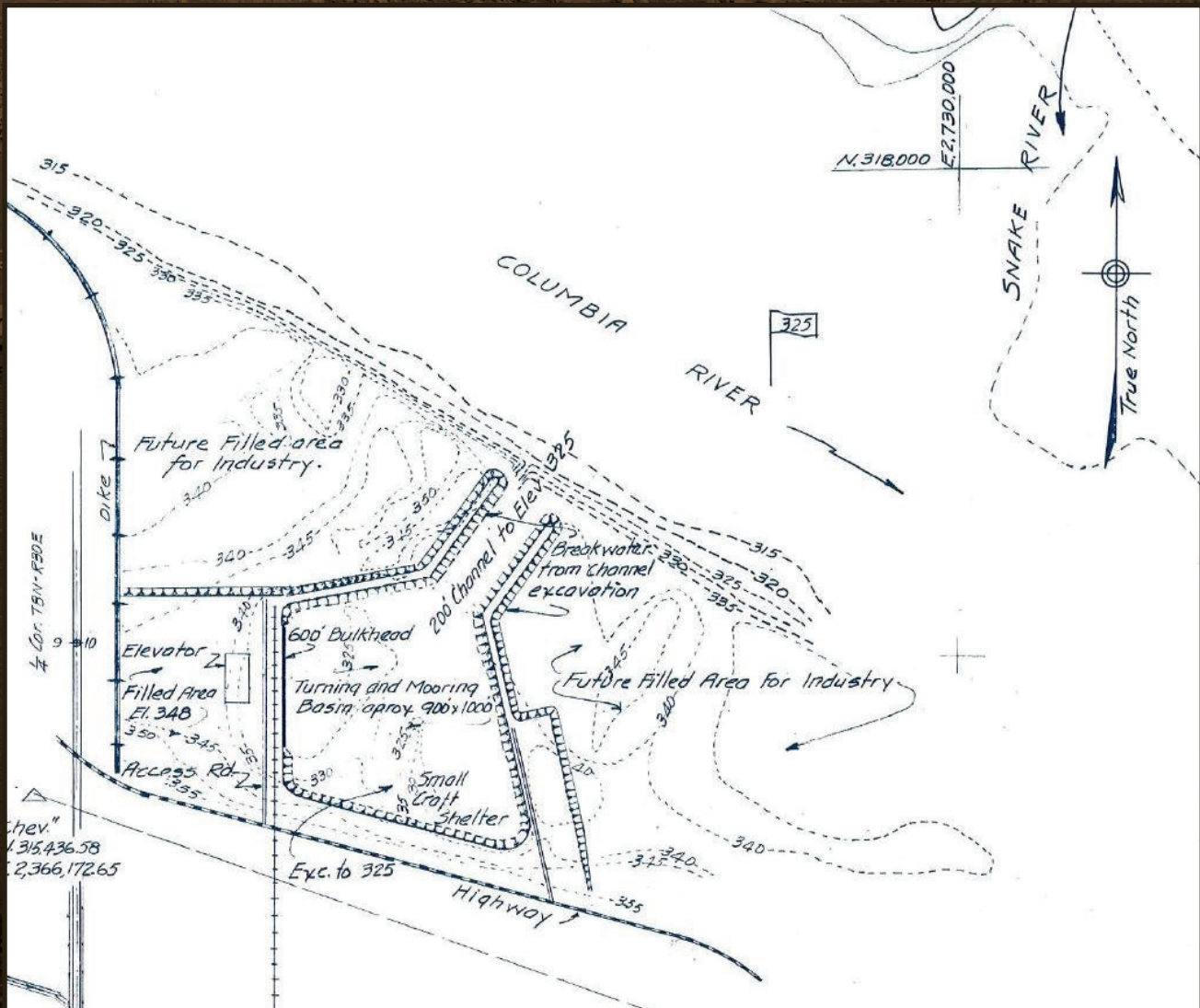
Rail was a primary means of moving products to and from the Port of Kennewick and other industrial properties in Kennewick during the 1940s. In 1941, Kennewick was served by three transcontinental railroads and originated thousands of railcars filled with frozen foods, canned goods, dressed poultry, asparagus, grape juice, cherries, and other commodities.

The Port had plans to develop additional rail spurs in the industrial areas of downtown Kennewick, but in 1942, the Port, in response to a request from the Navy, supported the war effort by donating steel and railroad ties.

Rail development plans were placed on hold until after the war, and the Port made substantial rail investments in downtown Kennewick during the 1950s.



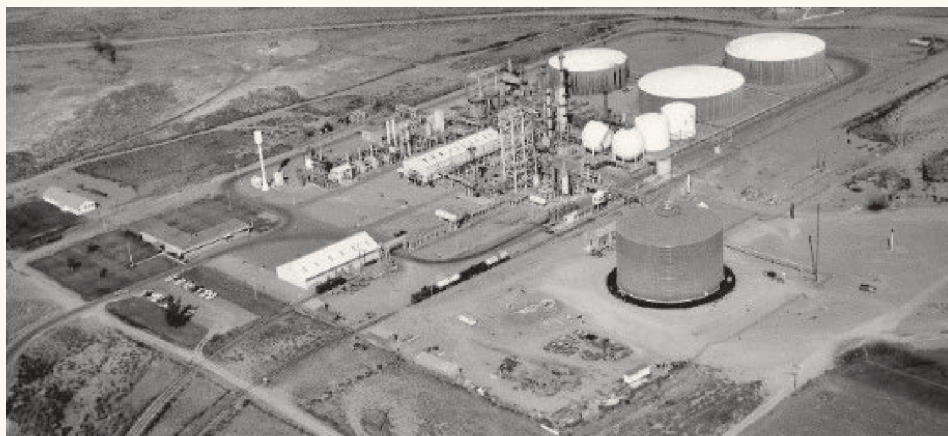
Present-day Two Rivers Park was once identified as a Port industrial site for barge-loading facilities.



*Schematic from 1955 Comprehensive Scheme for Development Plan illustrating Camp Two Rivers (present-day Benton County Two Rivers Park)*



# 1950s and 1960s Industrial Development (Chemical Row)



The Port acquired several industrial properties during the 1950s and 1960s in the Finley area. In 1956, after McNary Dam was constructed, the Port leased 314 acres of Columbia River waterfront land for development from the U.S. Army Corps of Engineers. Between 1953 and 1968, seven major firms established industrial operations in Finley, and the area became known as Chemical Row. These operations supported the U.S. Department of Energy Hanford Site Operations and produced fertilizer inputs to support the growing agricultural industry. A good example of this development occurred in 1957 when the Phillips Pacific Chemical Company built a \$15-million plant to produce anhydrous ammonia. The plant employed nearly 100 people and was considered

the area's largest private industrial development at the time.

The Chemical Row area was known for its central location, ample transportation, low-cost power, and plentiful water. Total private investment in the Finley area from 1952 to 1964 exceeded \$23 million and resulted in approximately 250 new jobs. Most of these plants are still in operation today. Sandvik Special Metals also located in the Finley area and is currently a thriving business.

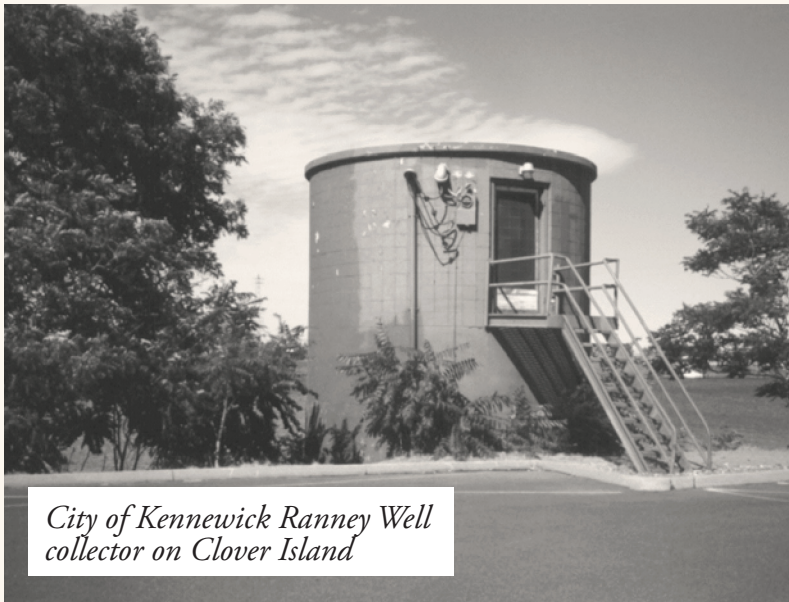
The Collier Carbon and Chemical Corporation bought a 40-acre site from the Port of Kennewick for \$140,000 at the present-day Hedges Industrial Area (now owned by Agrium), and the plant was finished in 1967.

## 1953 to 1968 Chemical Row Finley Area

1953	Allied Chemical (now Abandoned)
1957	Kerley Chemical
1957	Phillips Pacific Chemical (now Agrium)
1958	Gas Ice (now Air Liquide)
1960	Cal-Spray Chemical (now Agrium)
1967	Collier Carbon and Chemical Corporation (now Agrium)
1968	Sandvik Special Metals



# City of Kennewick Water-Supply Facilities on Clover Island



*City of Kennewick Ranney Well collector on Clover Island*

*Ranney Well converted to a viewing platform on Clover Island*

The City of Kennewick had water-supply facilities on Clover Island from the 1950s through 1980. The first system was a filter bed in the “notch” area of the island, with pump stations just upstream, which were installed in 1952. This

system only lasted a few years before failing. Then, in the late 1950s, the City installed three Ranney Well collectors housed in round, concrete structures. These were located on the northern-side (river side) of the island. In

2002, two of the three Ranney well pumps were removed and the collectors were leveled and capped with concrete slabs. Safety railings were added, turning the slabs into viewing platforms.





# Spaulding Business Park

In 1999, the Port of Kennewick purchased approximately 30 acres in the Richland Wye area, where the Yakima River enters the Columbia River. The land would be the future home of the Spaulding Business Park, which was named after the late Gene Spaulding, who had been a Port Commissioner for almost 36 years and retired in 1999. After spending \$610,000 preparing the land for sale, including the addition of roads, utilities, and street lights, the Port had a dedication ceremony for the new Spaulding Business Park in January 2003. Since the park's opening, the following businesses have located in the park: the Walker-Heye-Meehan

attorney office; New Edge; Reliance Medical; Vista Engineering; Arc of Tri-Cities; Eden Medical Center; Tri-City Chaplaincy; CV Development Medical Office; Dermahealth; Willamette Dental; and the Telquist Ziobro McMillen law firm. The Port has sold all but a 1-acre parcel within the business park, and private development has steadily occurred on adjacent property, including a large apartment complex and several office buildings. The Port's early investment tipped that tired neighborhood into desirable waterfront. Since 2007, private investment in the Spaulding Business Park resulted in a new building space worth \$32 million

in assessed property value and more than 300 new jobs.

Spaulding Business Park development is a good example of the Port's expanded redevelopment focus built on the guiding principles of achieving economic sustainability through revitalization, capitalizing on existing public sector infrastructure investments, and reconnecting communities to the rivers. In 2009, the Port received a Governor's Award for Workforce and Economic Development Best Practices for the Spaulding Business Park development.

# Business Development Buildings

In addition to the Port of Kennewick's 100th anniversary, 2015 also marks the 30-year anniversary of the Development Building Program the Port launched in 1985, to provide start-up or expanding businesses with scalable spaces to meet their needs. The program was started based on findings from a business trip Port Commissioner Gene Spaulding made to New York City. Upon his return, he successfully pitched the idea to his fellow commissioners, and the Port constructed or acquired development buildings in its Oak Street Industrial Park and later at Vista Field, for a total of seven development buildings.

Notable businesses that have participated in this program include TiLite, PERSEUS Gourmet Products, Amara Cosmetics, Innovative Technology Lab, the Ag Engineering and Development Company, and others. These businesses created hundreds of jobs. TiLite is one of the most prominent Port success stories. During its time at the Oak Street Industrial Park, TiLite grew from a small, startup company into a thriving, 140-employee enterprise, before moving into a company-owned building. At Vista Field, development buildings have housed high-tech businesses such as Stavely Instruments (now Olympus),

Systek, Scitec, One World Telecommunications, ESTeem Wireless Communications, and Bruker. Bruker is an example of a local business using a Hanford technology spun off for private sector application. Bruker has become one of the world's leading analytical instrumentation companies.

Two of the five Oak Street buildings were recently renovated, and the Port is also upgrading Vista Field Development Building A. The Port continues to provide development space today.



*Oak Street Development Building signage*

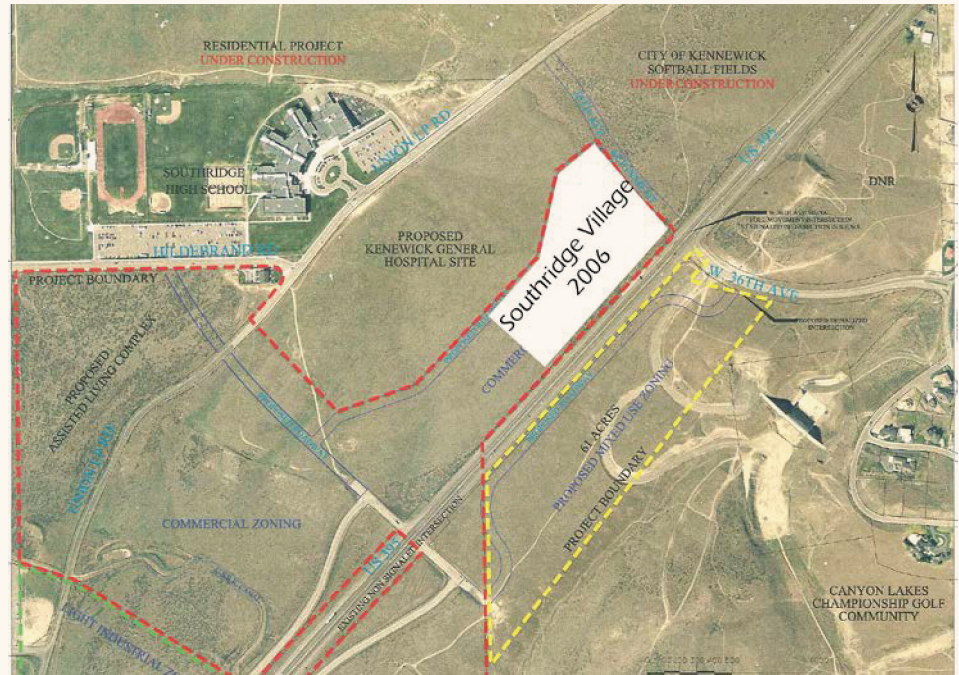


*TiLite Facility*



# Southridge Area Development

The Dickerson “Southridge” property was purchased from the Washington State Department of Natural Resources in 1994. The property was named after Dave Dickerson, who served as Port Commissioner from 1977 until 1992, when he passed away. The original site included 160 acres, a majority of which were located on the west side of US 395. In 2002, the Port co-funded the Southridge Area Master Plan for a 2,500-acre area with the City of Kennewick, Benton Public Utility District, Kennewick General Hospital, and Kennewick School District. The City completed the Southridge Master Plan in 2004, which identified nearly all of the Port’s land for future commercial development. Realizing the land would not remain zoned for industrial uses as originally intended, the Port traded a portion of the site to Trios Health for a new hospital site. The Port also collaborated with the City of Kennewick to establish a local revitalization financing arrangement (commonly known as tax-increment financing) to support Southridge development. This partnership allowed local tax revenues generated in the revitalization area to fund infrastructure investments at Southridge.



*Southridge Village*

Development at Southridge has continued at a steady pace, including the development of Southridge High School, restaurants, retail shops, single- and multi-family housing, the City of Kennewick sports complex, the

Carousel of Dreams, and the new Trios Health hospital. Several hundred jobs have been created as a result of development in Southridge, and the area continues to grow.



# Port Commissioners and Executive Directors

During the last 100 years, 36 Commissioners represented the Port of Kennewick, with Gene Spaulding having the longest tenure (36 years, from 1963 to 1998). James E. Magnuson served as a Port Commissioner for 21 years—serving from 1953 to 1973. Of the remaining Commissioners, six served more than ten years, including A. I. Smith (1931 to 1942), Paul G. Richmond (1943 to 1954), Ray F. Hamilton (1955 to 1966), Dave Dickerson (1977 to 1991), George Jones (1986 to 1997), and Gene Wagner (2002 to 2013).

Other Commissioners included: Ingwall Smith (1917 to 1924); G.R. Bradshaw (1924 to 1931); Willard Campbell (1931 to 1939); Jay Perry (1931 to 1939); George R. Turner (1940 to 1942); Harry A. Linn (1940 to 1942); Ralph E. Reed (1943 to 1944); Alfred C. Amon (1945 to 1952); Walter M. Knowles (1945 to 1952); Edward H. Weber (1953 to 1956); John H. Grigg (1957 to 1962); Wayne L. Rogers (1967 to 1973); Charles F. Markham (1974 to 1976); Gilbert J. Ackerman (1974 to 1978); Ray L. Elmgren (1979 to 1985); Paul L. Vick (1992 to 2001); Sue Frost (1998 to 2002); Norm Engelhard (1999 to 2001); John Olson (2000 to 2005); Dave Hanson (2003 to 2012); Linda Boomer (2006 to 2008); and Calvin Dudney (2008 to 2009).

The very first Commissioners were G. M. Annis (1915 to 1916), M. H. Church (1915 to 1924), and W. R. Weisel (1915 to 1923). Currently, the Board of Commissioners includes: Don Barnes, President; Skip Novakovich, Vice-President; and Thomas Moak, Secretary.



*Don Barnes,  
President  
(2012 to current)*



*Skip Novakovich,  
Vice President  
(2009 to current)*



*Thomas Moak,  
Secretary  
(2014 to current)*

## Port Executive Directors

The Port has had six Executive Directors: John Neuman (1955 to 1973), Robert “Hank” Thietje (1974 to 1976), Art Colby (1974 to 1979), Sue Watkins (Frost) 1979 to 1997, John Givens (1997 to 2004), and Tim Arntzen (2004 to current).



A tall, cylindrical lighthouse with a tan-colored body and a dark blue upper section. It features a glass-enclosed lantern room at the top and a metal walkway with railings. The lighthouse is situated on a paved area with some young trees and a stone wall in the foreground. In the background, a body of water and a bridge are visible under a cloudy sky.

# Port Achievements

The Port of Kennewick has achieved several notable successes during its 100-year history, including the creation of thousands of jobs in the District boundaries, stimulating Clover Island and Spaulding Business Park development, and helping many businesses grow. In recent years, Port investments and land sales (from 2007 through 2013) have resulted in the creation of more than 800 jobs, and private-sector investments of more than \$60 million. What began as a modest port focused on just a few services has grown to a multi-faceted organization providing a variety of economic development services in the Port District for the region.

Today, the Port's mission is to facilitate trade and economic development and to promote tourism. The Port owns and operates two industrial parks, Clover Island Marina, and other facilities and lands. It is also redeveloping several properties, including the former Vista Field Airport, Clover Island, the former Tri-City Raceway in West Richland, and properties along Columbia Drive in Kennewick.

Port leaders are championing urban renewal efforts, investing in recreation and shoreline enhancement activities, and fostering the expansion of Washington's wine industry.

The future is bright for the regional economy. The Port is well-positioned to provide economic development services in close coordination with public and private-sector partners, and capitalize on market opportunities during the next 100 years.

Clover Island Lighthouse  
Photo by Brian Gomez

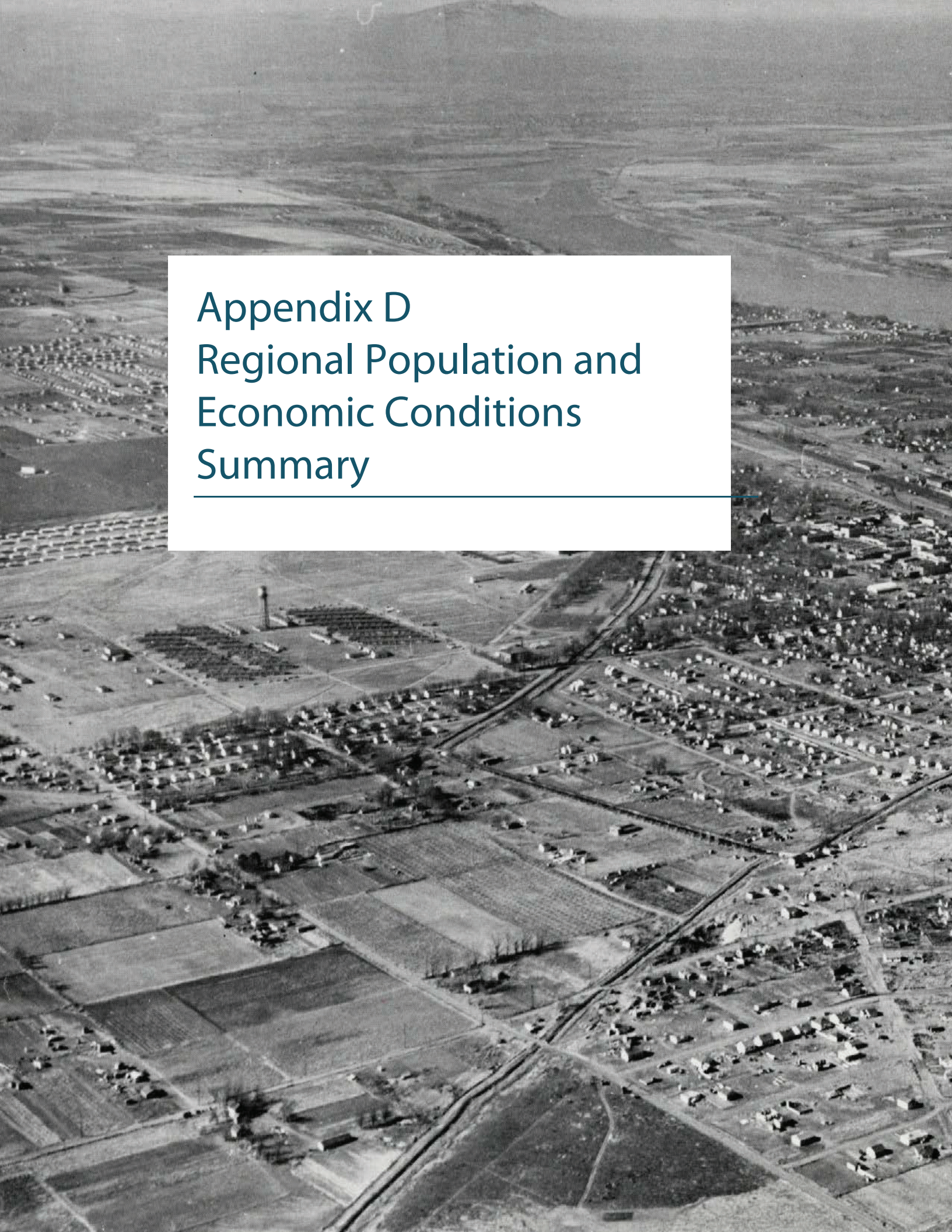


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Port of Kennewick







# Appendix D Regional Population and Economic Conditions Summary

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# INTRODUCTION

An important consideration for the Comprehensive Scheme of Development (Comprehensive Scheme update) for the Port of Kennewick (Port) is industry growth trends in the region. As a property owner and economic development entity, the Port strives to meet the needs of the business community and the broader general community by providing properties, infrastructure, and (where appropriate) facilities, which help support economic growth needs. In turn, providing these items leads to the creation of jobs and an expanded tax base. Population and economic growth trends help inform the planning for future opportunities. Although population growth is not directly related to economic growth, population trends will drive economic growth and economic needs over time. Economic growth trends highlight the industries creating jobs and where potential Port development opportunities might exist in the foreseeable future.

## Methodology

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In projecting population and economic growth trends, historical growth rates were reviewed and linear regressions developed. Population linear regressions were developed using the historical time frame of 2000 to 2010 using U.S. census data (U.S. Census Bureau 2010a, 2010b) and Washington State Office of Financial Management estimates from 2010 to 2015 (OFM 2015a). Regressions for economic growth were developed by identifying the ten largest growing subsectors of the Tri-Cities regional economy by North American Industry Classification System codes. Those industries were identified using Washington Employment Security Department (WESD) historical data between 2010 and 2015 (WESD 2015), and linear regressions were developed from those data to project jobs in those industries out to 2040. In all cases (employment and population), regressions that identified a range of outcomes were developed. On the low end of the range were growth numbers that are likely to be met or exceeded 95% of the time. Numbers in the middle are the expected growth value of jobs (50%) created. High-end growth numbers are those that can only be expected to be met or exceeded in 5% of all cases. These ranges were developed to provide the Port with a broad picture of what growth in the community and in the identified industries could look like at the high and low end, as well as what the expected results are projected to be.

## Economic Overview of the Tri-Cities Region

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For the past 70 years, the economy of the Tri-Cities region can be summed up in two words: atoms and agriculture. Agriculture was the most important industry in the region until the creation of the Hanford Site in the 1940s. The site maintains an important and stable role in the region today. Prior to 1940, farming was the basis of nearly the entire economy because the region grew through the growth in agriculture fueled by the Columbia Basin Project, which irrigates nearly 700,000 acres of land in the region. The growth in farming activity peaked in the late 1960s and, though some growth has continued (particularly in wine grapes), the major boom era of agriculture effectively ended by the 1970s with the end of the Columbia Basin Project. That growth in arable farmland fueled growth in the value-added services sector for farm products, including that of chemical fertilizers such as Agrium, food processors such as Con-Agra Foods, and other agricultural support businesses. However, as the agricultural industry has reached maturity, the growth in those support businesses has also flattened. Since 1940, the overall





economy of the Tri-Cities region, which the Port serves, has been driven by the atomic work at the Hanford Site and by agriculture throughout the region, including the growing of wheat, potatoes, apples, asparagus, and (most recently) wine grapes. The overall work-shed for the area stretches from Hermiston-Umatilla to the south, to the Prosser area to the west, to the Wallula region to the east, and ultimately to the Connell area 40 miles north. According to WESD historic seasonally adjusted data, there are 133,922 individuals in the regional Tri-City metropolitan area labor force as of March 2016; of those, more than 124,903 are employed (WESD 2016). This gives the region an unemployment rate of 6.7%, above the state average of 5.8%. The region was largely protected from the 2008 recession impacting the rest of the nation due to expenditures at the Hanford Site, and the push to complete the construction of a vitrification plant for treating nuclear waste at the Hanford Site. During the past 20 years, the growing and processing of wine grapes has become one of the most important economic drivers in the region. Currently, health care and professional services are also some of the biggest economic drivers in the economy, in addition to the Hanford Site.

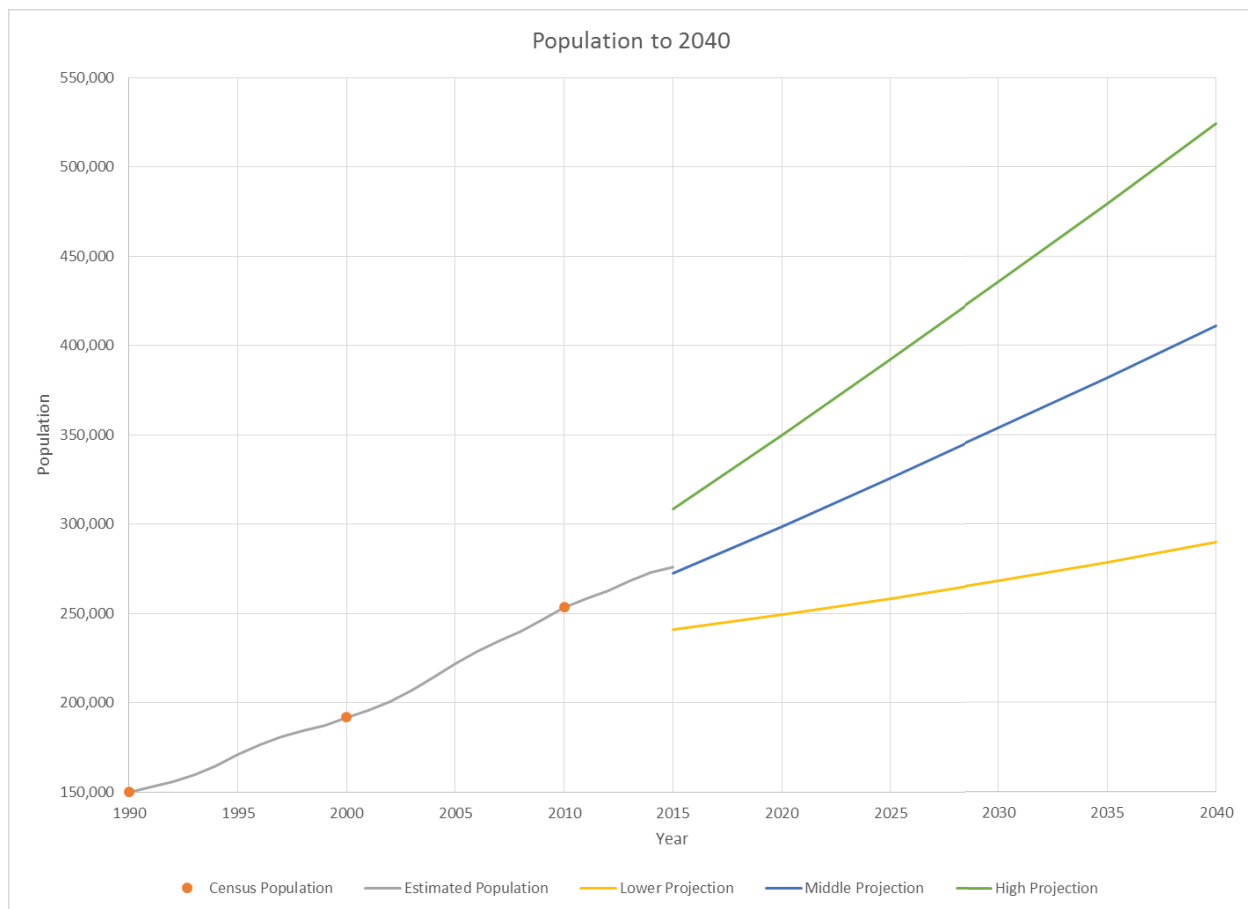
Some of the major private employers in the area include Con-Agra Foods, the Battelle Memorial Institute (which operates the Pacific Northwest National Laboratory [PNNL]), Mission Support Alliance, CH2M Hill, Tyson Foods, Areva, Lampson International, and Simplot Fine Foods. Several hospitals serve the area including Trios Health (former Kennewick General Hospital), Kadlec Medical Center, and Our Lady of Lourdes, making the area a regional medical center. On the public side, companies such as the Benton and Franklin Public Utility Districts, Energy Northwest, and the U.S. Department of Energy dominate the overall economy. All three school districts, i.e., Kennewick, Pasco, and Richland, are also three major employers in the region.

## Population

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Population data show the broader Tri-Cities region (Benton-Franklin counties) is one of the strongest growing population areas in Washington. Between 2000 and 2010, the region grew by nearly 61,500 people (OFM 2015a), and estimates from the Office of Financial Management show population growth of more than 22,000 between 2010 and 2015 (OFM 2015b). Forecasting population growth in the region during the next 20 years shows the overall population of the Benton-Franklin county area growing from 275,740 in 2015 to between 290,000 and 524,000. Figure D-1 shows the population growth analysis in the area using the 2012 Growth Management Act (GMA) provisional population projections (OFM 2012, 2015b).





**FIGURE D-1. POPULATION GROWTH REGRESSION ANALYSIS FOR THE TRI-CITIES REGION**

As indicated, the Benton-Franklin county region has shown steady growth during the past 25 years, and there is no indication the growth will slow because the community continues to see significant activity at the Hanford Site, as well as growth in the broader community, including a continuing rise in the number of retirees moving into the region, which has driven the growth in the medical services industry and provides support for the retail, hospitality, and tourism sectors.

In Table D-1, Benton-Franklin County population growth is compared with other counties in the state. The annual average projected growth for Benton-Franklin counties exceeds that of all other counties in Washington for the expected growth, including neighboring Yakima and Walla Walla counties (OFM 2012).



**TABLE D-1. BENTON-FRANKLIN COUNTIES POPULATION GROWTH COMPARED TO OTHER AREAS**

County	Annual Average Percentage Growth 2010 to 2040		
	High	Expected	Low
Benton-Franklin	3.57%	2.07%	0.48%
Clark	2.31%	1.25%	0.00%
Grant	2.98%	1.84%	0.79%
King	1.65%	0.84%	0.22%
Pierce	1.61%	1.04%	0.29%
Spokane	2.06%	0.86%	0.22%
Walla Walla	1.17%	0.50%	-0.04%
Yakima	2.22%	1.03%	0.19%

## Hanford Site Activities

One caveat to any growth projections for the region is the Hanford Site's remediation funding. Although not expected, if funding at the site significantly declined, it would affect employment in the region, adjusting it downward, which could delay timing of property investments and other development.

Hanford Site cleanup efforts do not take into account any job creation or loss related to work at the PNNL (Olds and French 2010). PNNL is the single largest employer in the Tri-Cities and provides an additional 4,000-plus jobs in the local economy.

However, history has shown that Hanford Site projects are often completed well after the original estimated completion date due to their complexity and the evolving regulatory environment in which the projects are delivered. The current vitrification plant provides a case in point. The plant (as originally scheduled) would be operating and processing nuclear waste in 2011. However, due to complications related to scope of work and budget constraints, the plant is now scheduled to go online in 2019 or later. These types of delays are consistent throughout the Hanford Site's cleanup history and should be considered in future development investment planning.

## Agriculture Activities

The region has seen more growth in agriculture than all other industries throughout the past 10 years in terms of total job creation. Between 2005 to 2014, in Benton and Franklin counties, agricultural growth has outpaced all other industries, at 2.5% growth rate compared to 1.8% growth rate in all other industries (Suljic 2016). Agriculture grew rapidly in the 1960s and 1970s as the Columbia Basin project was completed. That growth was not only in agricultural production, but also in the value-added areas such as food processing and the development of chemical fertilizers to support the growth of the industry. Between 2005 and 2014, agricultural employment increased from 9,352 jobs to 12,029 jobs. Major contributors to this growth are agricultural support activities, with 8%, and crop production with 0.9% employment growth rates (Suljic 2016).





## Employment

One benefit the consistent growth in the region has brought to the community is consistent employment growth. According to WESD, total non-farm employment in the region has grown much faster than the state rate in the last decade, with an annual average growth rate of nearly 2.15%, compared to the state average of 1.07% (WESD 2016). Much of this growth has been fueled by work at the Hanford Site and by local government growth. Currently, the WESD is forecasting an annual average growth rate of 1.86% between 2013 to 2023 for Benton-Franklin counties, compared to a growth rate of .8% for the nation, and .79% growth for the state of Washington between 2018 and 2023 (WESD 2015; U.S. Census Bureau 2014).

The recession that began in 2008 moderated some of this projected growth. To date, Benton-Franklin counties have largely been passed over in the recession due to a large influx of government money into the Hanford Site.

WESD is forecasting all industries in Benton-Franklin counties to have a positive growth rate between 2014 and 2024. Short-term non-farm growth is projected at 1.9% between 2014 and 2019, and 1.31% between 2019 and 2024. Although all industries are projected to grow during the next 8 years, construction industry is projected to grow at a higher rate than all other industries in the short term at 2.99% between 2014 and 2019. But this will drop significantly to 0.81% in the long term between 2019 and 2024 due to an estimated slowdown of overall growth in the region. Table D-2 identifies top sectors.

**TABLE D-2. TOP GROWTH INDUSTRY SECTORS AND GROWTH RATES IN THE REGION**

<b>Major Growth Sectors</b>	<b>Growth Rate Short Term (2014 to 2019)</b>	<b>Major Growth Sectors (2019 to 2024)</b>
Construction	2.99	0.81
Financial, professional, and business occupations	2.58	2.13
Education and health care	2.26	1.8
Leisure and hospitality	1.9	1.6
Wholesale trade	2.31	1.06

Source: Suljic (2016)

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An aerial photograph of a rural landscape, likely in the Midwest, showing a grid of agricultural fields, scattered farmhouses, and a network of roads and railroads. The terrain is flat, and the vegetation appears to be dry or dormant. A large white rectangular box is overlaid on the upper left portion of the image, containing the title text.

# Appendix E Cash Flow Projection and Capital Improvements Plan

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**TABLE E-1**  
**PROJECTED CASH FLOW 2016 TO 2026**

Summary of Cash Flow Before Beginning Cash and Capital		Beginning Cash 1/1	Less Net Capital and Land Revenues and Lease	Adjusted Ending Cash 12/31	Reserve (Less \$2.5M Contingency)
2016	\$957,000	\$10,675,000	\$(7,697,000)	\$3,934,000	\$1,434,000
2017	\$928,000	\$3,934,000	\$(2,217,000)	\$2,645,000	\$145,000
2018	\$1,489,000	\$2,645,000	\$(1,230,000)	\$2,905,000	\$405,000
2019	\$1,484,000	\$2,905,000	\$(1,468,000)	\$2,921,000	\$421,000
2020	\$1,476,000	\$2,921,000	\$(19,000)	\$4,378,000	\$1,878,000
2021	\$1,466,000	\$4,379,000	\$(722,000)	\$5,122,000	\$2,622,000
2022	\$1,453,000	\$5,122,000	\$(2,313,000)	\$4,262,000	\$1,762,000
2023	\$1,437,000	\$4,262,000	\$(882,000)	\$4,818,000	\$2,318,000
2024	\$1,418,000	\$4,818,000	\$(851,000)	\$5,378,000	\$2,878,000
2025	\$1,395,000	\$5,378,000	\$(1,322,000)	\$5,451,000	\$2,951,000
2026	\$1,369,000	\$5,451,000	\$(4,615,000)	\$2,205,000	\$(295,000)

**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 E-2).
- \* Analysis includes 2017 to 2026 capital project costs in Table E-2.
- \* Analysis is based on current operations and current capital assets.



**TABLE E-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
<b>2017 to 2026 Capital Projects</b>						
Vista Field	\$5,880,000 <sup>a</sup>	\$985,000 <sup>b</sup>	\$990,000 <sup>b</sup>	\$995,000 <sup>b</sup>	\$4,100,000 <sup>b</sup>	\$12,950,000
Clover Island Shoreline 1135	\$875,000	\$100,000 <sup>c</sup>	\$100,000 <sup>c</sup>	\$100,000 <sup>c</sup>	\$100,000 <sup>c</sup>	\$1,275,000
Kennebec Waterfront Revitalization (Clover Island/Columbia Drive)	\$1,100,000	\$500,000				\$1,600,000
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 Facilities (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 Projects	\$100,000	\$115,000	\$115,000	\$120,000	\$120,000	\$570,000
Total	\$9,905,000	\$4,500,000	\$4,655,000	\$2,700,000	\$7,320,000	\$28,780,000
<b>2017 to 2026 One-time Revenues</b>						
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

General note:

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

Specific notes:

a = Includes a \$5-million loan to be secured in 2017.

B = These are debt service payments and not for new infrastructure at Vista Field.

c = This includes ongoing maintenance for shoreline improvements.

N/A = not applicable

TBD = to be determined



# Tri-City Raceway Draft Master Plan

Port of Kennewick

November 2016

Prepared by

**Oneza & Associates**

With assistance from

JUB Engineers, HDR Inc., RCECM



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## Introduction

The Port of Kennewick (Port) intends to develop a master layout for an approximately 92 acres of property located in the City of West Richland (City). The property is currently owned by the Port. The site was the former raceway locally known as Tri-City Raceway. The planning process for this site has been triggered by the Port of Kennewick's overall goal of creating jobs in the Tri-City area. The Port purchased the property in 2008, 4 years after the raceway operation had been closed.

The site is located on the southwest intersection of Keene Road and SR 224. The proposed Red Mountain Interchange on SR 224 is about quarter mile to the west. The site is just outside of the Red Mountain AVA boundary.

## Plan Background

The plan provides a framework for future development of the area consisting primarily of industrial and wine related uses in multiple phases. A Phase 1 study completed in 2012 identified the strength, weakness and opportunities for developing the site for wine related industrial development. The Phase 1 study also analyzed the job and economic outcomes. The site was in unincorporated Benton County during the Phase 1 study. The analysis indicated a higher economic benefit from developments utilizing the urban infrastructure. As a result, the City and the Port collaboratively pursued the Urban Growth Area expansion process. After this area was included in the West Richland UGA, the City annexed it into the city limits in December 2015.

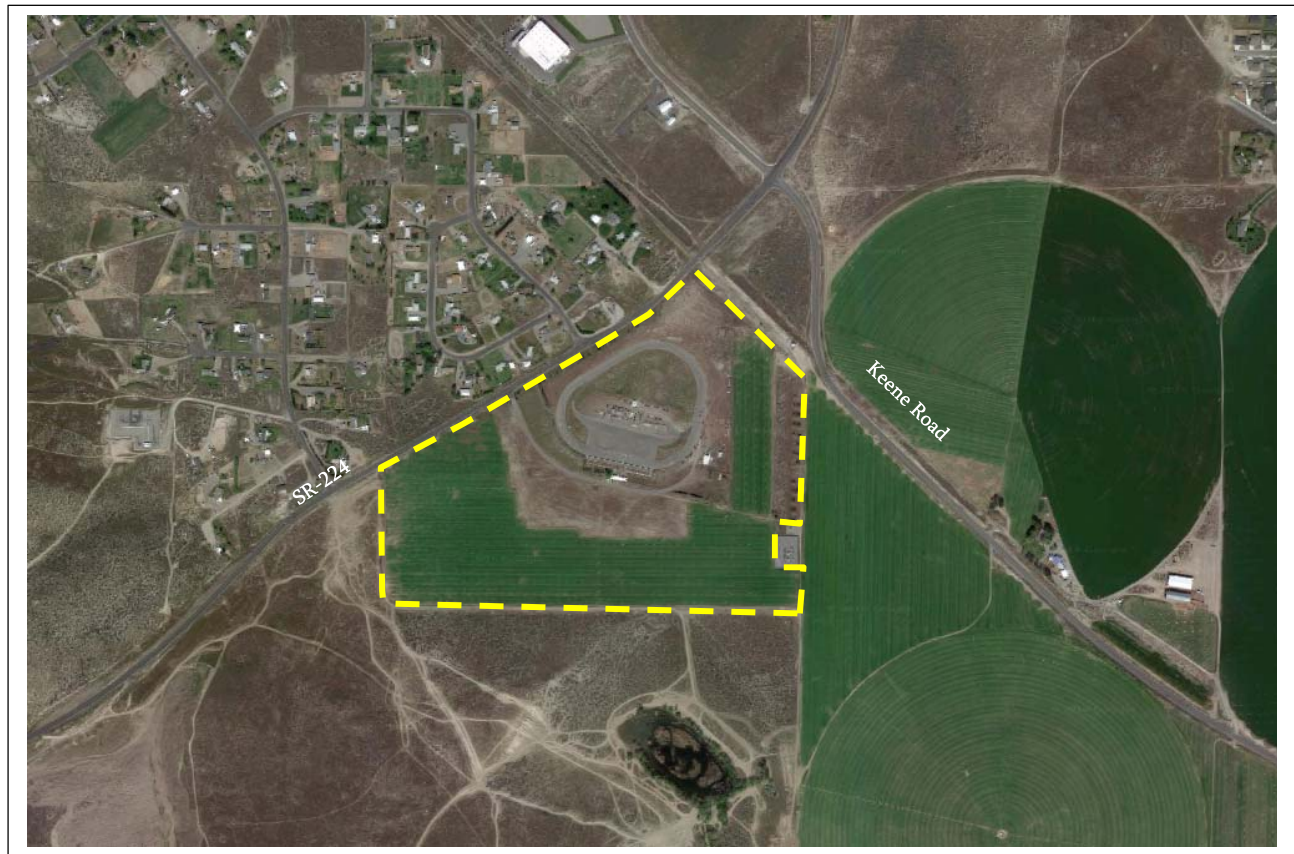
The proposed development plan takes into consideration current market trend, surrounding land uses, and infrastructure capacity. A market analysis was performed as part of this plan (Exhibit A) that indicates current trend and future of wine related industries in this area. The plan considers potential accesses, parcel sizes, site configuration, utilities and phasing for future development.



*View of the site*



## Aerial Map



*Northern perimeter*

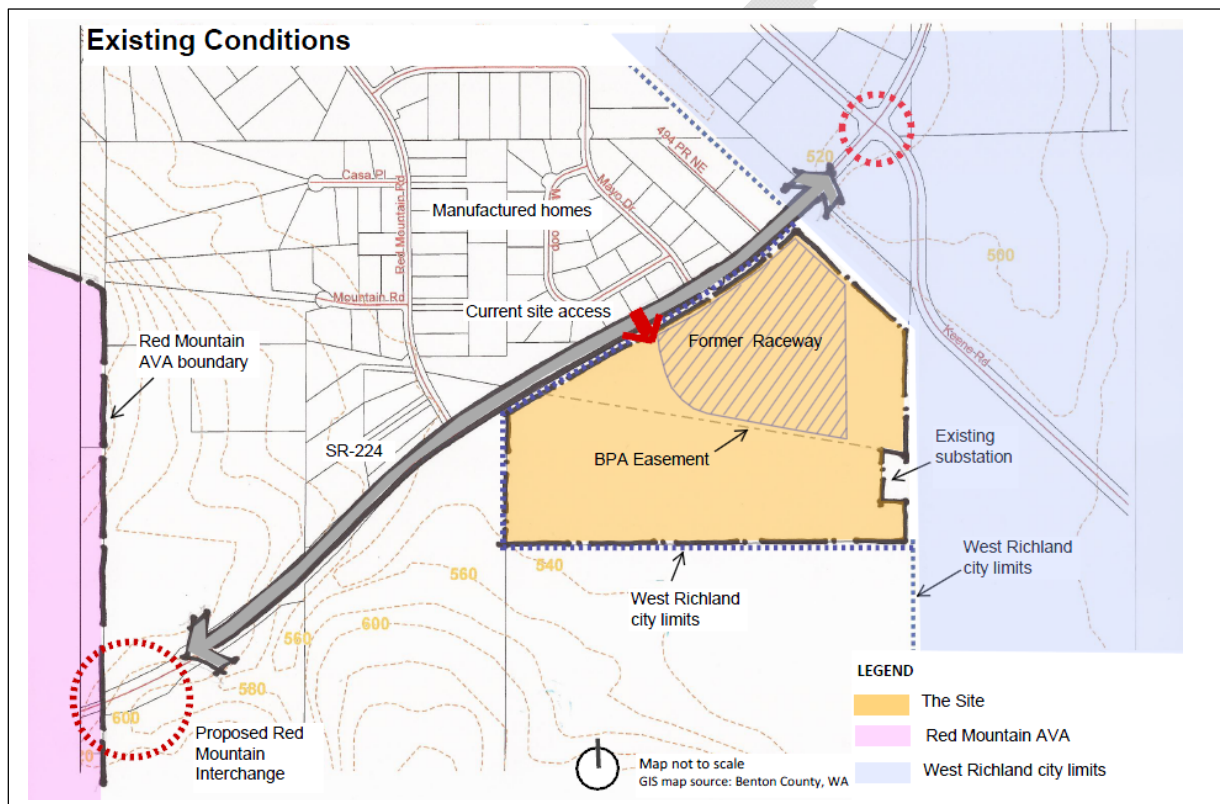


*Existing internal roadway*

## Existing Conditions

### Land Use and Vicinity

The southern 45 acres of the site is in agriculture production (hay) and the remainder is vacant. Current zoning is Commercial, Light Industrial (CLI). The former racetrack Tri-oval track, pit and grandstands are located on the northern part of the property. There are two wells on the property. Bonneville Power Administration (BPA) has east-west powerline within its 100 ft. right-of-way with 5 poles on the site. Benton Rural Electric Association's 1 acre parcel abuts the southeast boundary of the property.



Land use north of SR-224 is mostly residential consisting of manufactured homes. Pacific Rim winery is located north of SR-224 abutting Keene Road. Property east of the current site is used for agricultural purposes by the Alexander Farms. Much of the south side is vacant and un-irrigated. Lost Lake to the south is a drainage basin of the Kennewick Irrigation District's water runoff.

### Topography

The topography of the site is generally flat with slight variation from north to the south. The racetrack area has elevation ranging from 510 ft. to 520 ft. The topography changes to a higher elevation on the southwest side to about 540 ft. Topographic variation occurs in an expanded area resulting in mostly gentle slopes within this 92 acres site.

## Access

The site abuts important regional road connections. As mentioned above, SR 224 borders the northern boundary of the site. Keene Road and SR 224 intersection is located on the northeast side of the property. Both Red Mountain and Mayo Roads are accessed from SR 224. There is no access to the area from the south.

## Infrastructure

The site currently is not served by the City's water, sanitary sewer or industrial sewer systems. The City infrastructure (water and sanitary sewer) are available at the Keene Road intersection. Two wells are located on the site with certified water rights (certificates G4-26382C and G4-28319C) secured by the Port. Current Port owned buildings at this site include the bathroom building and the racetrack shop on the track area. Benton Rural Electric Association has a 20 Mega Watt substation on the southeast side outside the property. Electricity is available from Benton REA with services currently available around the track.

## Opportunities and Constraints

The area is strategically located close to the Tri-City Metro and the Red Mountain AVA. The site has a close proximity to Interstate-82 and SR-224. The proposed Washington State Department of Transportation Red-Mountain Interchange is about half a mile west of the site which would benefit the entire region as well as the area Red Mountain AVA with convenient regional access. A relatively flat topography for the most part of the site provides an easy-to-develop opportunity. The economic growth in the agricultural and construction industries in the Tri-City metro area has resulted in a stable and available labor force and entrepreneurship in this region. Development of the site could offer opportunities for new businesses as well as expansion of existing local businesses. The current public ownership of the site by the Port of Kennewick and the collaborative approach between the City and the Port offers further assurance to the private sector for future development.

Multiple opportunities exist for developing the site such as collaboration with public and private entities, tapping into the existing market for wine related industry, making it a regional center for wine related industries, and taking advantage of the area as a western gateway to the City of West Richland and the larger Tri-City metro area.

The Port and the City have been working towards removing the development challenges. One of those was the Urban Growth Area expansion and annexation of the site that occurred in 2015. This benefits the site with the potential connection to City infrastructure yielding efficient urban scale development. The existing 100 foot Bonneville Power Administration easement and power lines across the site pose development challenges. BPA allows certain uses within its right of way, however, building structures are not allowed within the right of way. The site is currently not being served by the Kennewick Irrigation District water. However, in 1957 KID established a right of way

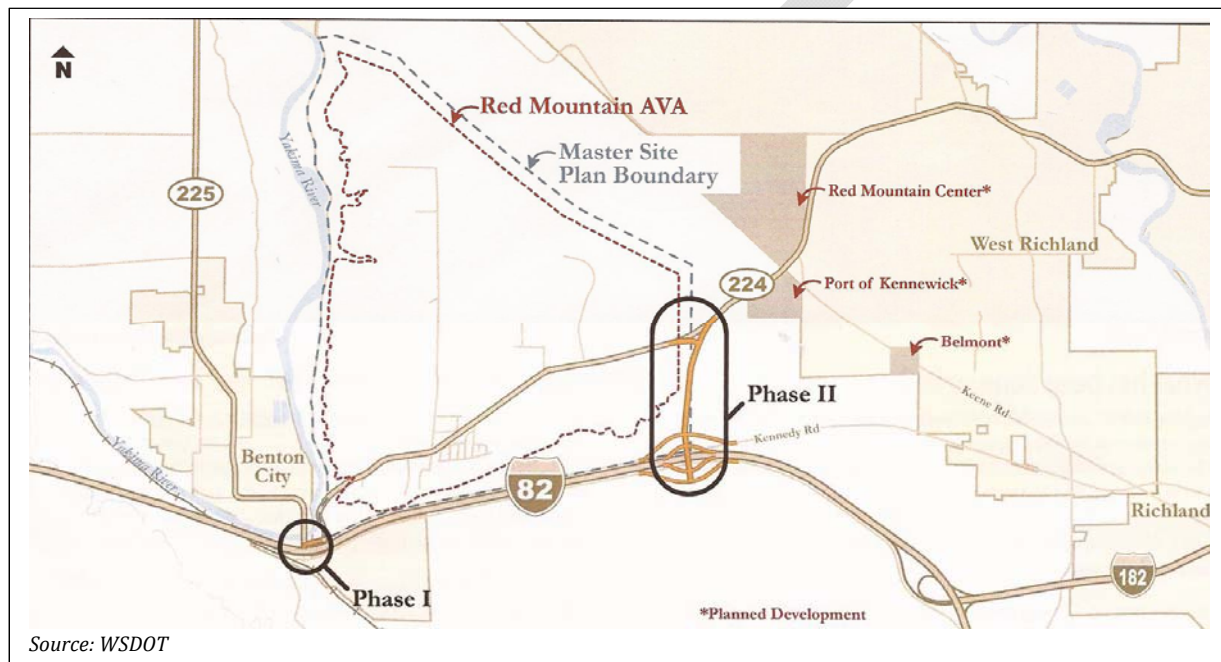


to flow “any and all wastewater” on the land resulting from the operation of Badger East Lateral. The Port and KID have agreed on removing this right of way, the formal process is underway.

### Proximity to Red Mountain AVA

Several opportunities are reviewed more closely for proposing specific uses in the site, such as proximity to the Red Mountain AVA and easy access from highway and State route.

Red Mountain AVA consists of approximately 4,040 acres of land. The AVA consists of more than 15 wineries, and many other Washington wineries source grapes from Red Mountain’s premium



growers (Washington State Wine, 2016). A Red Mountain Master Plan was developed and approved by Benton County in 2012. The plan outlines various land uses, ownership patterns and infrastructure crucial for the success of the AVA. Land use includes vineyards, wineries, support facilities, educational opportunities, visitors’ facilities etc. The plan indicates a village center and tourism facilities at the center of the AVA. The wine village will be the welcoming center for Red Mountain where visitors can learn about Red Mountain and experience related amenities.

Because of its unique combination of geology, gentle south slope, consistent winds and optimum heat profile, grapes produced in this area are highly desired for quality red wine production (Red Mountain AVA Alliance, 2016). However, it is one of the smallest AVAs with such high quality of soil. It is important that grape production in this land is maximized by limiting other usages within the AVA. One way could be to move some of the processing and ancillary facilities outside of the AVA boundary.

The proposed Red Mountain Interchange by WSDOT includes access improvement in two phases; in Phase 1, the I-82 corridor near Benton City and in Phase 2, SR 224 to Red Mountain/West Richland.

The Benton City interchange was completed in Summer 2016. Construction for the SR 224 to Red Mountain/West Richland interchange is planned to begin early 2019. They both address traffic congestion and safety issues. According to WSDOT, construction of these interchange improvements will result in a significant increase to commercial and industrial development and improve local economy.

DRAFT

## Market Analysis

The market analysis (Appendix E) prepared for this plan analyzes the growth of the wine industry in the regions, global consumption trends, and development options for wine related businesses on the site. The analysis indicates that between 2010 and 2013, the number of wineries in Benton/Franklin County has grown by 27%, outpacing the growth in Walla Walla. The value of sales in U.S. manufactured wine has tripled from \$11 billion in 1993 to nearly \$35 billion in 2012. The total economic impact of the Washington State wine industry was \$4.8 billion in 2013, up from \$3.5 billion in 2009 (Washington State University, 2016).

The market analysis indicates that Washington wine industry is growing with a mix of large and boutique wineries. In many cases, smaller wineries join together in partnerships or get purchased outright by larger business interests. This makes the processing capacity an issue as the wine makers ramp-up their production.

Given the growth of the Washington wine industry and the growth in the Tri-City region, an industrial complex of wine related facilities would make sense in the subject site. The site should focus on providing two services to the industry at the outset. One of these services should focus on the development of climate controlled warehouse flex space which could be used for barrel aging of wine, or for case storage. The other facility could be to provide warehouse space. Non-industrial wine-related facilities could also be considered as supporting uses at a later phase.



## Proposed Development Plan

### Key Principles

The Port of Kennewick's primary focus for developing of the site is to create jobs in the Tri-City area. Both the City and the Port are collaborating for economic development opportunities. It is anticipated that development of the site will be phased and occur over time. Following key aspects are necessary for development of this site:

- **Partnership**

- Partnership between public agencies (such as the City, WSDOT, BPA, KID, Benton County, Benton REA etc.). The Port and the City are already working with WSDOT on access improvements on SR-224, and BPA on the use of the easement. The Port and KID are resolving an inundation clause that will eliminate some title restrictions on the property. The Port seeks investment from its development partners throughout the process.
- Public-Private partnership such as partnering with Red Mountain AVA Alliance and other interested entrepreneurs in the area.

- **Public catalyst for private sector investments**

The Port and City are planning to extend necessary industrial infrastructure facilities to the site through a cost sharing arrangement (Port 33%/City 67%). The City completed a wine effluent pre-treatment facility on SR-224 approximately ½ mile to the east of the site. This plant will enhance the ability for existing and prospective grape producers and wine makers to remain competitive. The Port and City are planning to develop necessary infrastructure on-site through a cost sharing arrangement (Port 67%/City 33%). Port is planning to develop necessary infrastructure on the site. These public sector commitments will offer predictability and enhance private sector investments.

- **Avoid direct competition with private developers**

The Port has been evaluating intent and trends of private sector developers within the area for the past few years. The port staff has discussed with Alexander Farms, a major land owner in the vicinity who has not shown any interest specific to developing their properties for similar uses. The Port intends to review market conditions in order to avoid direct competition with the private sector.

- **Focus on large scale wine production and support facilities**

The intent of the development is to promote large industrial scale wine production facilities on the site. Market analysis indicates that the area is not suitable yet for small scale boutique wineries.

- **Support agri-tourism and the surrounding agricultural and wine industry**

The overall plan and design of the site should be reflective of the local agricultural and wine industry. Site design should include features to promote agri-tourism.

- **Phased or incremental development**

The area will be developed in multiple phases based on the local market conditions and other investments as they become available such as interchange improvements by WSDOT, or as improvement becomes financially feasible and consistent with the Port's Comprehensive Scheme. The City's potential grant for future infrastructure improvement will also affect the phasing of developments.

- **Non competing clause**

Development investments in this area will not be in competition with other investments made by the port in other jurisdictions. For example, the Port's investments in this area largely intended for industrial scale of wine processing and support facilities will not be in conflict with its investment on boutique wineries and retail uses in other jurisdictions.

## **Proposed Land Uses**

Based on the opportunity and constraints analysis, and the past trends of development of wine industry in the region, the site is suitable for wine related and wine support businesses with primary focus on:

- Wine processing industrial uses, and
- Warehouses oriented to the wine and specialty food industries.

The market analysis indicates the need for warehousing facilities. Winery warehouses can be developed for bulk wine storage, material storage and case goods. In general, most of the factors needed for construction of winery warehouses currently exist on the site and in the vicinity:

- Proximity to transportation routes, SR -224
- Proximity of production sites and markets, i.e. proximity to Red Mountain AVA and Seattle and Portland market
- Available services to be provided by the City
- Proximity to labor market which will utilize the agricultural and manufacturing labor force of the Tri-City area
- Allowance for future expansion to be considered in the site layout
- Truck movement around the site to be considered in the site layout

Future development should also focus on development of climate controlled warehouse flex space which could be used for barrel aging of wine, or for case storage. Non-industrial wine-related facilities could also be considered as supporting uses at a later phase. Development of primarily wine related manufacturing and warehouse facilities would protect limited agricultural land in the Red Mountain AVA by offsetting the industrial processing away from the AVA.

There can be other industrial and support uses complementing the primary uses such as packaging and printing, marketing, logistics etc. Development in this area should cater to multiple businesses in the related industry.

#### **Overall land use distribution**

Proposed Uses	% of the total
Industrial uses (wineries, food processing, manufacturing)	40%
Warehouse	30%
Miscellaneous (accessory retail, food)	10%
Roads, utilities	20%
<b>Total</b>	<b>100%</b>

### **Site Planning**

The site layout has been developed with the following principles:

- Flexibility – the plan layout is designed to provide a variety of choices and flexibility in order to meet the need of multiple business types. It offers a range of lots and development sizes which could cater to different sizes of businesses.
- Scalability – The lots are flexible enough to add on additional lot area or building area.
- Layout is intended for multiple types and sizes of businesses including large to mid-size wine manufacturing.

#### **Access and Circulation**

The site will be accessed primarily from SR-224 opposite of Mayo Drive. This access needs to meet WSDOT standards and a preliminary review of SR-224 access design was completed by WSDOT in 2016. This access is stretched to the south to the Alexander Farm. Another access to the site is designed from Keene Road to the east, a portion paralleling the BPA easement and is stretched to the west end of the property. The City is planning to designate the north-south road as an arterial road.

#### **Infrastructure**

Upon extensions of industrial sewer main lines, the City's wine effluent pre-treatment facility on SR-224 will serve the site. The City's water and sanitary sewer services are available at the north end and will be extended to serve the site.

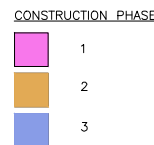
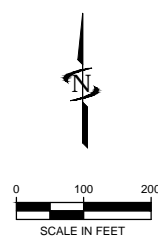
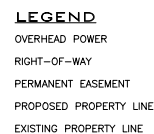
#### **Overall Layout and Lot Sizes**

Lot sizes are based on the capacity of manufacturing need. The relationship between wine production capacity and required building square footage largely varies due to the facts such as types of wine produced (red vs white), equipment used for the production, efficiency in the production process etc. Although there is not an industry adopted building sq.-ft./case ratio this plan is based upon on 1 sq.-ft. of building area required to produce 2 cases of wine. This could be modified based on the need of the industry during the time of development. The minimum size of a winery in the subject area is identified as the one having a maximum capacity of producing 30,000 cases a year. Based on this, the minimum building size for such use can be 15,000 sq.-ft.



Following are examples of capacities in some of the local wineries:

- Terra Blanca
  - Produces – 30,000 cases
  - Capacity – 75,000 cases
- Pacific Rim
  - Produces – 300,000 cases
  - Capacity – 600,000 cases
- Bookwalter
  - Produces – 30,000 cases



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2, 11, AND 12, TOWNSHIP 9 NORTH,  
RICHLAND, BENTON COUNTY, WASH.

CONCEPT LAYOUT #1  
PORT OF KENNEWICK

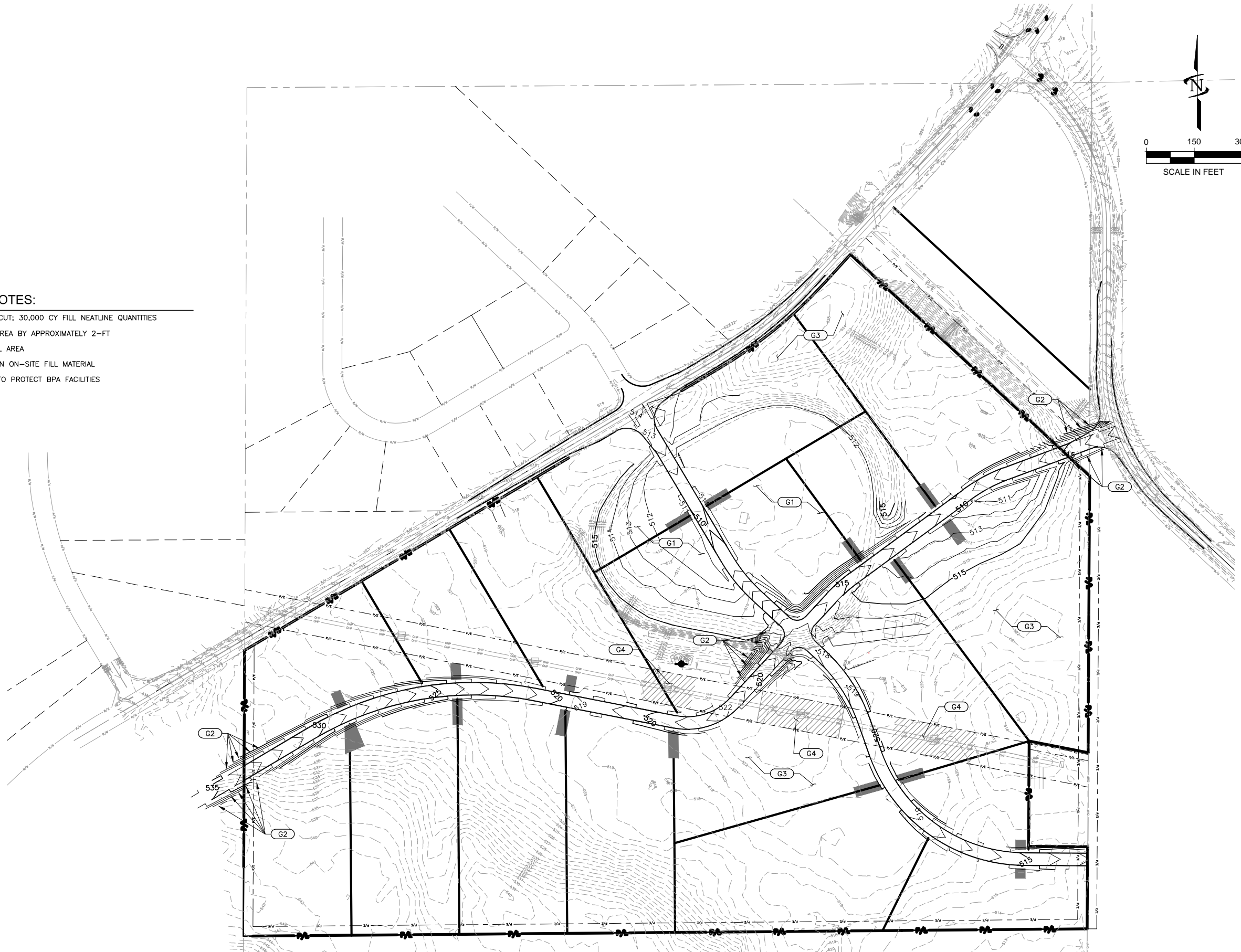
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GRADING KEYED NOTES:

- \* EARTHWORK: 30,000 CY CUT; 30,000 CY FILL NEATLINE QUANTITIES
- G1 FILL IN OLD RACE WAY AREA BY APPROXIMATELY 2-FT
- G2 POSSIBLE RETAINING WALL AREA
- G3 POSSIBLE AREA TO OBTAIN ON-SITE FILL MATERIAL
- G4 NO GRADING THIS AREA TO PROTECT BPA FACILITIES





J-U-B ENGINEERS, INC.

J-U-B ENGINEERS, INC.  
2810 W. Clearwater Ave.  
Suite 201  
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www.jub.com

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REVISION		BY	DATE
NO.	DESCRIPTION		

TRI-CITY RACEWAY MASTER PLAN

CONCEPTUAL ROADWAY GRADING

FILE : 30-13-077 C-101

JUB PROJ # : 30-13-077

DRAWN BY :

DESIGN BY :

CHECKED BY : ###

ONE INCH  
AT FULL SIZE, IF NOT ONE  
INCH, SCALE ACCORDINGLY

LAST UPDATED: 7/1/2016

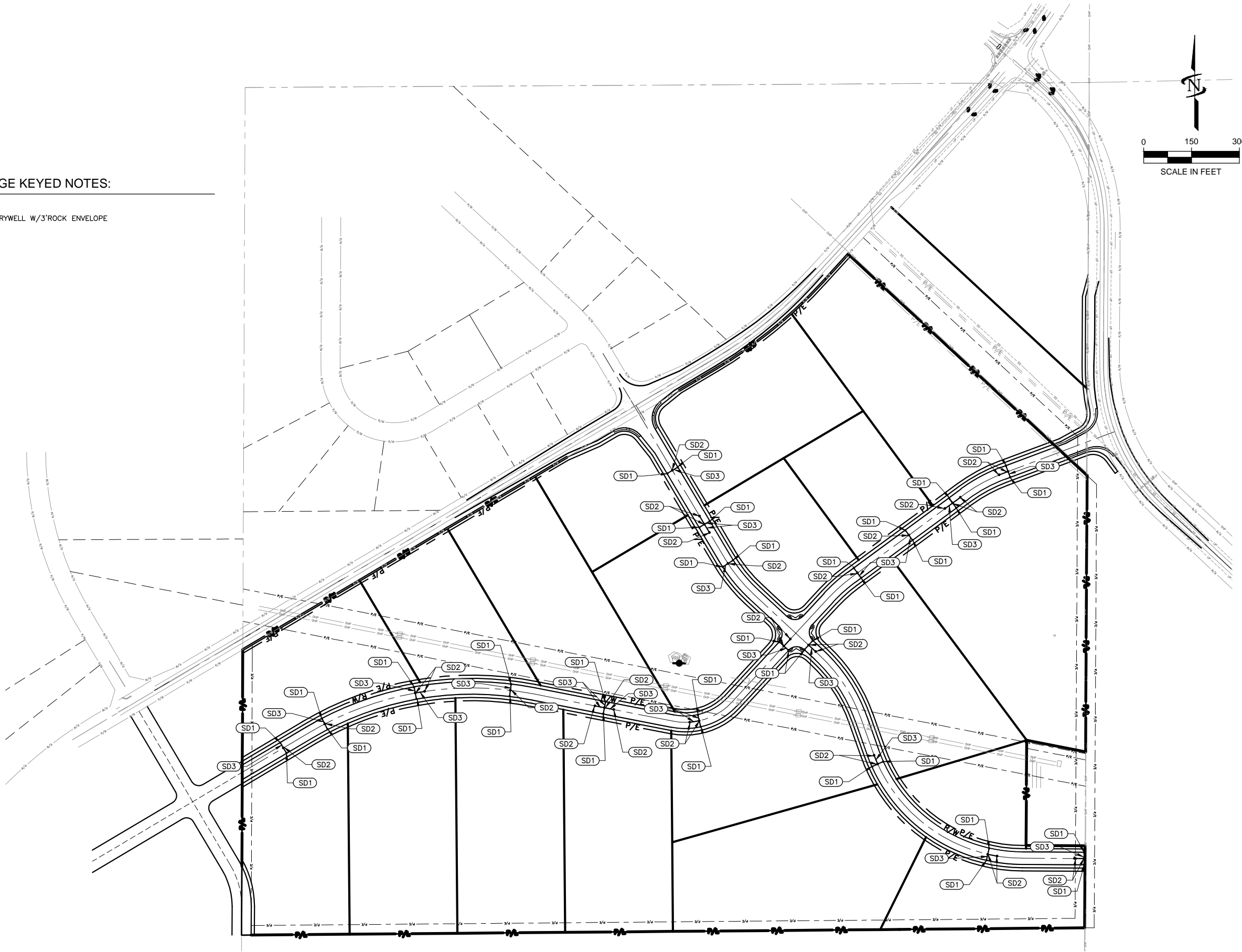
SHEET NUMBER:  
C-101




PLOT DATE: 7/1/2016 2:31 PM PLOTTED BY: DARRIN MOORE  
DATE CREATED: 6/29/2016 P: PROJECT: JUB-30-13-077- ONEZA TRI-CITY RACEWAY MASTER PLAN PH 2 CAD SHEET 130-13-077 C-102.DWG

STORM DRAINAGE KEYED NOTES:

- (SD1) CATCH BASIN  
(SD2) STORM DRAINAGE DRYWELL W/3' ROCK ENVELOPE  
(SD3) 12" SD PIPE





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NO.	DESCRIPTION
BY	DATE

TRI-CITY RACEWAY MASTER PLAN

CONCEPTUAL STORM DRAINAGE

FILE : 30-13-077 C-102  
JUB PROJ # : 30-13-077  
DRAWN BY : ##  
DESIGN BY : ###  
CHECKED BY : ###

ONE INCH  
AT FULL SIZE, IF NOT ONE  
INCH, SCALE ACCORDINGLY

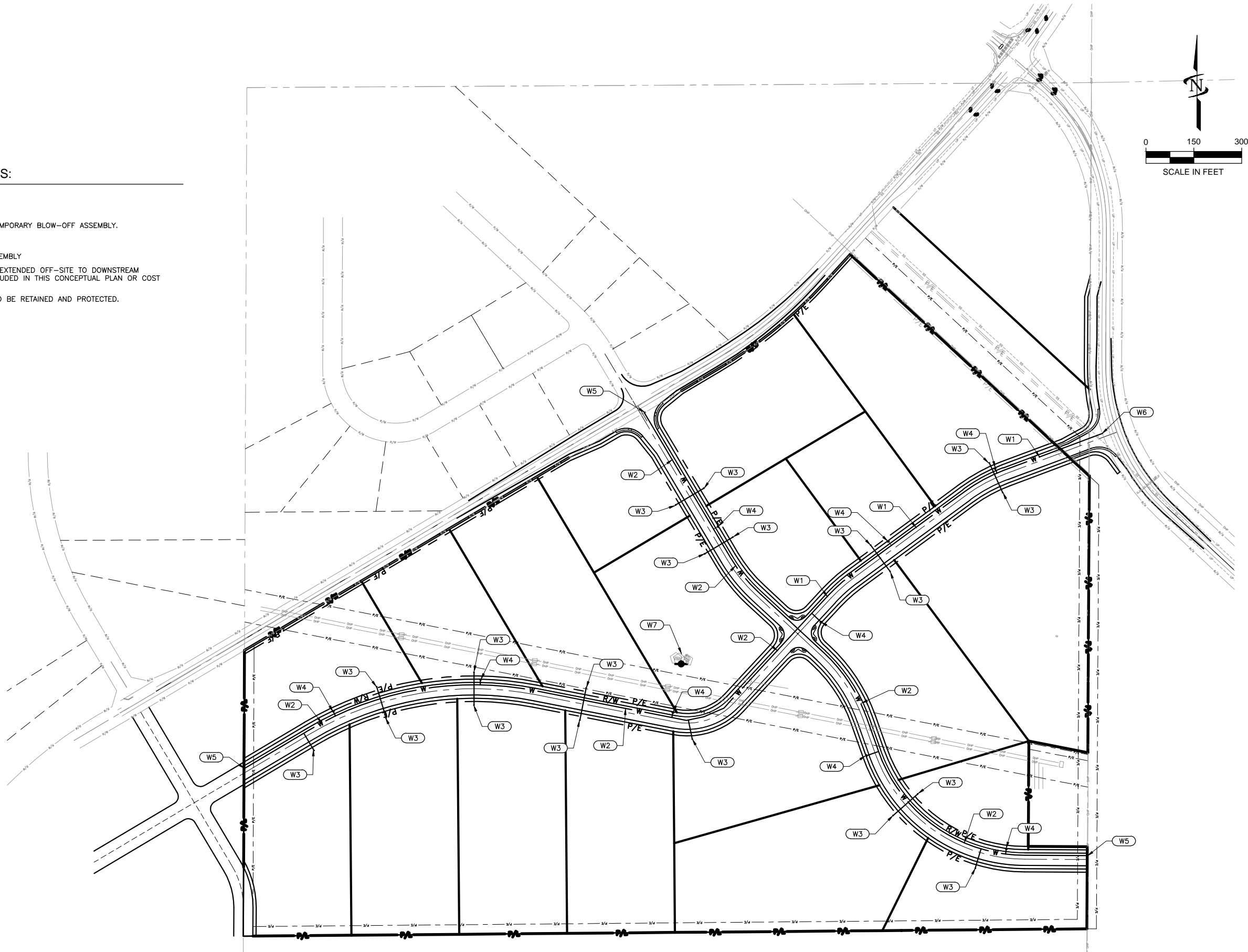
LAST UPDATED: 6/29/2016


SHEET NUMBER:  
C-102

Poi Date: 7/1/2016 2:47 PM Plotted By: Darin Moore  
Date Created: 7/1/2016 \\WKF\FILES\PUBLIC\PROJECT\JUB\03-13-077-ONEZA TRI-CITY RACEWAY MASTER PLAN PH 2\CAD\SHEET\C-103.DWG

WATER KEYED NOTES:

- W1 14" DI WATER MAIN  
W2 12" DI WATER MAIN  
W3 8" DI WATER SERVICE W/TEMPORARY BLOW-OFF ASSEMBLY.  
W4 FIRE HYDRANT ASSEMBLY  
W5 TEMPORARY BLOW-OFF ASSEMBLY  
W6 14" DI WATER MAIN TO BE EXTENDED OFF-SITE TO DOWNSTREAM CONNECTION TBD. NOT INCLUDED IN THIS CONCEPTUAL PLAN OR COST ESTIMATE.  
W7 EXISTING ON-SITE WELLS TO BE RETAINED AND PROTECTED.





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REVISION	
NO.	DESCRIPTION
BY	DATE

TRI-CITY RACEWAY MASTER PLAN

CONCEPTUAL WATER PLAN

FILE : 30-13-077 C-103  
JUB PROJ. #: 30-13-077  
DRAWN BY: ##  
DESIGN BY: ###  
CHECKED BY: ###

ONE INCH  
AT FULL SIZE, IF NOT ONE  
INCH, SCALE ACCORDINGLY

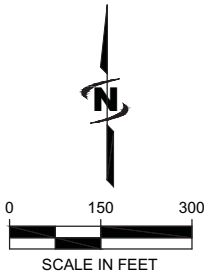
LAST UPDATED: 7/1/2016


SHEET NUMBER:  
C-103

Pot Date: 7/1/2016 3:49 PM Plotted By: Darin Moore  
Date Created: 7/1/2016 F:\PROJECT\JUB\30-13-077- ONEZA TRI-CITY RACEWAY MASTER PLAN PH 2\CAD\Sheet\30-13-077 C-104.DWG

SANITARY SEWER KEYED NOTES:

- (S1) 8" INDUSTRIAL WASTE SANITARY SEWER MAIN  
(S2) 15" SANITARY SEWER MAIN  
(S3) 8" SANITARY SEWER MAIN  
(S4) SANITARY SEWER MANHOLE  
(S5) INDUSTRIAL COATED SANITARY SEWER MANHOLE  
(S6) 8" INDUSTRIAL WASTE SEWER SERVICE  
(S7) 8" SANITARY SEWER SERVICE  
(S8) 15" SANITARY SEWER MAIN TO BE EXTENDED OFF-SITE TO DOWNSTREAM CONNECTION TBD. NOT INCLUDED IN THIS CONCEPTUAL PLAN OR COST ESTIMATE.  
(S9) 8" INDUSTRIAL WASTE SANITARY SEWER MAIN TO BE EXTENDED OFF-SITE TO DOWNSTREAM CONNECTION TBD. NOT INCLUDED IN THIS CONCEPTUAL PLAN OR COST ESTIMATE.





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REVISION	
NO.	DESCRIPTION
BY	DATE

TRI-CITY RACEWAY MASTER PLAN

Conceptual Industrial and Sanitary Sewer Plan

FILE : 30-13-077 C-104  
JUB PROJ # : 30-13-077  
DRAWN BY: ##  
DESIGN BY: ###  
CHECKED BY: ###  
ONE INCH  
AT FULL SIZE, IF NOT ONE INCH, SCALE ACCORDINGLY  
LAST UPDATED: 7/1/2016  
SHEET NUMBER:  
C-104





## Design Standards

Purpose of the design standards is to create an aesthetically pleasing urban industrial environment while meeting the functional requirements. Design standards should address design of the site, landscaping, building orientation, and building design.

### Overall Site design

Each lot should consider the following site design principles when feasible considering the topography and location of the lot:

- Locate buildings close to the street, and parking and service areas on the back side of the property
- Maintain shared driveways
- Provide adequate truck turnaround area on the site
- Maintain sustainability principles in the overall site and building design

### Building design

- Buildings abutting SR-224 should create a welcoming environment in the building massing and placement
- Westerly lots (lots 11 and 12) should be designed with gateway features to West Richland and Tri-City
- Buildings should use modulation to break down the massive look

### Signage and Landscaping

- Utilize low maintenance landscaping
- Use xeriscape principles using native plants
- Utilize existing topography and storm water drainage as part of the site and landscape design

## Cost Estimate

A cost estimate is prepared based on the proposed lot layout road plans. The cost includes development of the roadway, water, sanitary sewer, industrial waste collection and storm drainage systems, and dry utilities. The total estimated cost for developing the entire site is over 5 million.

Improvements	Cost \$
Roadway (5,200 LF)	1,993,572
Sanitary Sewer	345,320
Industrial Waste Collection System	233,750
Domestic Water	531,590
Storm Drainage	284,000
Dry Utilities	97,000
<b>Subtotal with sales tax</b>	<b>3,784,962</b>
Contingency (40%), design, engineering, construction management, permit fees etc.	1,928,043
<b>Total Estimate Cost</b>	<b>6,358,736</b>



## Implementation Strategies

### Timing and Financing

As discussed above, the area will be developed in multiple phases based on private sector interest and infrastructure investments as they become available. Financing will be dependent on multiple development partners such as the Port, the City and private developers. This will include the City's potential grant for infrastructure improvements, and the Port's investment consistent with the Comprehensive Scheme. Developers will pay an exaction fees and share of development costs for site specific improvements.

The long term and short term development strategies identified by the Joint Port/West Richland Economic Development Committee are stated below.

#### Long-Term Strategy (4-7 Years)

The jurisdictions recognize that the likely "start" of Racetrack development is 4-7 years into the future. This depends upon economic and other factors, including the construction of the interchange, which will be an economic catalyst for the area. Additionally the Port will need to establish a funding mechanism for the first phase of development on-site, including roads and utilities. The Port may seek grant funding for the on-site infrastructure.

By establishing this 4-7 year timeframe, various objectives which are important to the jurisdictions will have a chance to materialize, for example:

- The jurisdictions can use this time frame to foster development at Red Mountain Center by encouraging wineries to hook up to the effluent treatment plant (and trunk lines) which the city recently completed. Private parties can seek to realize their investments by developing or selling properties for wineries with the effluent treatment plant being a competitive advantage for the city.
- Additionally, time will allow the jurisdictions to accumulate funds to construct and extend from the current off-site locations to the boundary of the Racetrack property. Establishing utilities at the boundary of the Racetrack site will be the catalyst needed to facilitate the development of the site, as utilities to the boundary of the site are a prerequisite to development on-site. Thus, the parties have identified, as the short-term strategy, the creation of a funding and construction plan for getting utilities to the Racetrack property boundary.

#### Short-Term Strategy (1-4 Years)

The jurisdictions agree to formulate a strategy for constructing and installing utilities from the city to the boundary of the Racetrack property. This strategy will consist of a funding component, whereby the city will pledge 2/3 of the necessary funding; and the Port the remaining 1/3. The Port agrees to market its two parcels of undeveloped real property southwest of the Black Heron Distillery for sale

for appropriate business enterprises. The Port would direct proceeds of these sales to fund its share of the jointly-funded utility infrastructure project. Additionally, the Port will pledge \$100,000 from its 2017-18 biennial budget as well as reimbursement it receives from latecomer's proceeds from the inundation clause purchase from KID.

### **Phasing**

Phase one will include accesses from SR-224 and Keene Road. A majority of the north-south access road from SR-224 and the east half of the east-west access road from Keene Road will be developed in phase one. Phase two will provide access to Alexander Farm abutting the Benton REA property. It will also extend a segment of the east-west road to the west. The last phase will be completed with the development of the east-west road providing access to lots 12, 13 and 14.

### **Marketing Plan**

The Port will develop a marketing plan to reach out to the producers to make the site available to potential users. The Port may also consider contracting out the management of the site to a facilities management firm.

## Appendices

Appendix A – Proposed access road at Keen Road

Appendix B – Proposed SR-224 and Mayo Road intersection

Appendix C –Cost estimate

Appendix D – Agri-tourism Ideas

Appendix E – Market Analysis

## References

Washington State Wine, 2016. Available on: <https://www.washingtonwine.org/wine/facts-and-stats/regions-and-avas/red-mountain>. Accessed on April 28, 2016

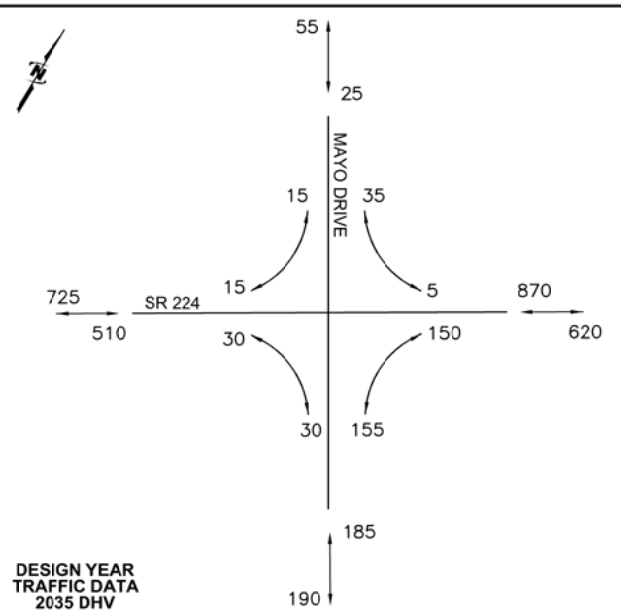
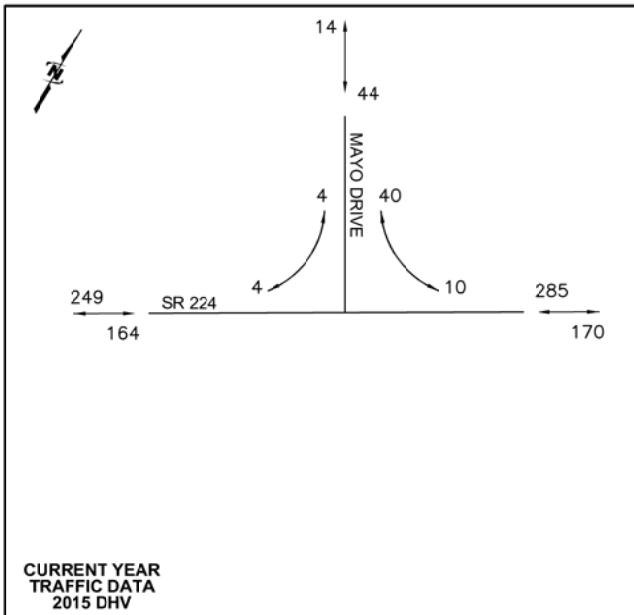
Red Mountain AVA Alliance, 2016. Available at: <http://redmountainava.com/theava/>. Accessed on: April 28, 2016

Washington State University, 2016. Available at: <http://wine.wsu.edu/research-extension/2015/09/new-study-shows-growing-economic-impact-for-washington-states-wine-industry/>. Accessed on April 28, 2016

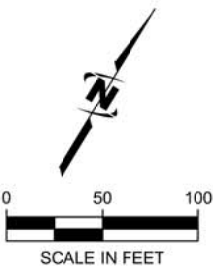








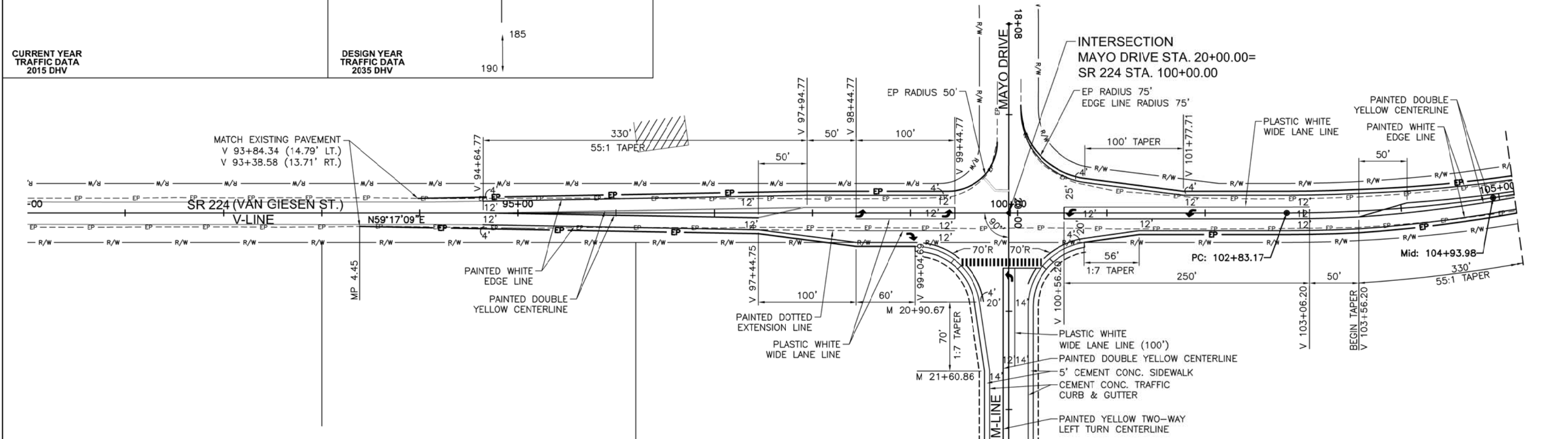
T. 9N. R. 27E. SEC. 11 W.M.  
SR 224 & MAYO DRIVE  
BENTON COUNTY



DESIGN DATA	
ROAD	SR 224
HIGHWAY DESIGN CLASSIFICATION	FULL : URBAN COLLECTOR
CROSSROAD DESIGN CLASS	FULL : COLLECTOR
ACCESS CONTROL	MANAGED CLASS 3
LAND USE	COMMERCIAL / RESIDENTIAL
ADT (CURRENT YEAR 2015)	4,200
ADT (DESIGN YEAR 2035)	12,900
PERCENT TRUCKS	10
DESIGN VEHICLE	WB-67
POSTED SPEED / DESIGN SPEED	55 MPH / 60 MPH

CURRENT YEAR  
TRAFFIC DATA  
2015 DHV

DESIGN YEAR  
TRAFFIC DATA  
2035 DHV



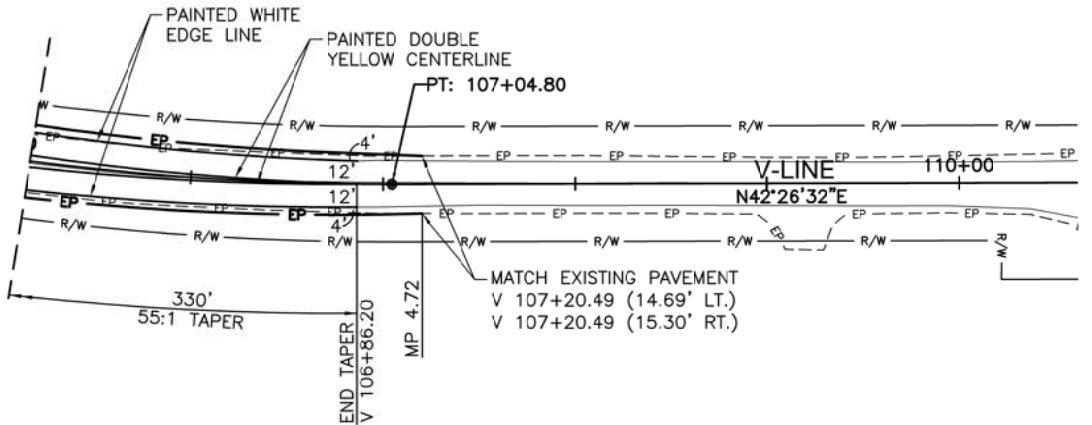
CURVE DATA					
P.I. STATION	DELTA	RADIUS	TANGENT	LENGTH	S
V 104+93.98	16°51'51"	1432.50'	212.35'	421.64'	N/A

APPROVED BY:

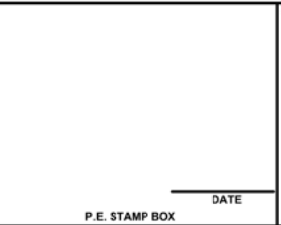
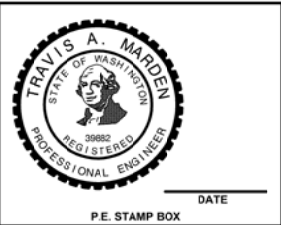
☐ ASSISTANT REGIONAL ADMINISTRATOR FOR DEVELOPMENT

DATE \_\_\_\_\_ SIGNATURE \_\_\_\_\_

CHANNELIZATION LEGEND	
	CEMENT CONC. CURB RAMP TYPE PARALLEL A
	PLASTIC TRAFFIC ARROW TYPE 2L
	PLASTIC TRAFFIC ARROW TYPE 2R
	PLASTIC TRAFFIC ARROW TYPE 3R
	EXISTING EDGE OF PAVEMENT
	PROPOSED EDGE OF PAVEMENT
	EXISTING SKIP PAINT LINE
	EXISTING RIGHT-OF-WAY
	PROPOSED RIGHT-OF-WAY



FILE NAME	\\KWKFILES\PUBLIC\PROJECT\JUB\30-13-077 - ONEZA TRI-CITY RACEWAY MASTER PLAN PH 2\CAD\SHEET\30-13-077 INTERSECTION PLAN.DWG
TIME	11:07:56 AM
DATE	11/17/2015
PLOTTED BY	Mary M. Wilkinson
DESIGNED BY	BEH
ENTERED BY	MMW
CHECKED BY	TAM
PROJ. ENGR.	
REGIONAL ADM.	
REVISION	
DATE	
BY	



TRI-CITY RACEWAY MASTER PLAN PH 2 SR 224 M.P. 4.58	Plot 1 PLAN REF NO IP1 SHEET 1 OF 1 SHEETS
INTERSECTION PLAN	



**PROJECT:**

TRI-CITY RACEWAY MASTER PLAN

**PROJECT DESCRIPTION:**

Conceptual Roadway and Utility Infrastructure

**DATE:****8/18/16**

Coloring indicates a  
difference from JUB  
estimate

CLIENT: Port of Kennewick

CLIENT PROJ. NO.

ITEM

NO. DESCRIPTION

SCHEDULE OF VALUES			
JUB Original			
Qty	UNIT	UNIT RATE	Cost

SCHEDULE OF VALUES			
RCECM Estimate			
Qty	UNIT	UNIT RATE	Cost

## ROADWAY (5,200 LF)

1 Mobilization	1 LS	\$50,000	\$50,000	1 LS	\$50,000	\$50,000
2 Temporary Erosion and Sediment Controls	1 LS	\$20,000	\$20,000	1 LS	\$20,000	\$20,000
3 Traffic Control	1 LS	\$30,000	\$30,000	1 LS	\$30,000	\$30,000
4 Shoring and Trench Safety	1 LS	\$10,000	\$10,000	1 LS	\$10,000	\$10,000
5 Clearing and Grubbing	1 LS	\$15,000	\$15,000	1 LS	\$15,000	\$15,000
6 Roadway Excavation	30,000 CY	\$6	\$180,000	30,000 CY	\$12	\$360,000
7 Roadway Embankment	30,000 CY	\$10	\$300,000	30,000 CY	\$10	\$300,000
8 HMA Cl. 3/8 in, PG 64-28 (3-IN)	4,122 TON	\$95	\$391,590	4,926 TON	\$95	\$467,970
9 Crushed Surfacing Top Course (2-IN)	2,603 TON	\$25	\$65,075	2,503 TON	\$25	\$62,575
10 Crushed Surfacing Base Course (4-IN)	5,053 TON	\$22	\$111,166	5,003 TON	\$22	\$110,066
11 Concrete Curb and Gutter	10,400 LF	\$22	\$228,800	10,400 LF	\$25	\$260,000
12 Soil Residual Herbicide	23,111 SY	\$1	\$23,111	23,111 SY	\$1	\$23,111
13 Roadway Striping	17,000 LF	\$2.50	\$42,500	17,000 LF	\$2.50	\$42,500
14 Directional Arrows	14 EA	\$350.00	\$4,900	14 EA	\$350.00	\$4,900
15 Roadway Signage	19 EA	\$300	\$5,700	19 EA	\$300	\$5,700
16 Sawcut Asphalt	1,000 LF	\$3	\$3,000	1,000 LF	\$3	\$3,000
17 Roadway Illumination System	1 LS	\$132,000	\$132,000	1 LS	\$132,000	\$132,000
18 Roadway Monumentation	17 EA	\$750	\$12,750	17 EA	\$750	\$12,750
19 Concrete Sidewalk	350 SY	\$40	\$14,000	350 SY	\$40	\$14,000
20 Pedestrian Ramps	8 EA	\$2,500	\$20,000	8 EA	\$2,500	\$20,000
21 Segmental Block Retaining Walls	1 LS	\$50,000	\$50,000	1 LS	\$50,000	\$50,000
			\$1,709,592	\$1,993,572		

## SANITARY SEWER

1 8" PVC Sanitary Sewer Pipe	2,240 LF	\$35	\$78,400	2,280 LF	\$35	\$79,800
2 15" PVC Sanitary Sewer Pipe	3,100 LF	\$58	\$179,800	3,090 LF	\$58	\$179,220

ITEM NO.	DESCRIPTION	SCHEDULE OF VALUES				SCHEDULE OF VALUES			
		JUB Original				RCECM Estimate			
		Qty	UNIT	UNIT RATE	Cost	Qty	UNIT	UNIT RATE	Cost
3	Sanitary Sewer Manhole 48" Dia.	24	EA	\$3,200	\$76,800	24	EA	\$3,200	\$76,800
4	Cap and Mark Sewer Service	19	EA	\$500	\$9,500	19	EA	\$500	\$9,500
					<b>\$344,500</b>				<b>\$345,320</b>
INDUSTRIAL SEWER									
1	8" PVC Sanitary Sewer Pipe	4060	LF	\$35	\$142,100	4170	LF	\$35	\$145,950
2	Industrial Coated Sanitary Sewer Manhole 48"	19	EA	\$4,200	\$79,800	19	EA	\$4,200	\$79,800
3	Cap and Mark Sewer Service	16	EA	\$500	\$8,000	16	EA	\$500	\$8,000
					<b>\$229,900</b>				<b>\$233,750</b>
DOMESTIC WATER									
1	8" DI Pipe	1,000	LF	\$42	\$42,000	975	LF	\$42	\$40,950
2	12" DI Pipe	4,030	LF	\$60	\$241,800	4,065	LF	\$60	\$243,900
3	14" DI Pipe	1,150	LF	\$72	\$82,800	1,155	LF	\$72	\$83,160
4	14"x12" Reducer	1	EA	\$1,800	\$1,800	1	EA	\$1,800	\$1,800
5	14"x8" Tee	4	EA	\$1,500	\$6,000	4	EA	\$1,500	\$6,000
6	12"x8" Tee	15	EA	\$1,200	\$18,000	15	EA	\$1,200	\$18,000
7	12" Cross	1	EA	\$1,200	\$1,200	1	EA	\$1,200	\$1,200
8	14" Butterfly Valve	4	EA	\$2,200	\$8,800	4	EA	\$2,200	\$8,800
9	12" Butterfly Valve	10	EA	\$1,600	\$16,000	10	EA	\$1,600	\$16,000
10	8" Gate Valve	19	EA	\$900	\$17,100	19	EA	\$900	\$17,100
11	Fire Hydrant Assembly	10	EA	\$3,500	\$35,000	9	EA	\$3,500	\$31,500
12	6" DI Pipe	280	LF	\$36	\$10,080	280	LF	\$36	\$10,080
13	Cap and Mark Water Service	19	EA	\$500	\$9,500	19	EA	\$500	\$9,500
14	Temporary Blow-Off Assembly	22	EA	\$1,300	\$28,600	22	EA	\$1,300	\$28,600
15	Miscellaneous Fittings and Bends	20	EA	\$750	\$15,000	20	EA	\$750	\$15,000
					<b>\$533,680</b>				<b>\$531,590</b>
STORM DRAINAGE									
1	Catch Basin	36	EA	\$1,000	\$36,000	36	EA	\$1,000	\$36,000
2	72" Dia. SD Drywell w/3-FT Rock Env.	31	EA	\$5,800	\$179,800	32	EA	\$5,800	\$185,600
3	12" SD Pipe	1,110	LF	\$40	\$44,400	1,560	LF	\$40	\$62,400
					<b>\$260,200</b>				<b>\$284,000</b>
DRY UTILITIES									
1	2" Communication Conduit	5,200	LF	\$4	\$20,800	5,200	LF	\$4	\$20,800
2	Primary Electrical Power Trenching (BREA)	5,200	LF	\$6	\$31,200	5,200	LF	\$6	\$31,200
3	Trenching for Electrical Vaults/Transformers	16	EA	\$1,500	\$24,000	16	EA	\$1,500	\$24,000
4	4" Sch 80 PVC Conduit Roadway Crossings	1,400	LF	\$15	\$21,000	1,400	LF	\$15	\$21,000

ITEM  
NO.

DESCRIPTION

SCHEDULE OF VALUES			
JUB Original			
Qty	UNIT	UNIT RATE	Cost
			<b>\$97,000</b>

SCHEDULE OF VALUES			
RCECM Estimate			
Qty	UNIT	UNIT RATE	Cost
			<b>\$97,000</b>

Subtotal		\$3,117,233	Subtotal			\$3,485,232
Sales Tax	8.60%	\$268,082	Sales Tax	\$268,082	8.60%	\$299,730
Subtotal		\$3,385,315	Subtotal			\$3,784,962
Contingency	20%	\$677,063	Contingency	\$677,063	40%	\$1,513,985
Design			Design			
Engineering	8%	\$270,825	Engineering	\$270,825	8%	\$302,797
Construction			Construction			
Admin.	8%	\$270,825	Admin.	\$270,825	8%	\$302,797
Materials			Materials			
Testing	2%	\$67,706	Testing	\$67,706	2%	\$75,699
Construction			Construction			
Staking	5%	\$169,266	Staking	\$169,266	5%	\$189,248
Permit Fees	5%	\$169,266	Permit Fees	\$169,266	5%	\$189,248
Total			Total			
Estimated			Estimated			
Costs		\$5,010,266	Costs			\$6,358,736

**Notes:** Pipe and fittings assume all pipe trenching, backfill, compaction, pipe bedding, trench safety and testing is included in unit price  
Assumes no off-site domestic water or sanitary sewer utility extentions to downstream faciiliites  
Assumes no utility service connection fees  
Excludes any irrigation and landscaping  
Excludes any demolition and/or remediation of existing raceway facility  
Assumes a gravity sanitary sewer



# Memorandum

---

**To:** Larry Peterson, Director of Planning & Development

Port of Kennewick

**From:** Ferdouse Oneza, Oneza & Associates

**Date:** July 1, 2015

**Re:** Tri-Cities Raceway Site Development: Agri-Tourism Ideas

---

## Purpose

The purpose of analyzing agri-tourism as a planning component for the Tri-Cities Raceway development is to evaluate the options of agri-tourism to be incorporated in the Raceway site planning process. Agriculture relating to the wine industry plays a vital role for the Tri-Cities' economy. Over the past four years the number of wineries in Benton/Franklin County has grown by 27%, outpacing the growth in Walla Walla in both percentages and in real numbers (HDR, 2014). This has brought tourists in the region from all over the state. Statewide, wine tourism is estimated to account for 3,307 jobs and total wages of more than \$98 million (Stonebridge, 2012). Tourists and visitors spent \$398.2 million in 2013 in Tri-Cities (Visit Tri-Cities, 2015). Therefore, it is important that developments related to the wine industry consider the essence of agriculture and tourism in the planning.

## Agriculture and Agri-Tourism

Four distinct characteristics of agriculture in community planning have been discussed by Andres Duany & DPZ (Andres Duany & DPZ, 2012). These are:

1. Agricultural Retention, where techniques are employed to save existing farmland;
2. Urban Agriculture, refers to agricultural practices within urban areas;
3. Agricultural Urbanism, where agriculture is associated with the community, but not socially integrated. Few residents participate in the productive activities, but anyone may visit, volunteer and learn from the farms;
4. Agrarian Urbanism, refers to a deeper integration between agriculture and the society. The society is involved in agricultural activities and settlements reflect that characteristics of the society.

Agri-tourism is a subset of tourism industry that attracts tourists to areas where agricultural products are available and are of interest to tourists. Generally, the tourist attraction to agricultural areas is based on factors such as, sustainable agricultural practices, uniqueness of the agricultural product, and agriculture based economy. Agri-tourism includes activities such as family visit to the farm or agricultural production areas, experience the agricultural ambience, visit winemaking and tasting facilities etc. Farm or production areas provide amenities and activities for tourists based on the production cycle, for example, harvesting, processing of food etc. (Virginia Tech, 2009).



Developments on the Tri-Cities Raceway site could be consistent with Agricultural Urbanism and Agrarian Urbanism. The vicinity, e.g. the Red Mountain AVA area is socially and economically integrated with the Tri-Cities community. However, the community and its settlements are not entirely involved in agricultural activities. A combination of agricultural aspects and increased demand for wine industry in the Tri-Cities area makes the agri-tourism a desirable component for the area. Therefore, development on the Tri-Cities Raceway site may reflect some of the agri-tourism components.



*Source: Great Wine News*

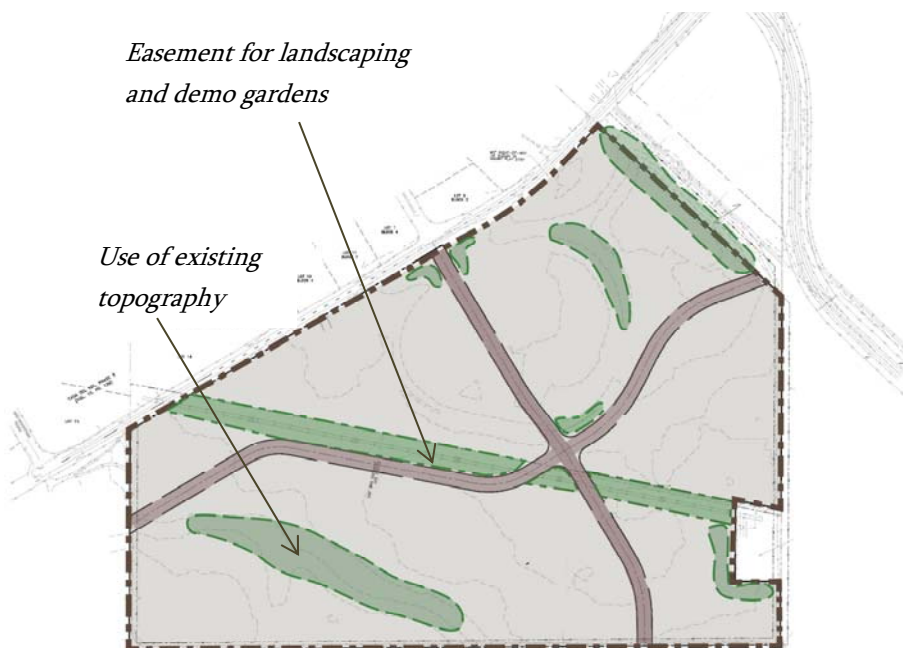
It is to note that because of the limited size of the site in comparison with its surrounding agricultural areas, the full potential of agri-tourism may not be applicable in the site development. Development on the site could be supplementary to the agri-tourism as it intends to support of the wine industry. This includes wine production and processing while the main agricultural uses, i.e. grape production remain in the vicinity. Therefore, the idea of agri-tourism within the site may include tourism component reflecting a hybrid of agricultural production and processing activities.

## Design Principles

Design of the Raceway site can include the following principles for agri-tourism. These may include identifying some niche areas for the wine and agricultural industry.

- Be supportive and reflective of the surrounding agricultural and wine industry. The development should use design elements that make wine businesses and industries attractive to customers.
- Promote production of wine from sustainable agricultural practices. This may include showcasing some of the wineries in the Red Mountain AVA that use sustainable practices, and use such practices on the site while processing wine. This could include wine processing from organic grapes.
- Use demonstration gardens. The site may use demonstration gardens as a way to create a tourists' experience. This could include demonstration gardens on portions of existing lots, as well as utilization of existing utility corridors that are otherwise hard to utilize.
- Use of landscaping. Appropriate landscaping could set the transition between different types of uses within the site.
- Utilize existing topography and storm water drainage as part of the site design.
- Agricultural retention. Ensure that uses in the development supports the agricultural uses in the vicinity, and protects valuable agricultural land in the Red Mountain AVA from being used for wine production or processing.

Fig. 1 - Potential landscaping and demonstration garden areas





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# **Tri-Cities Raceway Site Development Plan**

## **Market Analysis**

Prepared by HDR Engineering Inc.  
In partnership with Oneza & Associates

July 7, 2014

## I. Wine Industry Growth

In looking at when and how to develop the former Tri-City Raceway site the Port of Kennewick asked Oneza and Associates to review the economic growth in the Washington (and regional) wine industries over the past decade. In order to determine the feasibility of development of an industrial wine center or something similar, the wine industry would have to be strong and growing in order to support such activity. This study looked at a number of different factors to determine the levels of growth in the industry and determined that by any standard the industry is growing, and in fact, it may not be growing enough.

By Year	Washington Wineries
2003	240
2004	300
2005	360
2006	460
2007	540
2008	562
2009	620
2010	709
2011	748
2012	773
2013	796
<b>Source:</b> Washington State Liquor Control Board, Washington Wine Commission	
<b>Note:</b> 2010 data based on Oct. 2010 licenses, 2013 data based on Sept. 2013 licenses.	

Table 1 shows wineries licensed by the State over time and there is definitely a growth trend as you look at the number of licenses.

Over the past decade the number of wineries in the State of Washington has grown by 330%, averaging about 56 new winery licenses per year over that time.

In addition, grape production over that time has also risen

**Table 1** significantly, not only in Washington, but in the other major wine producing states as well. A review of statistics from the United States Department of Agriculture revealed the extent of that growth over the past five years, which shows not only have the quantity of grapes harvested grown, but they have also held their overall value in the market, making the production of wine a more profitable endeavor (Table 2)

U.S. Grape Production 2008-2012										
Year	Tons Produced					Average Price				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
California	3,015,000	3,703,000	3,589,000	3,347,000	3,700,000	\$610	\$612	\$574	\$578	\$666
<b>Washington</b>	<b>145,000</b>	<b>156,000</b>	<b>160,000</b>	<b>142,000</b>	<b>188,000</b>	<b>\$1,030</b>	<b>\$989</b>	<b>\$1,040</b>	<b>\$987</b>	<b>\$1,040</b>
Oregon	34,700	40,200	31,200	41,500	46,000	\$2,050	\$1,910	\$2,030	\$1,950	\$2,050
Other States	89,520	81,600	87,800	92,610	79,070	\$900	\$924	\$959	\$956	\$995
United States	3,284,220	3,980,800	4,269,530	4,153,660	4,413,120	\$574	\$599	\$746	\$675	\$895

**Table 2**

In reviewing production by gallons of wine, there is also dramatic growth in the Washington wine industry over the past decade. Table 3 shows that between 2002 and 2010 (latest data available) the Washington wine industry increased



its total output by 4.6 million gallons. That translates into an increase of over 1.9 million cases of wine in an eight year period. (one case of wine is approximately 2.4 gallons)

WA Wine Production	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gallons Produced (millions)	15.5	17.7	17.3	16.5	19	20	21.4	25	20.1
<b>Source:</b> Washington Wine Commission Report on Economic Impacts of the Washington Wine Industry by Stonebridge Research LLC									

**Table 3**

In addition, over the past four years the number of wineries in Benton/Franklin County has grown by 27%, outpacing the growth in Walla Walla (table 4) in both percentages and in real numbers. Though the number of wineries between 2012 and 2013 is unchanged, significant growth in the industry occurred in both 2011 and 2012 which lends credence to the idea of supporting the industry in its growth efforts.

If you take a look at wine sales in a broader sense growth in the industry is also quite clearly defined. Over the past 20 years the value of sales in U.S. manufactured wine has tripled from \$11 billion in 1993 to nearly \$35 billion in 2012, and since 2002 sales have jumped from \$21.8 billion to nearly \$35 billion. In 2008 and 2009 the Great Recession did impact the wine industry as it saw reductions in sales volume two years straight.

Benton/Franklin Wineries	2010	2011	2012	2013
By Year	48	53	61	61
Includes licenses in Pasco, Kennewick, Richland, West Richland, Benton City and Paterson				
<b>Source:</b> Washington State Liquor Control Board, Washington Wine Commission				
<b>Note:</b> 2010 data based on Oct. 2010 WSLCB licenses, 2013 based on Sept. 2013 licenses.				
Walla Walla Wineries	2010	2011	2012	2013
By Year	132	138	139	139
<b>Source:</b> Washington State Liquor Control Board, Washington Wine Commission				
2013 licenses.				

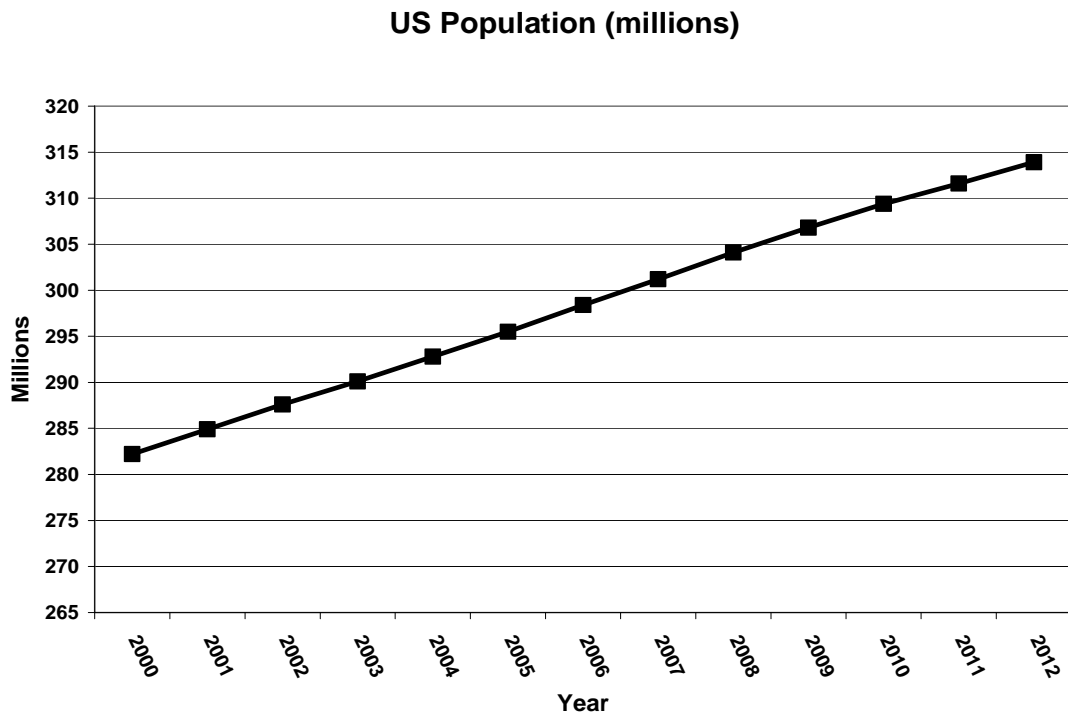
**Table 4**

In fact, those two years were the only two years in the past 20 when either the quantities of cases sold (in the millions) or the sales value did not increase (Table 5). As this table clearly shows, the sale of wine in the United States is not only profitable, but it continues to grow at a fairly rapid pace, increasing by over 100 million cases between 2002 and 2012.

WINE SALES IN THE U.S.—2002 to 2012 in millions of 9-liter cases					
<i>(Wine shipments from California, other states and foreign producers entering U.S. distribution)</i>					
Year	Table Wine <sup>1</sup>	Dessert Wine <sup>2</sup>	Sparkling Wine/ Champagne	Total Wine	Total Retail Value <sup>3</sup>
2012	314.9	27.5	17.7	360.1	\$34.6 billion
2011	304.4	29.8	17.4	351.5	\$32.9 billion
2010	286.4	27.9	15.4	329.7	\$30.0 billion
2009	280.1	26.9	14	321.1	\$28.7 billion
2008	273.2	27.2	13.4	313.8	\$30.0 billion
2007	272	26.3	13.8	312.1	\$30.4 billion
2006	264	24.1	13.6	301.6	\$27.8 billion
2005	256.2	21.9	13	291.1	\$25.8 billion
2004	247.7	18.9	13	279.7	\$24.0 billion
2003	239.7	16.8	12.1	268.8	\$22.3 billion
2002	232.2	15.6	11.8	259.5	\$21.8 billion
<b>WINE SALES IN THE U.S.—2002 to 2012 in millions of 9-liter cases</b> <b>(Wine shipments from California, other states and foreign producers entering U.S. distribution) - Source: <a href="http://www.wineinstitute.org">www.wineinstitute.org</a> at <a href="http://www.wineinstitute.org/resources/pressroom/04082013">http://www.wineinstitute.org/resources/pressroom/04082013</a></b>					
<b>Sources:</b> Volume—Wine Institute, Department of Commerce, Estimates by Gomberg, Fredrikson & Associates. Preliminary. History revised.					
Totals may not add up exactly due to rounding. Excludes exports. To convert cases to gallons, multiply cases by 2.3775					
<sup>1</sup> Includes all still wines not over 14 percent alcohol; excludes Canadian malt coolers.					
<sup>2</sup> Includes all still wines over 14 percent alcohol and sake. History revised based on TTB reports.					
<sup>3</sup> Estimated retail value includes markups by wholesalers, retailers and restaurateurs.					

**Table 5**

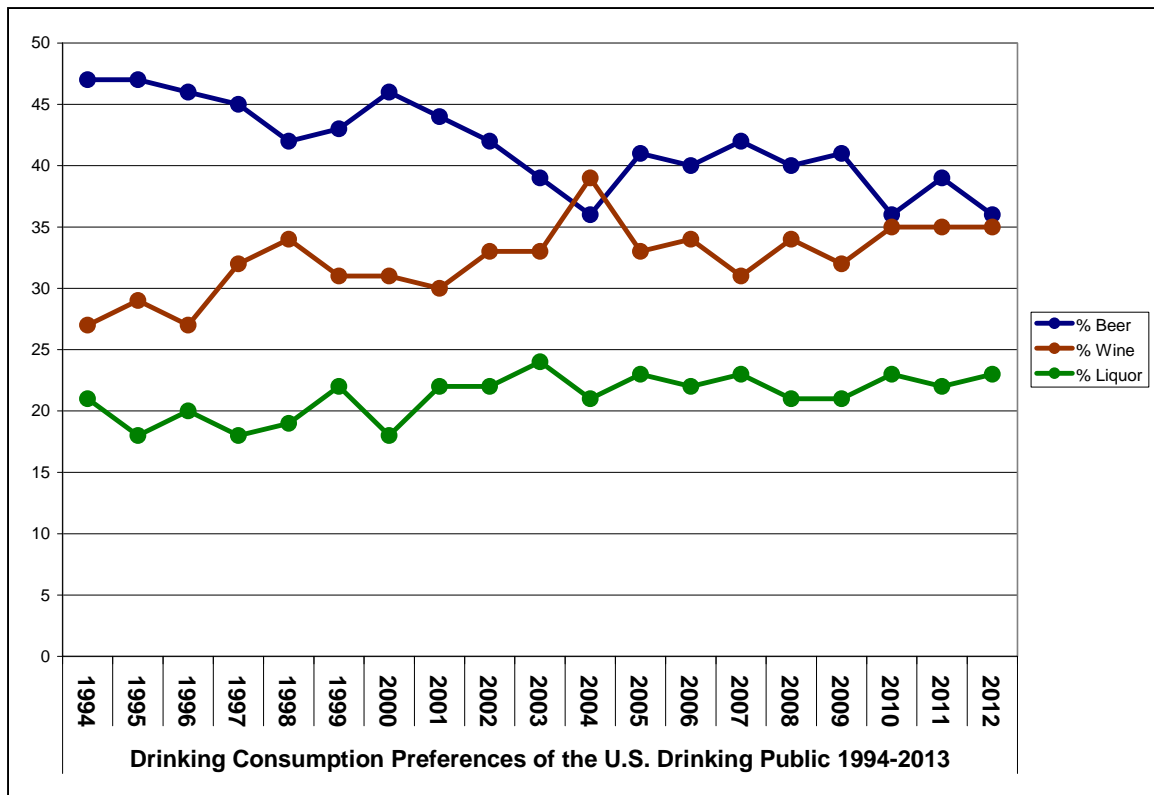
While this bodes well for the industry as a whole, one has to wonder where the growth in the wine market is coming from. The answer to that is fairly simple, growth in population in the United States is driving some of that, with a drinking age population of nearly 257 million Americans. But a change in the tastes of Americans is the bigger factor.



**Chart 1**

As Chart 1 shows, the U.S. population is growing, albeit at a relatively slow pace. Since 2000 the U.S. has seen a growth of 31 million residents, none of which are old enough to legally drink alcohol. However if you go back to 1990 and look at similar trends, the nation is adding approximately between 3 and 4 million new members every year and each year another cohort of that population reaches drinking age. More importantly, approximately 60% of those who are 21 or older drink alcohol at least occasionally according to a Gallup poll conducted in July of 2013. More importantly than the growth in population, is what those who do drink choose to drink. Gallup, as part of its annual Consumption Habits poll, has found that much of the growth driving the wine industry is a change in the consumption habits of the drinking public (Chart 2).





**Chart 2**

As the chart shows, wine has become the alcoholic drink of choice for many Americans compared to just 20 years ago. In the early 1990s beer was the beverage of choice for over 45% of Americans while wine lagged well back at 27%. Today the two are almost identical which has added significant growth to the bottom line of the wine industry. More importantly, young drinkers are turning to wine more than ever before.

<i>Preferred Drink, by Age</i>			
Based on those who drink alcohol			
	% Beer	% Wine	% Liquor
<b>18- to 29-year-olds</b>			
1992-1994	71	14	13
2012-2013	41	24	28
Change	-30	+10	+15
<b>30- to 49-year-olds</b>			
1992-1994	48	31	17
2012-2013	43	29	24
Change	-5	-2	+7
<b>50+</b>			
1992-1994	28	37	30
2012-2013	29	46	19
Change	+1	+9	-11
GALLUP®			

**Table 6**

In the early 1990s fully 71% of adults under 30 said they drank beer most often, today that number has fallen to 41%

In addition to gaining ground among younger drinkers, Gallup also discovered that wine has gained significant ground among older Americans, with those who prefer wine with their dinner rising from 37% in the 1992-94 time frame, up to 46 percent in 2012-13, a nine percentage point increase. With gains at both the top and bottom end of the scale, wine is well positioned for growth now and well into the future as the drink of choice for a significant number of Americans.

That growth is also reflected in the consumption numbers, as well. Not only are more Americans drinking wine that in the past, they are consuming it in greater quantities.

When taken together these numbers would appear to show that growth in the wine industry is inevitable and that the Port, given its economic development mission should do as much as it can to assist the industry in its growth. One particularly intriguing statistic is that surrounding wineries and production throughout the United States. This data (table 8), as much as any other, shows the tremendous potential for growth in the Washington wine industry going forward. In 2010 the northwest (Oregon and Washington) accounted for 16 percent of all the wineries in the country, but only 3.7 percent of the total production of wine. That would indicate that the wineries in the northwest are underrepresented in the marketplace, a situation which is beginning to right itself as word spreads about

Year	Total Wine per Resident 1	Total Wine Gallons	Total Table Wine Gallons 2
2012	2.73 gals	856 million	749 million
2011	2.68 gals	836 million	724 million
2010	2.53 gals	784 million	681 million
2009	2.49 gals	763 million	666 million
2008	2.45 gals	746 million	650 million
2007	2.46 gals	742 million	647 million
2006	2.40 gals	717 million	628 million
2005	2.34 gals	691 million	609 million
2004	2.26 gals	665 million	589 million
2003	2.20 gals	639 million	570 million
2002	2.14 gals	617 million	552 million
2001	2.01 gals	574 million	512 million
2000	2.01 gals	568 million	507 million
1999	2.02 gals	543 million	475 million
1998	1.95 gals	526 million	466 million
1997	1.94 gals	519 million	461 million
1996	1.89 gals	500 million	439 million
1995	1.77 gals	464 million	404 million
1994	1.77 gals	459 million	395 million
1993	1.74 gals	449 million	381 million
1992	1.87 gals	476 million	405 million
1991	1.85 gals	466 million	394 million
1990	2.05 gals	509 million	423 million

<sup>1</sup>All wine types including sparkling wine, dessert wine, vermouth, other special natural and table wine. Based upon Bureau of the Census estimated resident population. Per capita consumption will be higher if based on legal drinking age population.

<sup>2</sup>Because of changes in reporting, these numbers include all still wines not over 14 percent alcohol. History revised.

Source: <http://www.wineinstitute.org/resources/statistics/article86>

Table 7

Percentage of Wineries and Wine Production by Geographic Region – 2010		
Region	Wineries	Production*
Northeast	10.2	4.1
South	13.3	1.2
Midwest	12.6	0.8
Mountain	3.8	0.2
California	44.1	89.5
Northwest	16	3.7
<b>Total</b>	<b>100</b>	<b>99.5</b>

Source: Based on data obtained from the U.S. Treasury Alcohol and Tobacco Tax Trade Division via <http://ita.doc.gov/td/ocg/wine2011.pdf>

\*Production may also included non grade wine production. Data doesn't total 100% due to incomplete state data

Table 8

the quality of Washington and Oregon wines compare to those of California. As the table shows, California (as should be expected, is king with over 44% of the wineries in the country, which account for nearly 90% of all production. As in most cases the California wine industry dwarfs the rest of the country in its size and capacity for production. However, water, land and overall costs are starting to drive many of the established California wineries into looking outside of the state for both land and production facilities.

Gary Black, President of Integrated Structures Inc., a Berkeley California Architecture and Engineering firm that specializes in winery-related development said that he is seeing more interest in expansion from established California wineries, but that land costs and water issues in his state are forcing them to look into other areas. A prime example of this broadening of their search for land outside of California occurred in March of 2013 when Jackson Family Wines (makers of Kendall Jackson and LaCrema brands) purchased nearly 400 acres of vineyards in Oregon. The company purchased the properties in order to produce Pinot Noir wines.

## II. Consumption is Driving Global Shortages

One major area where Washington wines and wineries can capitalize is being driven by consumption. A recent study of the industry performed by Morgan Stanley Research shows that global consumption of grapes (including those for non-wine use) has remained relatively stable over the past decade, while grape production has dropped precipitously since 2005.

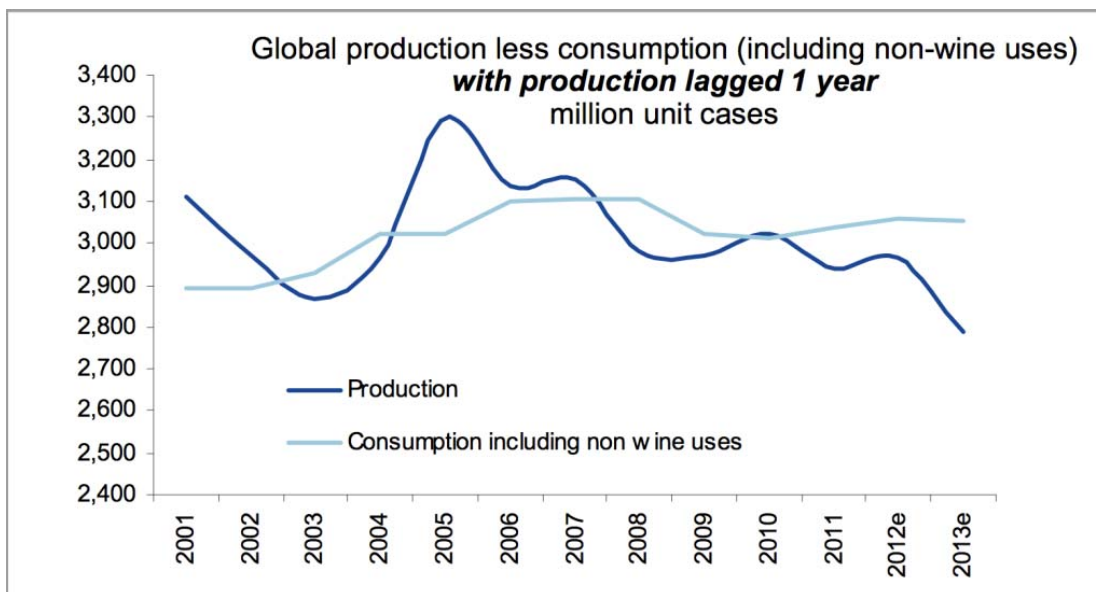


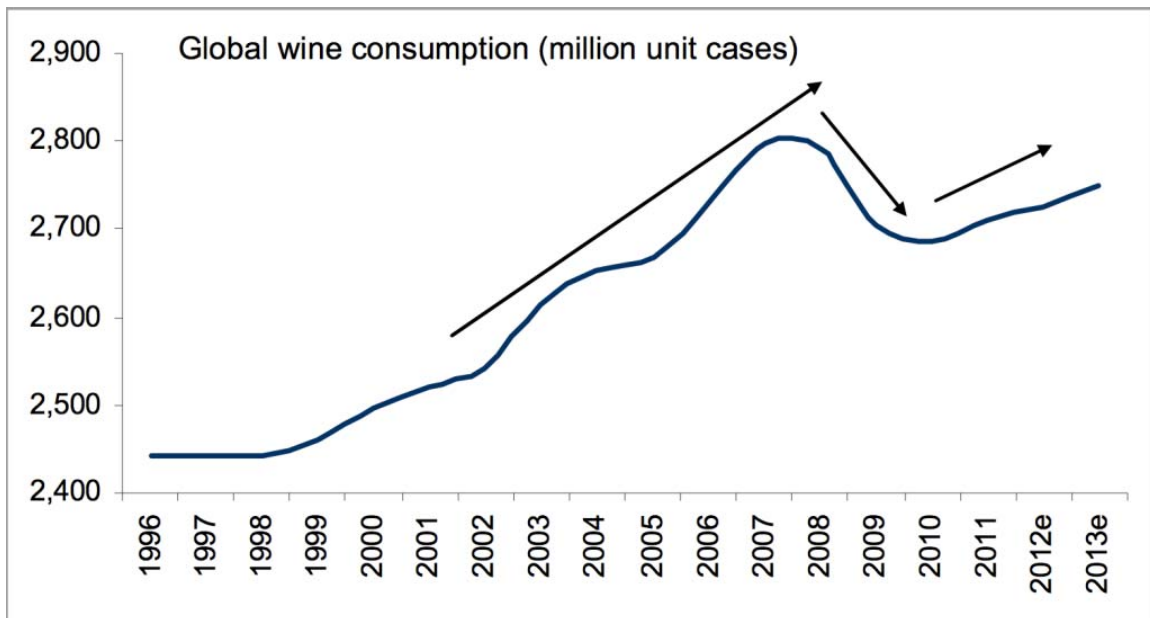
Chart 3

This change in production does not bode well for wine drinkers, but it definitely presents a market opportunity for wine makers in the northwest. As traditional wine production has fallen off in France, Italy and Spain a global undersupply of



about 300 million cases of wine is forecast within the next year or two. This could potentially open markets for Washington wine that have traditionally been untapped, including markets within the United States.

As seen earlier, U.S. consumers are drinking ever more wine compared to the past, and given that the U.S. currently consumes 12% of the world's wine, and that (per capita) consumption has doubled since the turn of the century, that provides ample opportunity for Washington wines to make inroads in non-traditional markets such as the east coast. China is another market for the state winemakers to target. Chinese wine consumption has doubled, not once, but twice in the past five years, making it the world's fifth biggest market for wine.

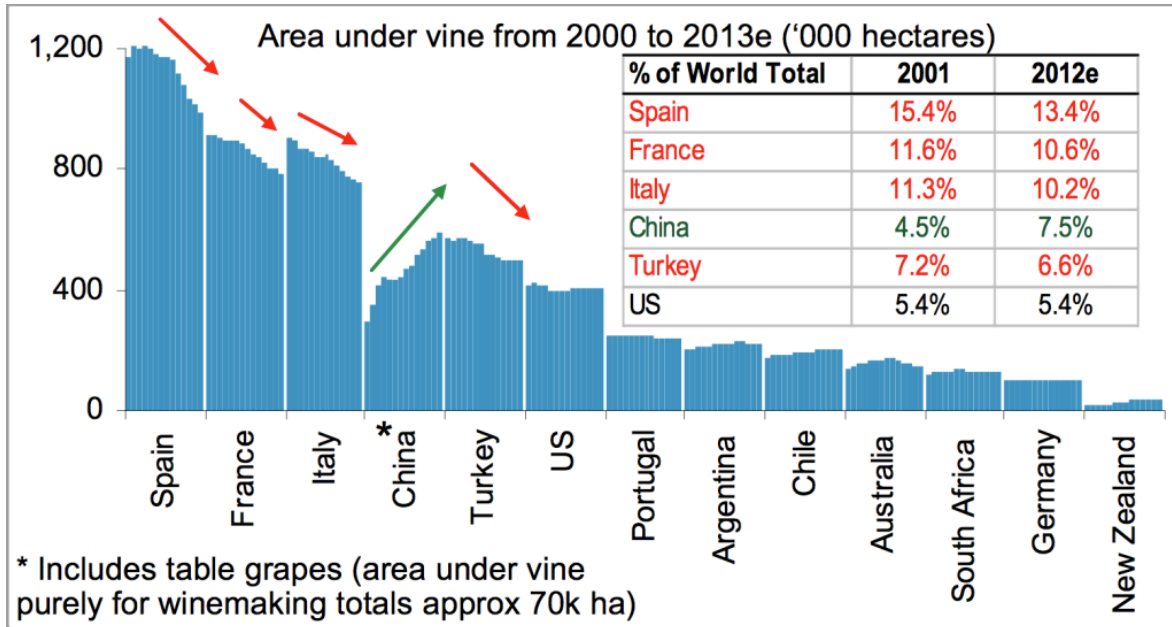


Morgan Stanley Research

Chart 4

While consumption has been steadily rising (other than during the economic collapse following the 2008 market crash), production has failed to keep up. Wine production estimates for 2012 have global production at its lowest level since 1995. With consumption up and production down there is a distinct market advantage and opportunity for companies which can increase production to fill the void. The main question would be where is the under production? Fortunately for Washington winemakers that underproduction is largely being seen from competitor countries as the big three (Italy, France and Spain) have all seen reduced production while consumption continues to grow.

According to the International Organization for Wine and Vine, 2013 was a very good year for winemakers after a weak harvest in 2012 and only modest harvests for the five years prior. However, one year can not reverse the long term downward trend in production globally as seen in Chart 5.



Morgan Stanley Research

Chart 5

As this chart shows, U.S. production is a relatively small portion of overall world production and California, which is the 300 pound gorilla of U.S. production, is relatively built out leaving states such as Washington and Oregon in a prime position to gain ground and add to the overall total of wine grape and wine production in the world.

In order to take advantage of this changing market Washington wineries will need to move quickly. The United States and China alone are projected to consume roughly 400 million cases of wine each (800 million total) by 2016, and unless production picks up to match consumption levels there will be significant shortages.

### III. Are Washington Wineries Growing

While growth in the overall wine industry is pretty obvious, one of the more difficult questions to answer is whether Washington wineries, particularly smaller wineries, are growing along with the industry. This question, is of a more qualitative nature insofar as some wineries, particularly boutique wineries, may choose to not grow as they are able to demand a premium price for their product, thus maximizing their profits while minimizing risk and cost.

According to the "Economic Impact of Washington State Wine and Grapes" study performed by Stonebridge Research Group for the Washington Wine Commission in 2012, fully 90 percent of Washington wineries produce less than 30% of Washington wine. This data would seem to hold up in light of an article in the Puget Sound Business Journal which showed that Ste. Michelle Wine

Estates sold over 14 million gallons of wine in 2012 while the next largest producer, Walla Walla Wine Works sold just 1.5 million. In fact, the rest of the top 10 wineries in Washington, when combined, sold just 38% of Ste. Michelle sold in 2012.

Walla Walla Wine Works and the Ste. Michelle Brands may well be on the front end of a trend toward partnerships and mergers that will allow the overall industry to grow in Washington (and grow its national/global footprint) while helping the smaller producers who want to grow slowly do so without pressure to grow too quickly, but they may also end up as casualties (albeit profitable ones) who are bought out by trend to merger and conglomeration in the industry right now.

Tom Hedges, owner of one of the most successful independent wineries in the state, and the largest winery on Red Mountain said that the industry is beginning to conglomerate as smaller wineries join together in partnerships or get purchased outright by larger business interests. Hedges feels that is the way the industry is trending right now, making processing capacity more of an issue as wine makers ramp up to ever-larger quantities of production.

Hedges, who has property near the Pacific Rim winery near the racetrack, has put that property on the market because he would rather have a long-term building lease or production contract for his crush than own. Hedges even indicated that if the Port were to build a facility for industrial processing that he, and others, would likely make use of it.

Larry Pearson of Taptail Winery echoed Hedges noting that the size of a winery on Red Mountain is somewhat limited due to wastewater treatment, so that a facility which provides capacity to the industry would likely be viewed as beneficial. Pearson indicated that while not everyone would use a crush processing facility, many would.

John Bookwalter of Bookwalter Winery wines indicated that while they may not need to use a processing facility, there are other needs the industry has which could be met by a wine-manufacturing industrial park.

Bookwalter indicated that one type of infrastructure his business is seeking is climate controlled storage, particularly for wine barrels during the aging process. Bookwalter indicated that a lack of climate controlled facilities in the area impacts his business because an inability to control the temperature of a storage facility leads to significant wine loss. Bookwalter said in a temperature controlled environment the winemaker only loses about a gallon per barrel to evaporation while in a non-climate controlled environment that number can exceed two gallons, which is the equivalent of six bottles of wine



Bookwalter, and ReNae Pilgrim of Terra Blanca Winery indicated that while the smaller wineries are growing, their growth is somewhat tempered by the high capital cost of expansion and a strong aversion in the industry to risk.

Bookwalter said that many wineries want to grow their business, as does he. However, scaling up in the wine business is risky due to the capital-intensive nature of growth in the business. Bookwalter, who produced about 30,000 cases of wine in 2012, is looking to grow slowly, adding between 2,000 and 5,000 cases per year.

He also indicated that now is a good time to grow because Washington wines hold under 5% of the market nationally. That small percentage of market share makes it possible, but as he indicated, expansion is capital intensive and how you get that capital makes a difference in how you grow. Adding investors adds pressure and removes control, while staying internal can slow or even stall growth.

Pilgrim indicated that Terra Blanca is in much the same position as Bookwalter, in both production size and in its mindset that growth should come in a risk-averse manner. Terra Blanca made a significant investment a few years ago, adding capacity to its production and storage facilities so that it can scale up to between 50,000 and 75,000 cases annually. Right now the firm is at 30,000 and growing between 2,000 and 5,000 cases per year. Like Bookwalter, the growth at Terra Blanca is measured and largely focused on slowly scaling up production without overextending the firm.

Tim Hightower at Hightower winery is also growing slowly, and he has turned to Vintners Logistics for much of his industrial support, particularly in the bonded-warehouse storage area. Still, he indicated that he needs additional storage space off site if he wants to expand his production much beyond where it is today, and he indicated that he feels wastewater treatment is going to become an issue for wineries moving forward so that any additional treatment capacity in the Red Mountain area would be welcomed.

While some of the local vintners indicated that new capacity would be welcomed, the largest of the Washington wine producers didn't see any benefit to additional capacity – at least not immediately. Rob McKinney, Vice-President of Operations for Chateau Ste. Michelle wineries (which includes Columbia Crest, 14 Hands, Snoqualmie and other wines) indicated that his company would have no use for a custom crush facility or additional processing capacity at this time. McKinney said that his company has several long term relationships with partners who have the capacity to expand to meet the company's needs, noting that the firm can add up to 15,000 tons of processing capacity in the next 5 to 10 years. However, he indicated that those relationships may not be enough to meet growth needs in the longer term.

McKinney also noted that the location of the Port property is on the geographic edge of making sense for his company, but that Col Solare, which is the Chateau Ste. Michelle brand at Red Mountain has more than enough capacity to produce the volume of wine it is set up to produce.

However, the announcement that Duckhorn Vineyards, of St. Helena CA. plans to set up shop on Red Mountain, along with the recent auction of 670 acres of land on Red Mountain by the Kennewick Irrigation District could provide additional customers for such crush and storage facilities within a couple years.

While these wineries may not be a fully representative sample, history can also be a guide as wineries such as Hedges, Badger Mountain, and Maryhill have all scaled up slowly but are now among the top 10 wine producers in the State.

So growth, as Bookwalter indicated, is relative. Companies such as Leonetti Vineyards, and Cayuse Winery remain small boutique wineries producing between 5,000 and 10,000 cases annually and selling them exclusively to club members based on their reputation as top-shelf wines. However, many wineries have eschewed the premium only approach and are poised for growth, as the capital becomes available.

Bookwalter indicated that the Ports approach to assisting the industry is a good step toward assisting in expansion by reducing some of the capital costs associated with scaling up in size.

Hedges seemed to hint that the Port approach would provide some relief for winemakers looking to grow, indicating that he thinks the Port is on the right track. He said that his company, and others are looking for facilities to process and that having wastewater treatment capacity would help drive business to facilities that have that capacity.

McKinney also felt the Port was headed in the right direction, indicating that he felt what the Port was planning was worthwhile and it would be able to get customers.

As Gary Black said, the Port is sitting in an “if you build it” situation and that by solving some of the capital cost issues with expansion such as waste treatment and fire suppression will help to drive winemakers looking to expand into the facilities for no other reason than it minimizes the up-front capital costs of expansion.

#### **IV. Development Options**

Given the growth of the Washington wine industry generally, and the growth in the Port district specifically it would seem that development of the former Tri-City Raceway into an industrial complex for wine makers would make sense.

However, one must decide how to best develop such a site (in terms of development order).

As the Port plans the development of the site it should focus on providing one of two services to the industry at the outset. The first of these services should focus on the development of climate controlled warehouse flex space which could be used for barrel aging of wine, or for case storage. That may mean the Port would have to have a bonded warehouse, particularly for case storage, but for barrel aging of wines it may not need to. This type of facility is needed in the region as indicated by both Bookwalter and Hightower. Space such as this in close proximity to Red Mountain may well provide value to the winemaking community, particularly in such close proximity to the mountain itself, and with winemaker Pacific Rim nearly next door the facility may lend itself to meeting storage needs of a current Port client.

If the Port opts for warehouse space at first it should be because there is a need, and because this type of space is one of the less expensive to develop and provide service to. This would also provide the Port with some early “anchor” tenants that it could use to begin developing additional properties, particularly the industrial processing facilities that would tie into the City of West Richland wastewater treatment system.

If the city treatment system were currently at the capacity it is seeking, the recommended development for the Port would flip with the recommended focus being the industrial processing facilities. However, because of time and capacity constraints, and because of the lack of treatment capacity at current, this slips into a second position behind warehousing space for the industry. However, it may be wise for the Port to meet with large producers such as Hedges and the Chateau Ste. Michelle brands to determine if the additional production capacity such a facility would provide is something they would use immediately if it were available. This specific determination may also influence the position of an industrial crush facility relative to warehousing space.

The development of any retail or non-industrial wine-related uses on the property should definitely be considered, but they should not be considered until later in the development of the property for several reasons. First and foremost the Port needs to hold off on any of this type of development until the proposed development of such facilities on Red Mountain are fully exhausted. The reasons for this are twofold, first the Mountain has a master plan for development of a wine village that lends itself well to Red Mountain and its vintners so the Port should hold off on this type of development in order to not derail the development before it can begin. Secondly, the property in question does not currently lend itself to the development of retail facilities. Located in an undeveloped area, retail or restaurants would not be able to draw the type of foot traffic needed to support that type of facility at current, so development of such facilities would likely end in failure.



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