



# PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 22, 2022 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Skip Novakovich called the Regular Commission Meeting to order at 2:00 p.m. via GoToMeeting Teleconference.

## ANNOUNCEMENTS AND ROLL CALL

The following were present:

**Board Members:** Skip Novakovich, President (via telephone)  
Kenneth Hohenberg, Vice President (via telephone)  
Thomas Moak, Secretary (via telephone)

**Staff Members:** Tim Arntzen, Chief Executive Officer (via telephone)  
Tana Bader Inglima, Deputy Chief Executive Officer (via telephone)  
Amber Hanchette, Director of Real Estate and Operations (via telephone)  
Nick Kooiker, Chief Finance Officer (via telephone)  
Larry Peterson, Director of Planning and Development (via telephone)  
Lisa Schumacher, Special Projects Coordinator  
Bridgette Scott, Executive Assistant (via telephone)  
Lucinda Luke, Port Counsel (via telephone)

## PLEDGE OF ALLEGIANCE

Mr. Peterson led the Pledge of Allegiance.

## APPROVAL OF THE AGENDA

Commissioner Novakovich stated we need to add an Item D to the Consent Agenda, approval of a Warrant Register dated March 22, 2022 for expense fund voucher number 103643 for a grand total of \$64,357.04 for a maintenance truck that is included in the Port budget.

*It is the Consensus of the Commission to add Item D to the Consent Agenda.*

***MOTION:*** Commissioner Hohenberg moved to approve the Agenda as presented with the addition of Item D to the Consent Agenda for approval of Warrant Register Dated March 22, 2022 for Expense Fund Voucher Number 103643 for a total of \$64,357.04; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

## PUBLIC COMMENT

No comments were made.

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## CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated March 17, 2022**  
Direct Deposit and E-Payments totaling \$126,497.80
- B. Approval of Warrant Register Dated March 22, 2022**  
Expense Fund Voucher Number 103615 through 103642 for a grand total of \$281,700.19
- C. Approval of Regular Commission Meeting Minutes March 8, 2022**
- D. Approval of Warrant Register Dated March 22, 2022**  
Expense Fund Voucher Number 103643 for a grand total of \$64,357.04

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

## PRESENTATIONS

### **A. TRIDEC/ Port Partnership**

Mr. Arntzen introduced Karl Dye, CEO of TRIDEC. This is an opportunity to discuss future partnerships with TRIDEC.

Mr. Dye appreciates the opportunity to present a summary to the Commission and potential partnership opportunities with the Port. TRIDEC and other community partners are attending the International Council of Shopping Centers RECON Trade Show in Las Vegas in May and with the Port's approval, TRIDEC would like to promote the plan at Vista Field and share marketing materials.

Mr. Dye thanked the Commission for their partnership, and is looking forward to building that relationship further.

Mr. Arntzen stated TRIDEC can assist the Port with our mission at Vista Field and promote the development at RECON and in return, the Port can help offset the cost of the TRIDEC RECON booth space.

### **B. COVID Economic Analysis**

Mr. Arntzen introduced Dr. Patrick Jones, Professor Kelley Cullen and Sophia Mancinelli of Eastern Washington University, who have been working on a COVID-19 economic analysis for the Tri-Cities.

Dr. Jones, Ms. Cullen and Ms. Mancinelli presented a COVID-19 economic analysis on the Tri-Cities and their findings (*Exhibit A*).

Commissioner Moak stated Vista Field and the Kennewick Waterfront are geared toward the hospitality and recreation industry, which seem to be lagging and inquired if the Port should be looking at a different model in how we approach our developments.

Dr. Jones indicated the forecast shows a return to leisure travel, but not business travel. Given the fact that the Port has an ideal set of resources in the Columbia River and Wine Industry, and a

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growing population, this will feed into the tourism industry. Dr. Jones feels the future is bright, and we could see a turn-around by 2025.

Mr. Arntzen appreciates the work and time invested into this report and as Commissioner Moak indicated, a few of the Port's business lines focus on hospitality and tourism, which were most impacted by COVID-19. Ports are here to assist those industries that need our help and Mr. Arntzen believes our focus is on the right industries because we can invest in these industries and provide benefits by working on our projects as outlined by our Master Plans.

## REPORTS, COMMENTS AND DISCUSSION ITEMS

### A. *Port Projects and Priorities Briefing Memo*

Mr. Arntzen presented a memo of the Port projects and priorities (*Exhibit B*).

Mr. Arntzen inquired the following:

- Does Vista Field remain the Port's priority project?
- As we continue with placemaking, should we acknowledge Vista Field's aviation history? If yes, how?
- Should we plan to incorporate a satellite police station at Vista Field, perhaps in one of the hangars?

Commissioner Hohenberg stated Vista Field is still a priority project and he believes an aviation tower, like the lighthouse, would be priceless and is very supportive and would like to explore further. Lastly, he believes a satellite police station would enhance Vista Field and offer a safe gathering place.

Commissioner Moak stated Vista Field continues to be his number one priority project and he does not think Vista Field needs an aviation monument that calls attention to its history as an airport, and perhaps a small display is sufficient. Commissioner Moak believes a satellite police station should be on City property, which is around Vista Field.

Commissioner Novakovich stated Vista Field remains a high priority, but we should not lose sight of the waterfront development. Additionally, he believes the Port should celebrate the aviation history and we have numerous pieces in storage that could be used as a focal point. Lastly, he believes a satellite police station could be an important marketing tool and we could partner with the Kennewick Police Department and the City on this project.

Mr. Arntzen inquired the following:

- Should the Historic Waterfront District remain a priority?
- Should we continue Bridge to Bridge/River to Railroad and Kennewick Historic Waterfront District Master Plan?
- Should we fund and advance Columbia Drive traffic calming improvement?
- Should we install monument and way finding signage for Columbia Gardens Wine and Artisan Village area?

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Commissioner Moak stated the Historic Waterfront remains a priority and the Port should continue to move forward with the Master Plan. The Bridge-to-Bridge Plan was never supported by the City and does not recall the Port ever discussing it and believes it would be starting over again. Commissioner Moak likes the idea of traffic calming but in conjunction with the City. Lastly, monument signage needs to happen, but it may be a slow process due to the expense.

Commissioner Hohenberg stated the answer to all four questions as described by Mr. Arntzen is yes. Columbia Drive has evolved with all of the improvements made by the City and Port, and we can do great things in partnership with the City. Commissioner Hohenberg believes the Port should strive to add the monument and wayfinding signage at Columbia Gardens.

Commissioner Novakovich agrees with Commissioner Hohenberg's comments.

Mr. Arntzen stated the Port sold the former racetrack property to the City of West Richland at a discounted price and inquired if we should continue to limit our involvement to limited observations and non-financial support, and when or if the Work Plan directive should be adjusted.

Commissioner Hohenberg does not think we need to adjust the Work Plan and the Port should continue to focus on our priorities.

Commissioner Moak stated if there is a project that benefits the region and Port district, we may want to consider it; however, he does not support revising the Work Plan.

Commissioner Novakovich indicated the Mayor of West Richland would like to partner on a development building in the future and there was also discussion about a minimal investment at the entrance to West Richland on Van Giesen Way.

Mr. Arntzen inquired if there should be a review of keystone policies and procedures to support the efficient function of the Port.

*It is the Consensus of the Commission to review keystone policies and procedures at some point in the future.*

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

Commissioners reported on their respective committee meetings.

***C. Non-Scheduled Items***

Ms. Bader Inglima received an inquiry from Ken Nelson, who is assisting the City of Kennewick regarding infrastructure grants. She is working with Mr. Arntzen on providing the City with letters of support for their grants.

Ms. Bader Inglima is working on a date for the Grand Opening of Vista Field and asked the Commission to email Ms. Scott if they had any conflicts with June 16, 2022.

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Mr. Kooiker stated the today the Commission approved distribution of \$200,000 for the Center Parkway Project according to the Interlocal Agreement with City of Richland. Mr. Kooiker thanked the Commission for their swift action approving the added voucher for a new maintenance truck.

Ms. Hanchette echoed her appreciation of the maintenance truck and stated she can now advertise for another maintenance technician.

Commissioner Hohenberg attended a fundraiser event for the Boy Scouts of America and stated former Defense Secretaries General Mattis, and Dr. Robert Gates attended as well. We are fortunate to have the support of two former Secretary of Defense in the Tri-Cities advocating for our youth. It was a well-attended event, and it is nice to see people coming together to support a great cause.

Commissioner Novakovich spoke to Ron Swanby, of Swampy's BBQ and he mentioned a meeting he had with Ms. Hanchette and Mr. Peterson. Mr. Swanby stated Mr. Peterson is brilliant and Ms. Hanchette is a rockstar and he appreciates them both. Commissioner Novakovich believes that is a real testament to the team at the Port and as Commissioners we should be very proud and thankful of the team members that support us.

## PUBLIC COMMENTS

No comments were made.

Commissioner Novakovich anticipates the Executive Session will last approximately 35 minutes, Potential Litigation, per RCW 43.30.110(1)(i). Commissioner Novakovich asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

## RECESS

*Commissioner Novakovich called for a five-minute recess at 4:18 p.m. until 4:23 p.m.*

## RECESS FOR EXECUTIVE SESSION

*Commissioner Novakovich recessed the Regular Commission Meeting at 4:23 p.m. for a 35-minute Executive Session. The Regular Meeting will reconvene, or the public will receive an update at 4:58 p.m.*

## EXECUTIVE SESSION

### *A. Potential Litigation per RCW 43.30.110(1)(i)*

*Commissioner Novakovich adjourned the Executive Session at 4:50 p.m. with action.*

*Commissioner Novakovich reconvened the Regular Commission Meeting at 4:50 p.m.*

Commissioner Novakovich stated action will be taken and asked Ms. Luke to provide a summary.

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Ms. Luke stated the Port Commission is considering the settlement agreement (*Exhibit C*) for the tort claim filed by the CEO Tim Arntzen. The Commission has determined that they wish to discuss the item and may take action.

Commissioner Moak stated because the claim involves him, he will be abstaining from the discussion and vote on this item.

***MOTION:*** *Commissioner Hohenberg moved that the Settlement Agreement between the Port of Kennewick, CEO Tim Arntzen, and Commissioner Tom Moak, in the form presented, be approved and that Commission President Skip Novakovich be authorized to sign the Agreement on behalf of the Port, and the Commission authorizes action by the Port staff necessary in furtherance thereof; Commissioner Novakovich seconded.*

## PUBLIC COMMENTS

No comments were made.

*With no further discussion, motion carried. All in favor, 2 Ayes (Commissioners Hohenberg and Novakovich) 0 Nay: 1 Abstain (Commissioner Moak).*

## COMMISSION COMMENTS

No comments were made.

## ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:54 p.m.

## APPROVED:

### PORT of KENNEWICK BOARD of COMMISSIONERS

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*Skip Novakovich*

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*Skip Novakovich, President*

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*Kenneth Hohenberg*

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*Kenneth Hohenberg, Vice President*

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**Thomas Moak**

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*Thomas Moak, Secretary*

# **A Summary of Covid-19 and the Economy of Benton & Franklin Counties**

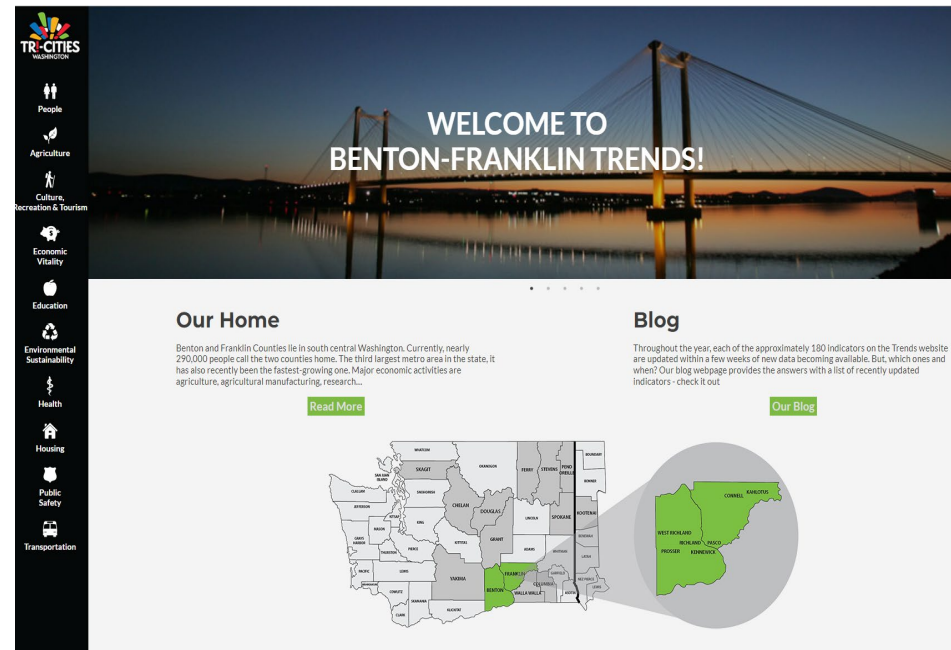
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A presentation to the Port of Kennewick

*March 22, 2022*

# General charge from the Port

- Investigate the economic impact of the pandemic on the economy of the greater Tri Cities
- Format: several questions that we have answered
- About EWU's Institute
  - Goal: to bring data and research capabilities to WA, especially Eastern WA
  - Active in the 2 counties since 2016 through Benton Franklin Trends



# Questions to answer

1. What is the **structure** of the economy in the two counties?
2. What have been the **immediate effects** of the pandemic on the local economy, *in aggregate*?
3. How have the **various sectors** fared during the pandemic?
4. Have there been **differential** economic impacts of the pandemic by **racial and ethnic** groups?
5. Have **bankruptcies** increased during the pandemic?

## Questions to answer, cont'd

6. What sectors hold the **most vulnerable jobs** in the immediate future?
7. What will the recovery of the greater Tri Cities look like?
8. What **strategies** will help the local economy recover most quickly?
9. How significant is the work from home trend?
10. What has been the pandemic's effect on **government revenues**?
11. What is a likely mid-term prospect for Tri City **housing**?

# Approaches & data

- Framed the discussion by using wherever possible, *quarterly* data
- Time-frame for most questions: start of 2019, to capture pre-pandemic conditions, to the most recent quarter
- Variety of sources: WA State Department of Employment Security, WA State Department of Revenue, WA Office of Financial Management, U.S. Census
- One section forward-looking: housing demand
- Most analysis at the metro level; some sections considered view of both counties combined, plus Benton County and Kennewick

# 1. What is the structure of the economy in the two counties?

- Method: *location quotients* (LQ)
  - A ratio of relative strength of various parts of the economy
  - Strength, or concentration, is usually relative to U.S. (in the study, also to WA)
  - Use jobs as unit of measure
  - Considered the local economy by industries at a “high” (3-digit NAICS) level
  - LQ ratio for each industry: concentration in TC/concentration in U.S.
- $LQ > 1.0$  implies a concentration of note in that particular industry
- Interpretation of  $LQ > 1.0$ : likely that the local economy has a competitive advantage in that industry, if it is a “traded” industry (one that sells goods or services beyond the borders)
- Calculated LQs for the two counties combined.

# Top Location Quotients (WA as base)

- Outside of waste management, most of the large LQs occur in agricultural-related industries in 2020
- These are the only traded sectors represented
  - Typical traded sectors are manufacturing, mining, agriculture, tourism and in some instances professional & technical services
- Report contains analogous calculations with the WA as the base

Figure 1. 2020 Location Quotients for Industries in Benton & Franklin Counties > 1.0 (vs. U.S.)

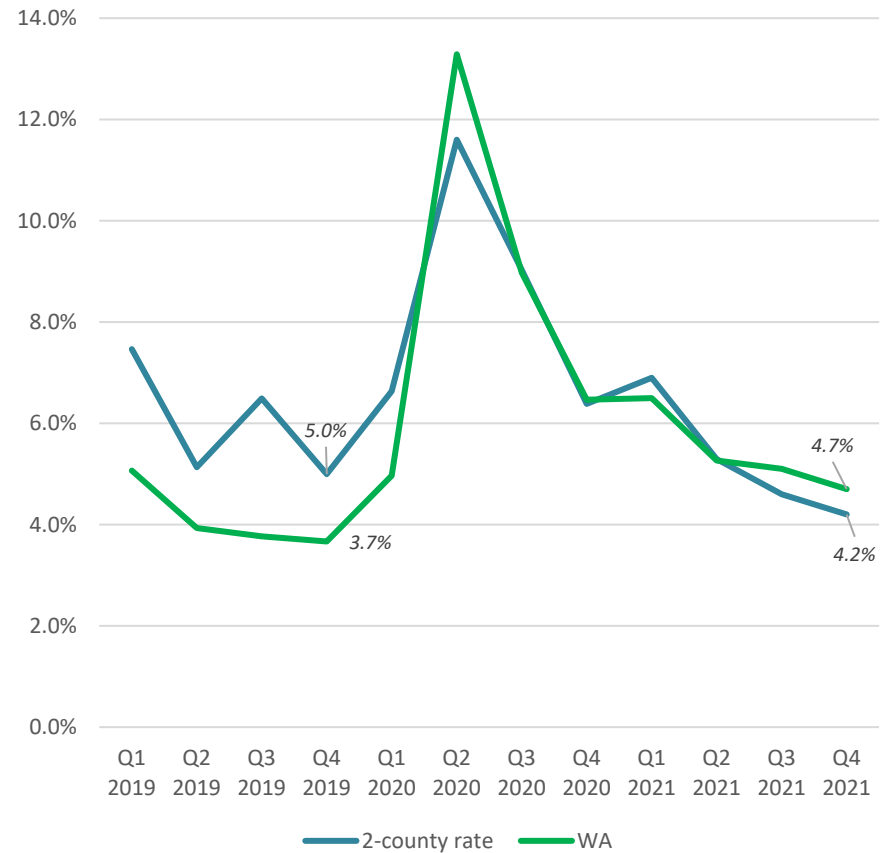


## 2. The effects on the economy, by aggregate measures: Unemployment rate

EXHIBIT A

- Pre-pandemic, unemployment in the two counties was higher than WA average
- At the onset of the pandemic, the local rate did not rise as much as in WA
- Since the onset, the unemployment rate has been at or less than WA's rate
- Report contains analysis for Benton County & Kennewick

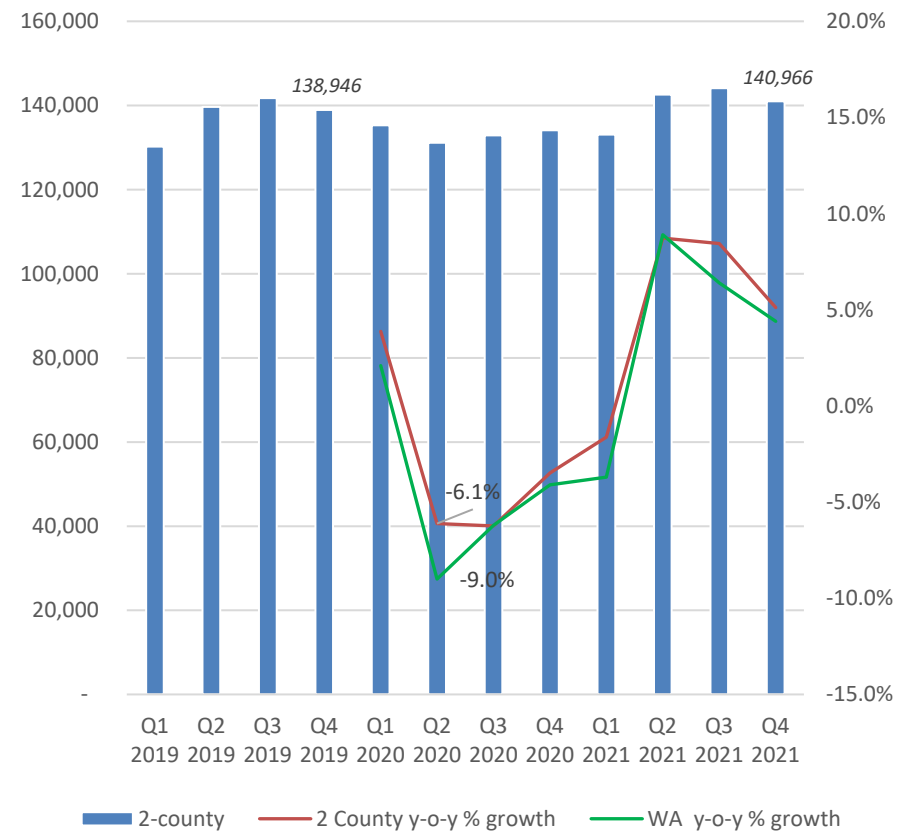
Figure 3. Unemployment Rate: Both Counties &amp; WA



# The effects on the economy, by aggregate measures: Employment

- Initial (Q2 2020) loss of ~8,500 jobs, or ~6%.
- Recovery to pre-pandemic levels by Q1 of 2021
- By the end of last year, employment ~2,000 greater than 2019
- Generally, job *growth* has been higher here than statewide

Figure 6. Number employed in both counties, with year-over-year growth rates of both counties & WA

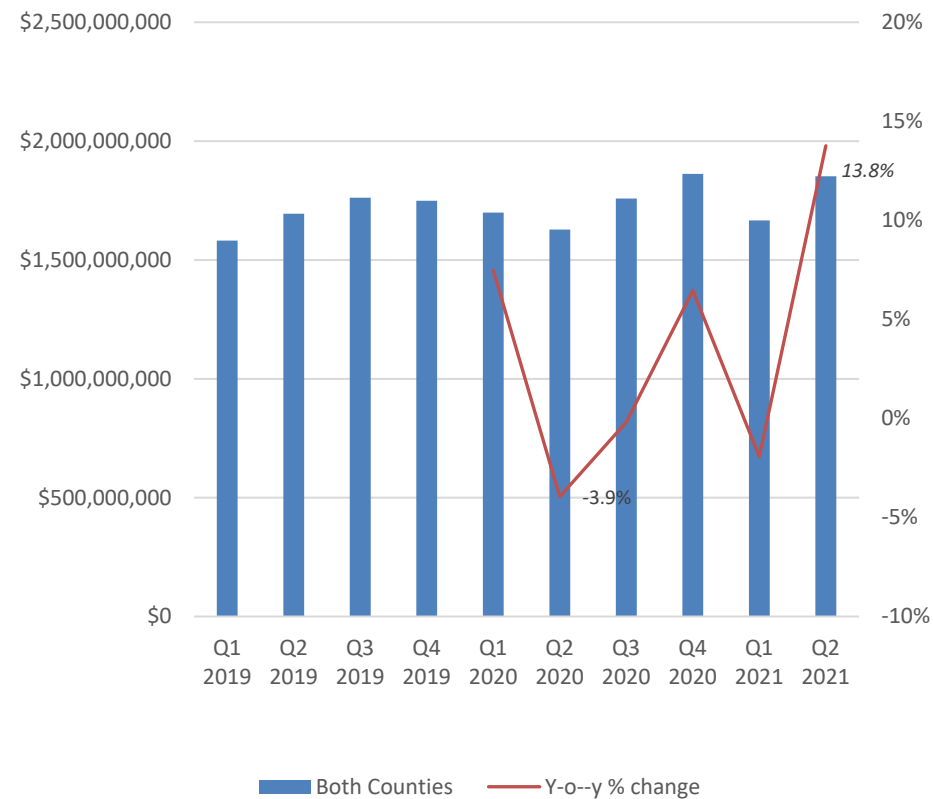


# The effects on the economy, by aggregate measures: Total wages paid

EXHIBIT A

- At onset of pandemic, a loss of ~\$67 M in total wages
- By Q4, 2020, year-over-year comparisons were positive
- Gains continued through 2021
- Undoubtedly a reflection of both individual wages increasing & employment gains

Figure 8. Total Wages: Both Counties



# The effects on the economy, by aggregate measures: Taxable retail sales

- In the aggregate, taxable sales activity barely missed a beat.
- One quarter, 2<sup>nd</sup> in 2020, was below 2019.
- Since then, year-over-year gains prevail.
- Generally, the two counties outperformed WA

Figure 10. Quarterly Taxable Retail Sales in Both Counties  
\$ (1,000)



# Summary of the immediate effects of the pandemic on the local economy, in aggregate

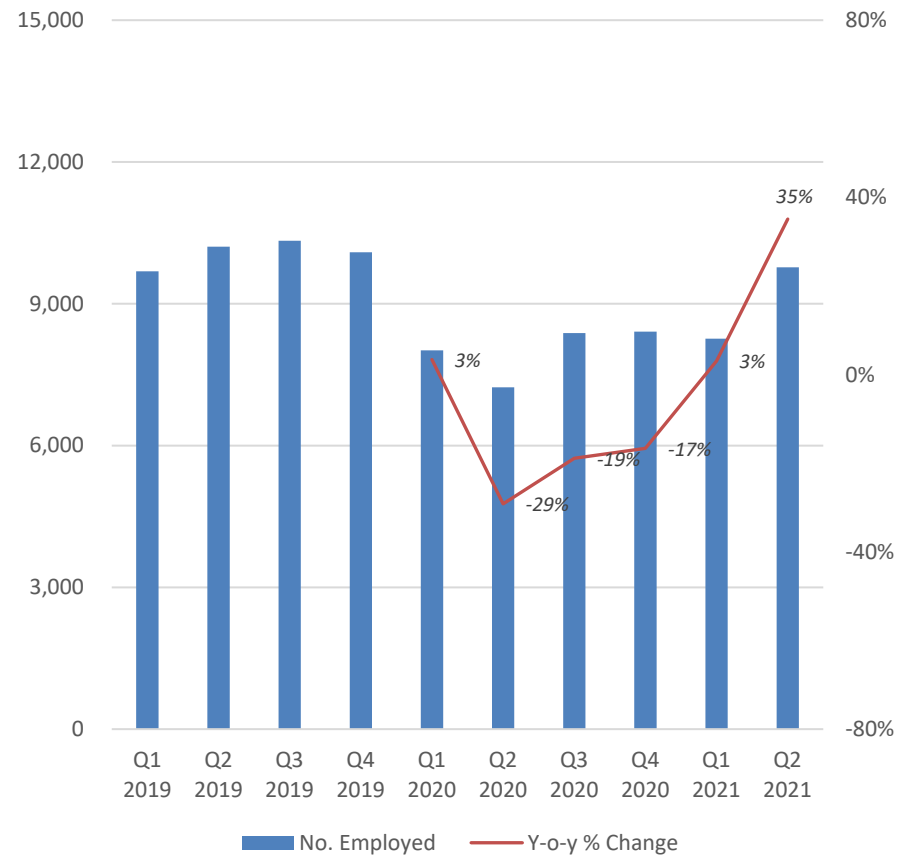
- Recovery from pandemic quarter Q2 2020, by 4 measures:
  - By unemployment rate, recovery (vs. 2019) by Q3 of 2021
  - By employment, recovery (vs. 2019) by Q1 of 2021
  - By total wages paid, recovery (vs. 2019) by Q4 of 2020
  - By taxable retail sales, recovery (vs. 2019) by Q3 of 2020
- Generally, recovery in the Tri Cities has been faster than in WA
- Report also displays the measures for Benton County & Kennewick
- Yet, recovery was uneven by sector

# 3.a. The paths of sectors of recovery, by employment: worst-hit sectors

EXHIBIT A

- **Hospitality** – composed of accommodations & eating/drinking establishments
- 8<sup>th</sup>-largest sector in the two counties
- Drop in Q2 2020 from 2019 ~3,000 jobs
- By Q2 2021, no recovery

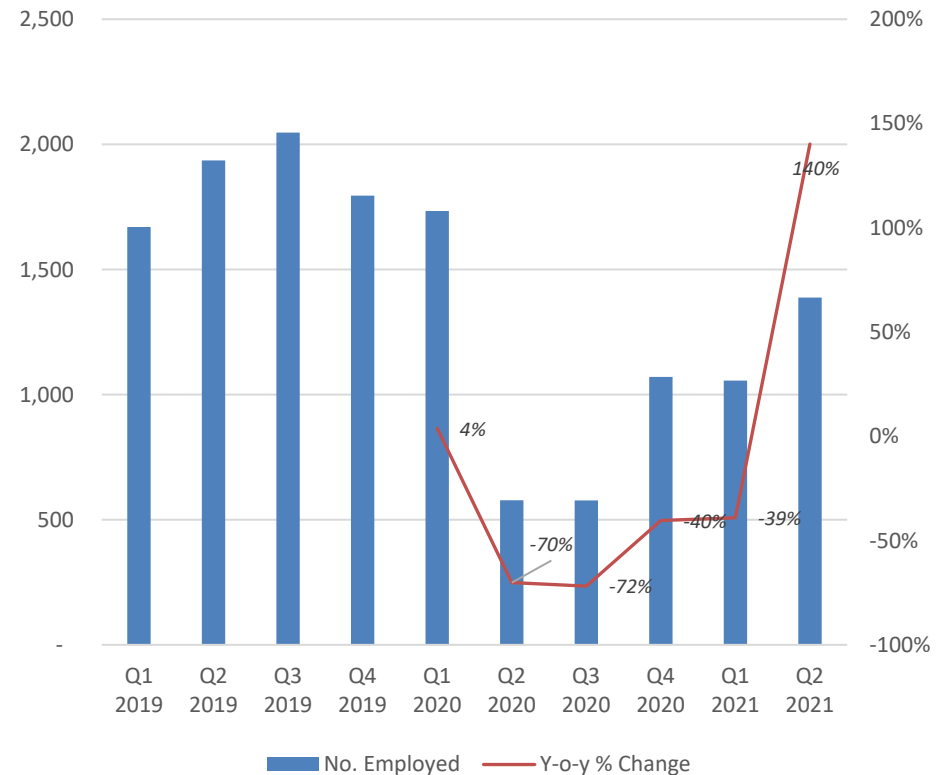
Figure 11. Hospitality Employment: Both Counties



# 3.a. The paths of sectors of recovery, by employment: worst-hit sectors

- **Arts, Entertainment & Recreation** one of the smallest sectors in the two counties
- But the total loss in Q2 2020 has been among the largest, ~1,200
- Percentage terms, largest: -70%
- By Q2 2021, no recovery

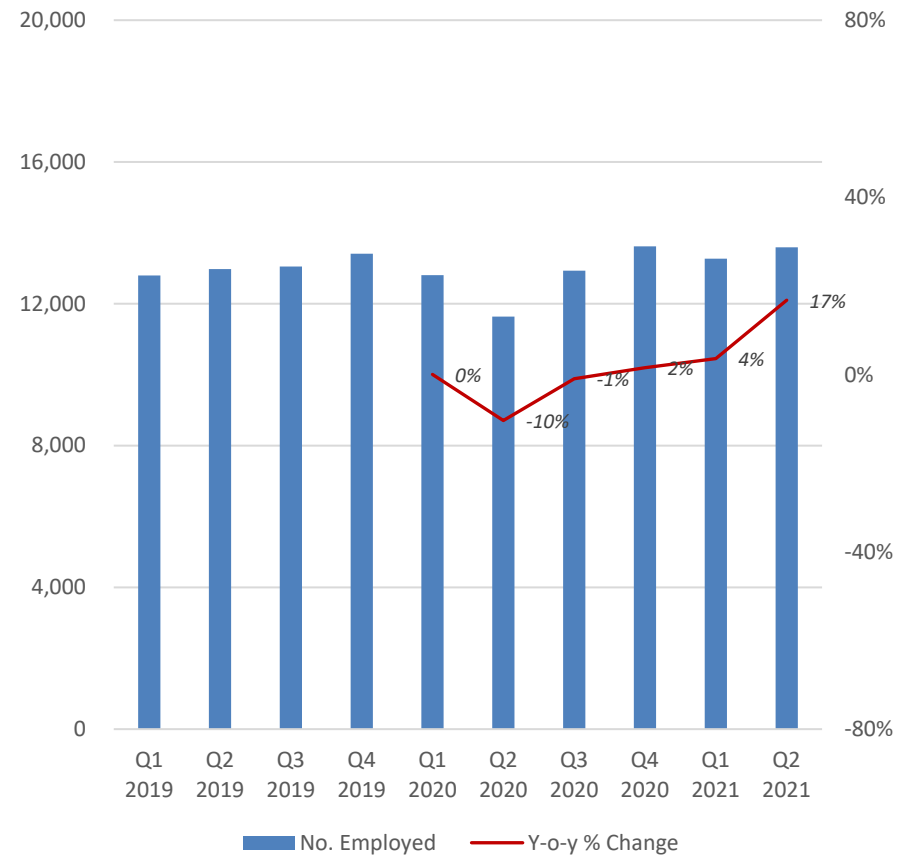
Figure 13. Employment in Arts, Entertainment & Recreation: Both Counties



# 3.a. The paths of sectors of recovery, by employment: worst-hit sectors

- **Retail** is the 4<sup>th</sup>-largest sector in the two counties
- A loss of ~1,300 in Q2 of 2020
- A percentage loss of 10% in Q2 2020
- Recovery by Q4 of 2020

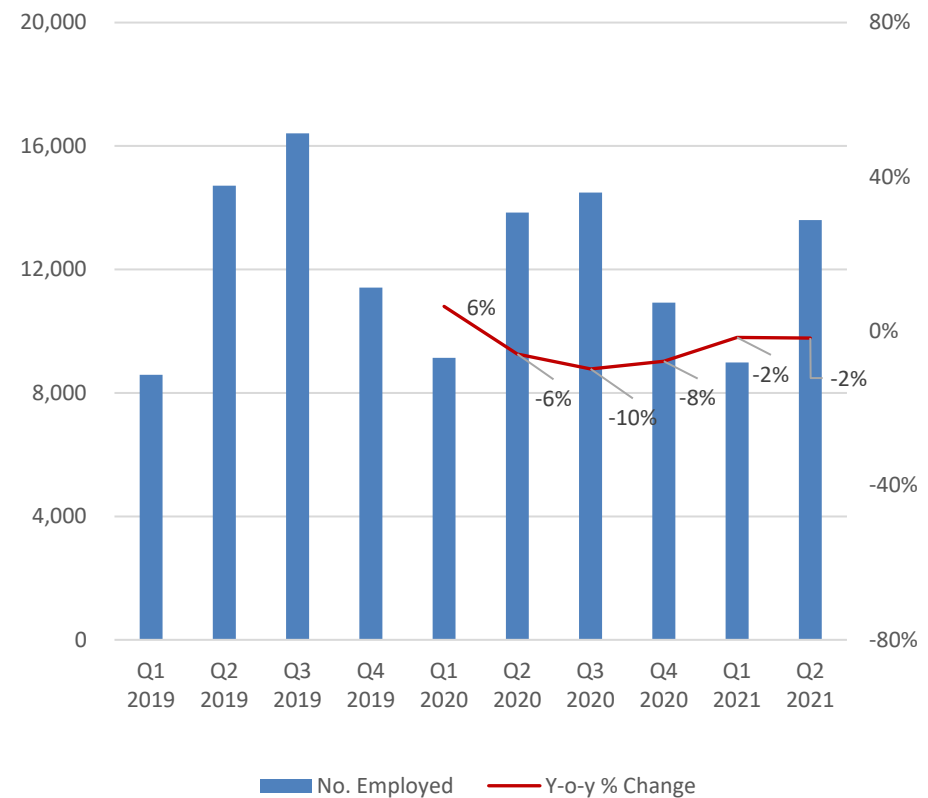
Figure 15. Retail Employment: Both Counties



# 3.a. The paths of sectors of recovery, by employment: worst-hit sectors

- **Agriculture** – the 3<sup>rd</sup> largest sector in the two counties
- Loss of ~870 jobs in Q2 2020
- Percentage loss in Q2 2020 ~6%
- Slow recovery
- By Q2 2021, employment still < 2019 levels

Figure 17. Employment in Agriculture: Both Counties



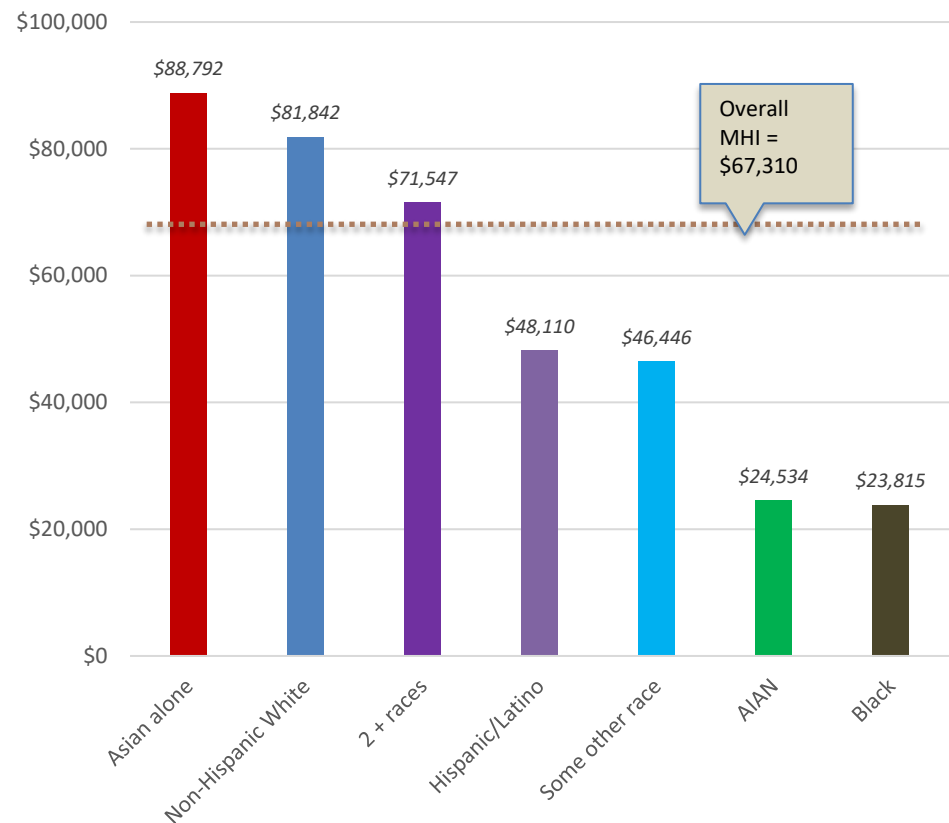
# Summary of economic recovery from the pandemic, by sectors

- For the 5 **worst-hit** sectors (as measured by Q2 2020 head count),
  - 3 had regained their pre-pandemic employment levels by mid-year 2021
  - 2 had not (Hospitality; Arts, Entertainment & Recreation)
  - Measured by *total wages*, however, all 5 sectors had recovered by mid-year 2021
- For the 5 **least-affected** sectors (as measured by Q2 2020 head count)
  - 2 had recovered their pre-pandemic employment by mid-year
  - However, 3 had not (Real Estate, Rental & Leasing; Wholesale Trade; Information)
  - Measured by *total wages*, however, all 5 sectors had recovered by mid-year 2021
- Considering sectors subject to **taxable retail sales**
  - Many suffered large declines in Q2 2020
  - However, by Q2 2021, *all* sectors had regained pre-pandemic level of taxable sales, except one – Arts, Entertainment & Recreation

# 4. Impacts of the pandemic-induced downturn on racial & ethnic groups

- Median household income (MHI), per-pandemic, provides a snapshot of the wide differences in the two counties
- MHI – two essential features
  - Median (average is much higher)
  - Household allows for more than one income recipient/
- Income (money) has 3 legs:
  - Wages & salaries
  - Investment returns
  - Transfer payments from fed

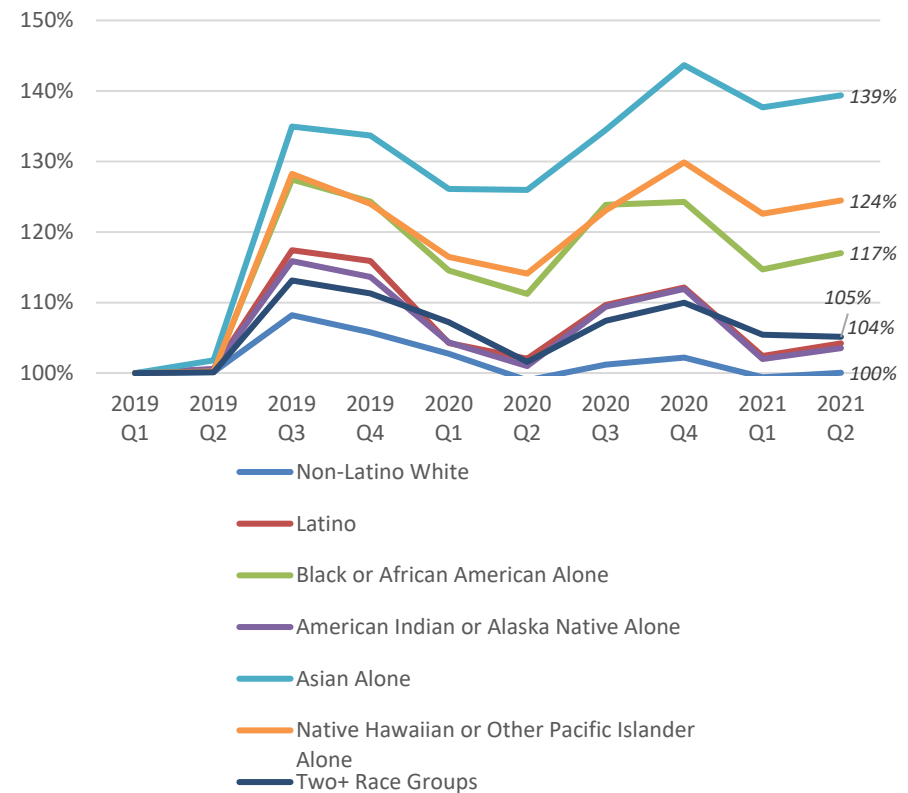
Figure 29. Median Household Income in Benton & Franklin Counties, 2015-2019



# How has employment changed by race/ethnicity over the pandemic?

- Depiction of *change* (increase) in employment since Q1 2019
- Wages by race & ethnicity in 2019 reflected differences seen in MHI
  - Highest: Asians, Non-Hispanic Whites
  - Lowest: Blacks, AIAN, NHPI
- Large % increases over 10 quarters: Asians, NHPI, Blacks
- Small % increases: Non-Latino White, Latinos, AIAN

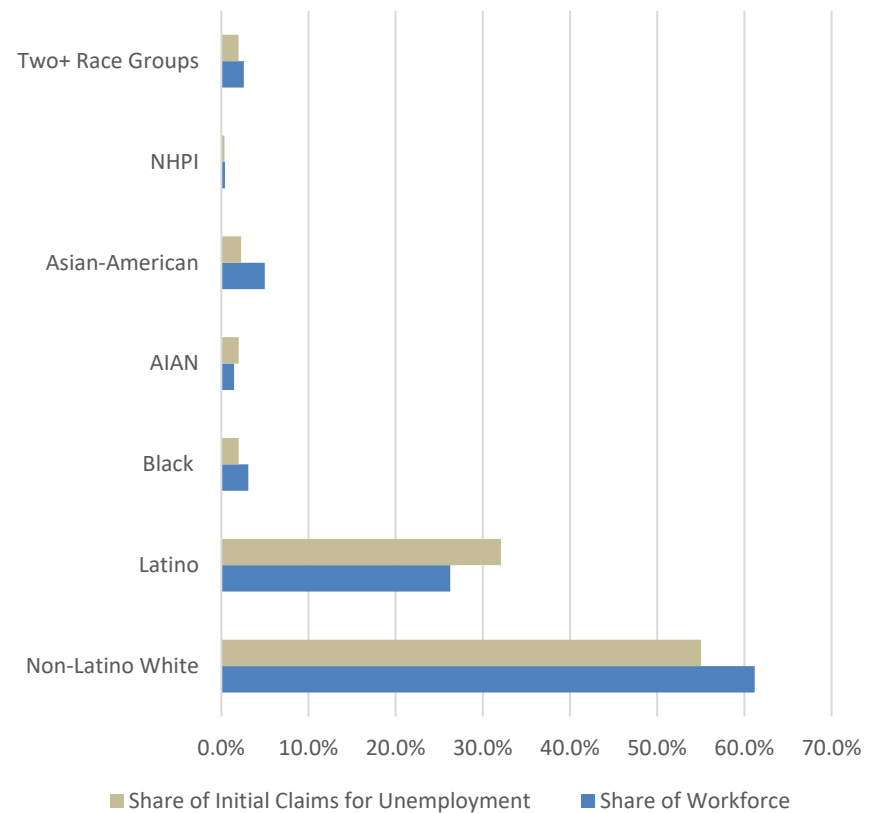
Figure 30 Change in Total Employment in Benton & Franklin Counties, 2019 Q1=100%



# Which race/ethnic group has experienced the most job loss?

- Consider the shares, by race & ethnicity, of the workforce *(average 2020 & y-t-d 2021)*
- Compare to shares of “initial claims” for unemployment, by race & ethnicity *(cumulative from 3.10.20-12.31.21)*
- Clear that Latinos, & to a much lesser degree, Native Americans, have suffered disproportionate job losses during the pandemic

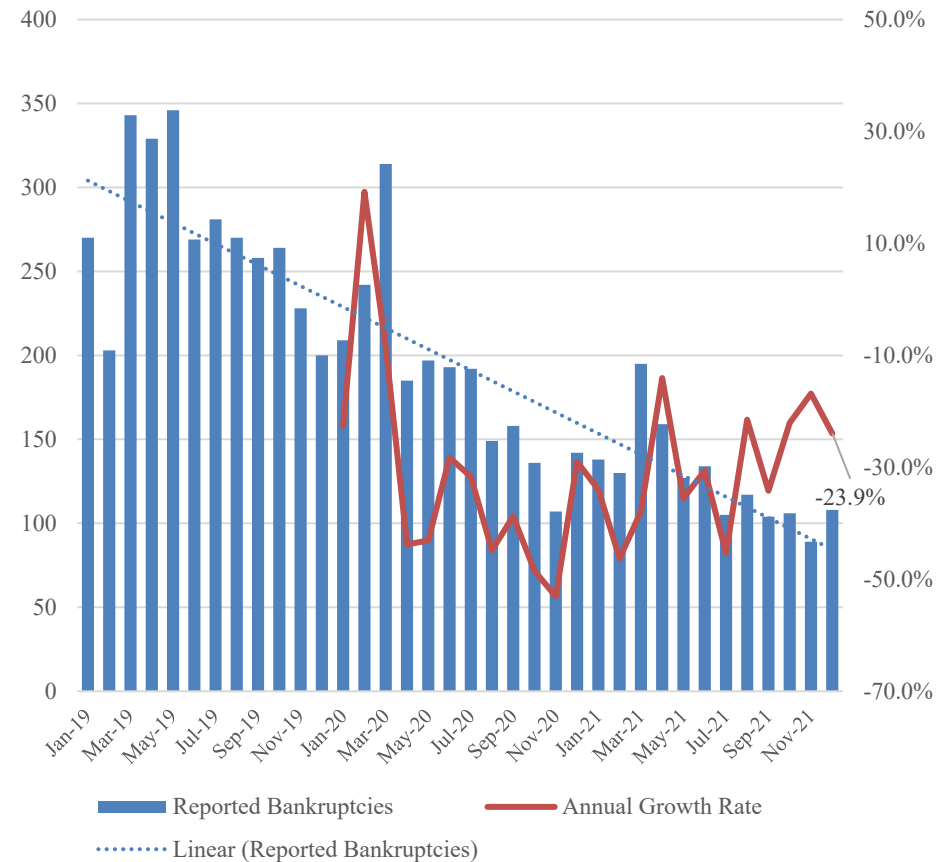
Figure 31. Shares of Workforce vs. Initial Unemployment Claims by Race & Ethnicity: Both Counties



# 5. Have bankruptcies risen during the pandemic?

- Data for the two counties are unavailable, but data for Eastern WA are
- Necessarily assume that the experience here is not different than elsewhere in Eastern WA
- Results
  - A spike in onset month of pandemic (March 2020)
  - Thereafter, a continuation of a fairly steep decline
  - Red line: year-over-year % change

Figure 32. Reported Bankruptcies By Month



## 6. What sectors hold the most vulnerable jobs in the immediate future?

- General answer: those sectors that have suffered the most will continue to see challenges, at least in 2022
- Specifically: **Eating & drinking establishments**
  - National Restaurant Association forecasts 2022 revenues > 2019, but staffing shortages will continue
- Specifically: **Accommodations**
  - National Hotel & Lodging association forecasts 2022 leisure travel returning to pre-pandemic levels, but not business travel (2025?)
- Specifically: **Agriculture**
  - USDA forecast (before Russian invasion of Ukraine) generally positive for 2022; output prices will be higher than in forecast
  - Input prices will also rise, especially b/c of the invasion
  - Tight supply of labor will likely continue

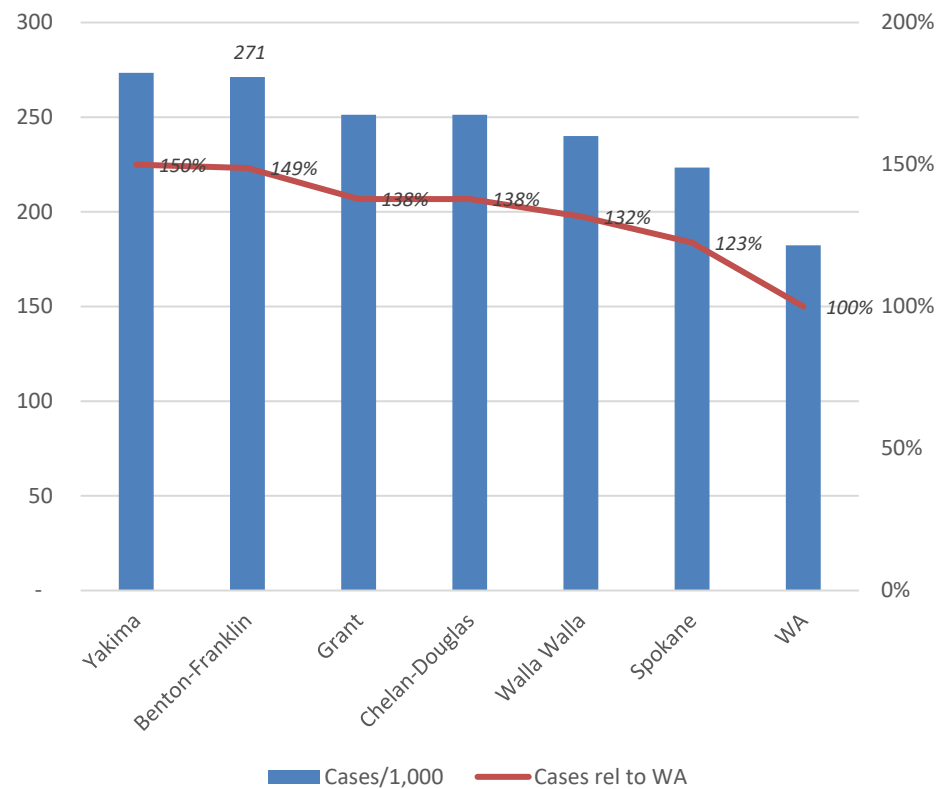
# 7. What will the economic recovery of the greater Tri Cities look like? By sector

- No formal forecast available; our outlook of fastest-growing sectors based on a continuation of trends + recent announcements
- 3 likely sectors to outperform
- Transportation & warehousing
  - Robust farm economy & Amazon
- Manufacturing
  - Food processing dominates
  - Darigold, Resers
- Healthcare
  - Rapidly growing population with a significant aging

# 8. What strategies will help the economy recover most quickly

- Subdue the spread of covid-19
  - Greater Tri Cities has highest case rate in Eastern WA's largest counties, along with Yakima
  - General negative impact on workforce participation & on "customer-facing" industries
- Short-run: increase wages (already happening)
- Mid-term: expand housing supply
- Longer-run: match skills with forecasted occupational demand

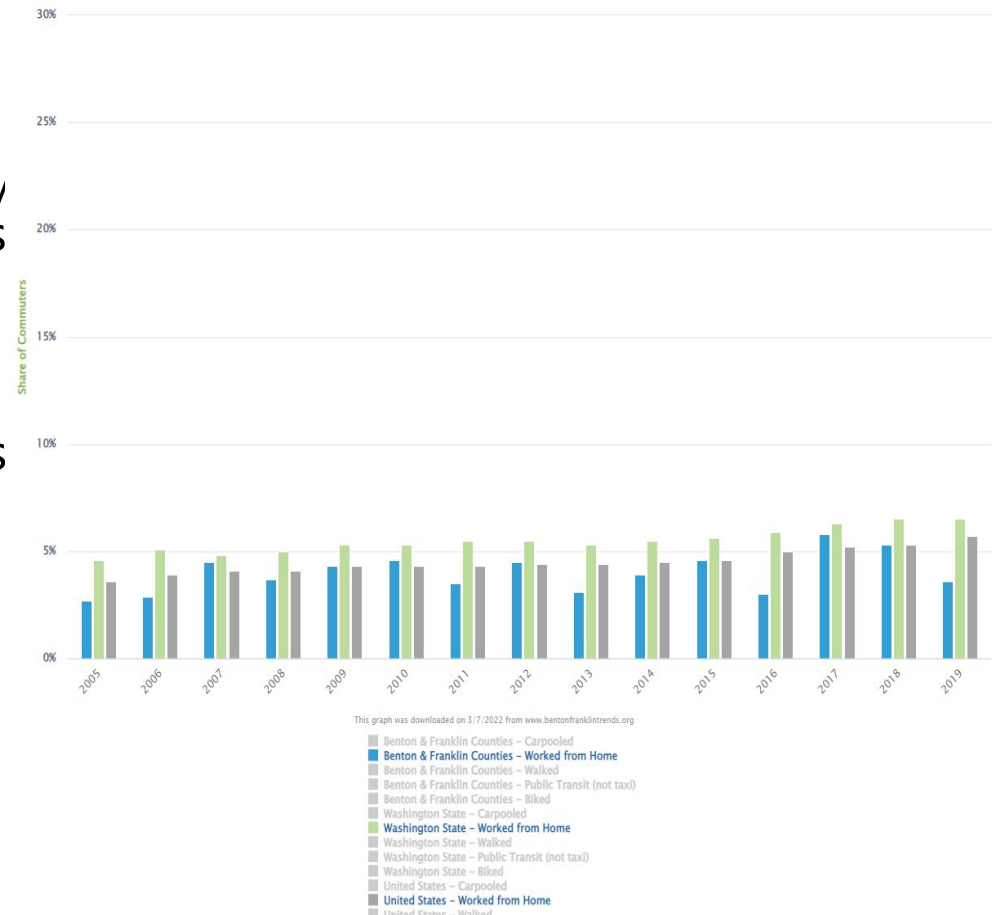
Figure 34. Diagnosed Cases of Covid-19/1,000 Residents & Comparison to WA  
March, 2020 - February 12, 2021



# 9. How significant is “work from home” & how will affect the local economy?

- Survey data from U.S. Census (American Community Survey)
- 2019 latest year, as 2020 survey responses did not meet Census standards
- For past 5 years, working from home ~3-5% of all “commuters
- Substantially < WA & U.S.
- 2021 estimates, out in September, will show an increase, but doubtful whether is much > 10%

9.1.2 Share of Commuters Using Alternate Modes of Transportation



# 10. What has been the impact of covid-19 on local government revenues?

- Both counties and city of Kennewick increased in actual revenues from 2019 and 2020.
  - Revenues made up of two main sources: property tax and sales tax. Both increased for all governments, except Richland
- Richland and Pasco decreased in actual revenues from 2019 to 2020.
  - Richland had a major transaction in 2019 and a -2.8% sales tax growth rate in 2020 which explains the large decrease.
  - Pasco CAFR general revenues increased from 2019 to 2020 (FIT website and CAFR report differently). FIT website shows only a minor decrease. Therefore, Pasco revenues decreased little, if any.

2019-2020 Actual Revenues		
Financial Intelligence Tool		
Benton County		
Year	Revenues	AGR
2019	117,320,039	
2020	136,376,530	16.24%
Financial Intelligence Tool		
Franklin County		
Year	Revenues	AGR
2019	47,861,511	
2020	53,804,572	12.42%
Financial Intelligence Tool		
City of Kennewick		
Year	Revenues	AGR
2019	76,642,491	
2020	80,411,506	4.92%
Financial Intelligence Tool		
City of Richland		
Year	Revenues	AGR
2019	104,435,849	
2020	91,833,153	-12.07%
Financial Intelligence Tool		
City of Pasco		
Year	Revenues	AGR
2019	87,210,477	
2020	86,966,015	-0.28%



# What has been the impact of covid-19 on local government revenues?

- If there are similar patterns in revenue budgets, we know that most local governments had a similar patterns in actual revenues during the pandemic, thus they needed to cater the budgeted revenues moving forward.
- All government budgets increased except for Kennewick.
  - Even though Kennewick had a decrease, it is minor compared to what they expected the budget cut to be.
- Budgets overall increased. Consumers continued to spend money through COVID-19. The impact on local government revenues from the pandemic have been less severe than anticipated.

2019-2020 Budgeted Revenues	
Annual Financial Report	
Benton County (Biennial)	
Year	Revenues
2019	64,813,838
2020	64,813,838
Annual Financial Report	
Franklin County	
Year	Revenues
2019	31,063,000
2020	33,130,000
Annual Financial Report	
City of Kennewick (Biennial)	
Year	Revenues
2019	57,302,500
2020	57,302,500
Annual Financial Report	
City of Richland	
Year	Revenues
2019	56,247,605
2020	57,048,746
Annual Financial Report	
City of Pasco (Biennial)	
Year	Revenues
2019	51,017,368
2020	51,017,368

2021-2022 Budgeted Revenues		
Annual Financial Report		
Benton County (Biennial)		
Year	Planned Revenue	Change (from 2020)
2021	71,143,966	
2022	71,143,966	9.77%
Annual Financial Report		
Franklin County		
Year	Planned Revenue	Change (from 2020)
2021	40,830,000	23.24%
2022	40,355,320	21.81%
Annual Financial Report		
City of Kennewick (Biennial)		
Year	Planned Revenue	Change (from 2020)
2021	56,352,500	
2022	56,352,500	-1.66%
Annual Financial Report		
City of Richland		
Year	Planned Revenue	Change (from 2020)
2021	58,416,093	2.40%
2022	66,976,518	17.40%
Annual Financial Report		
City of Pasco (Biennial)		
Year	Planned Revenue	Change (from 2020)
2021	55,694,013	
2022	55,694,013	9.17%



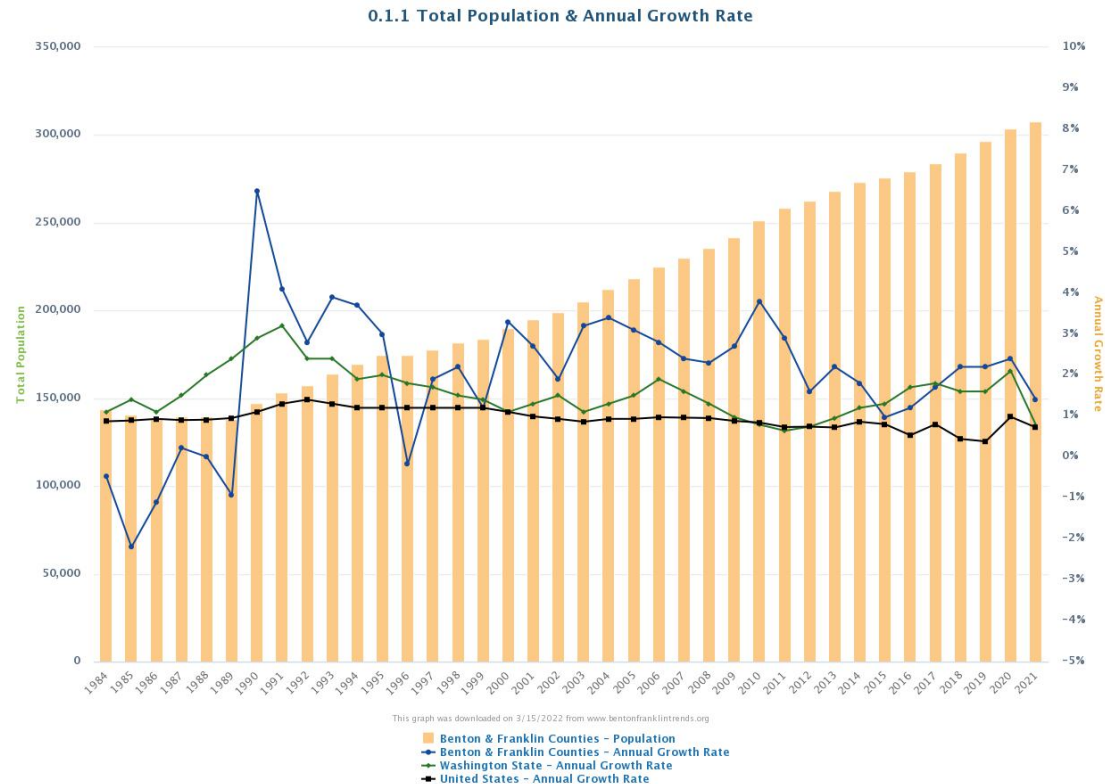
# 11. A look at housing in the greater Tri Cities

- Demand for housing
- Determinants of demand
  - Population
  - Income
  - Price / affordability
  - Access to credit / interest rates
  - Prices of related goods / rents
- Housing affordability

# Changes in population is a major factor in housing demand

EXHIBIT A

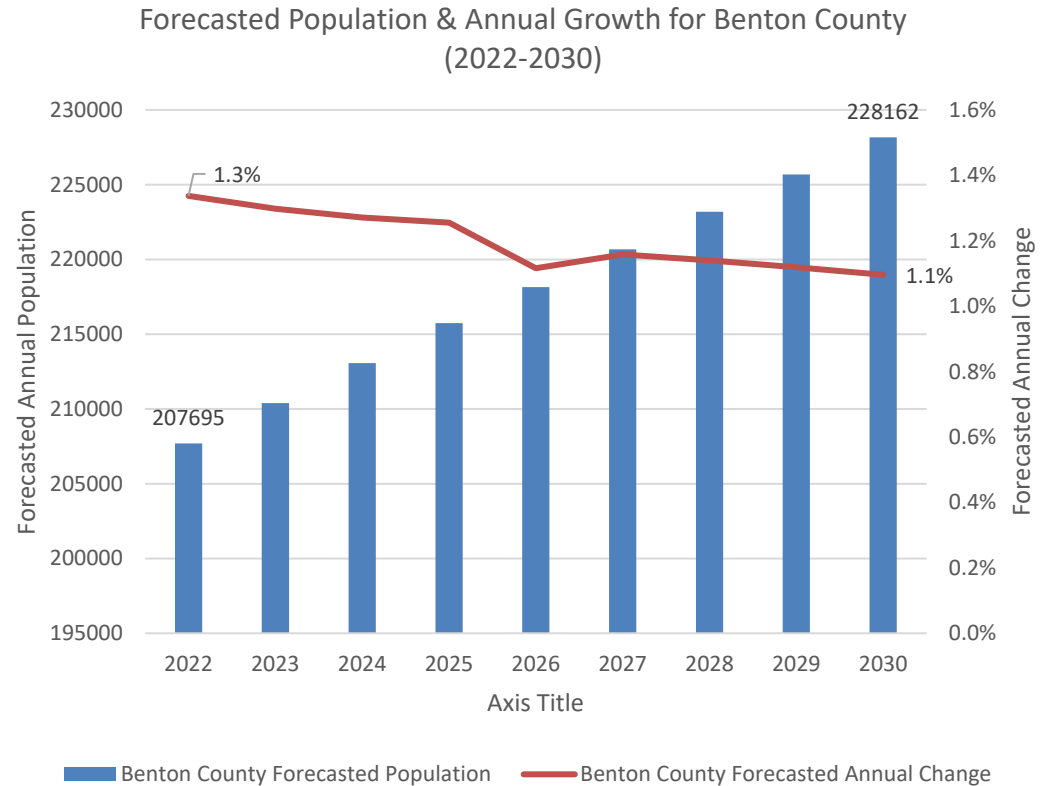
- Using data from US Census American Community Survey (ACS) presented in Benton Franklin Trends (BFT), we see that historically, the annual growth rate for the combined counties as more volatile than the state and national averages.
- In 2021, the annual growth rate for the combined counties was 1.4%, exceeding both the state (0.78%) and national (0.72%) averages.
- Some of the drop off in population could be attributed to the pandemic.



# what kind of population growth should be expected?

EXHIBIT A

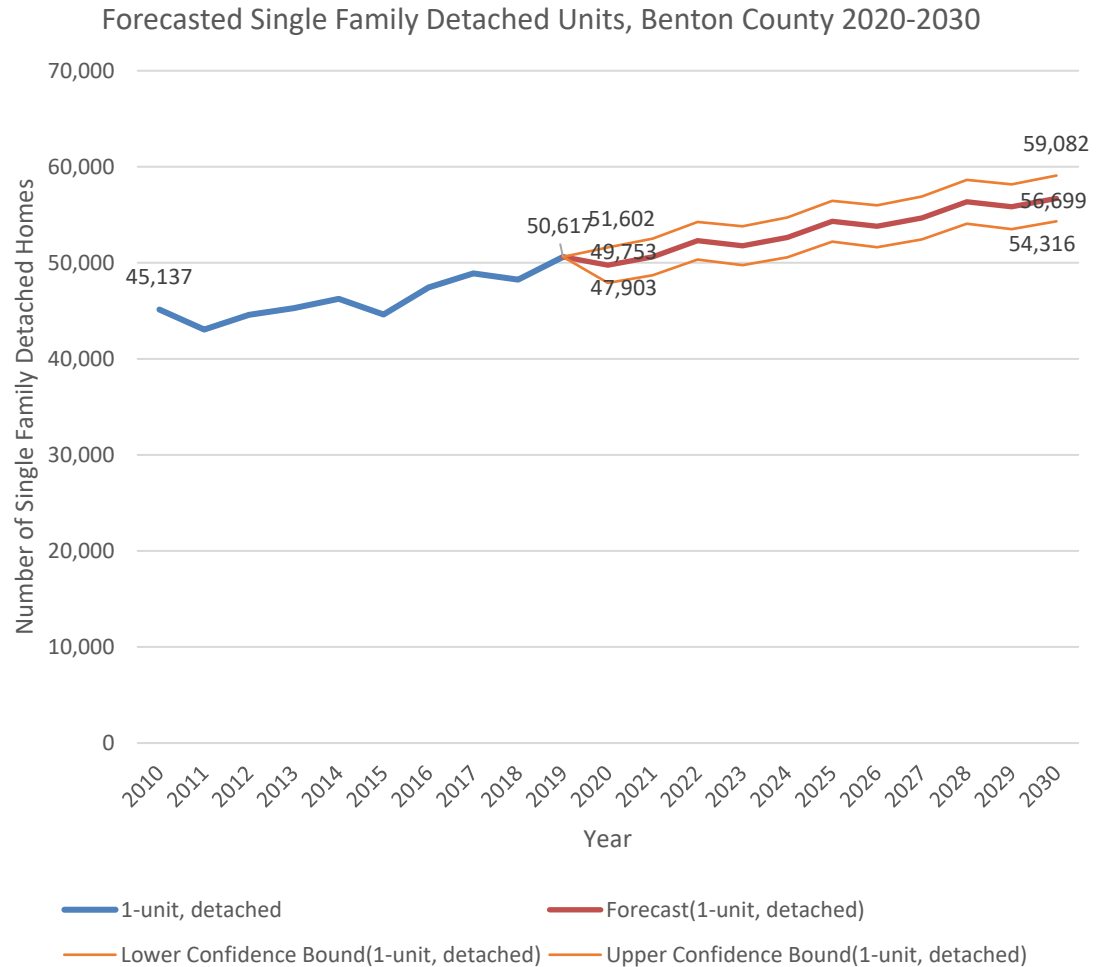
- Forecasts of population provided by Washington State Office of Financial Management (OFM)
- From 2022 to 2030, it is predicted that *Benton County* will grow by 20,467 more people.
- The rate of expected population growth is slightly declining from 1.3% to 1.1% over the time period. This matches the state average.
- In contrast, *Franklin County* is predicted to grow at a faster clip initially but slows down also from 2.7% in 2022 to 2.3% in 2030.



# Baseline forecast of single family houses for Benton County

EXHIBIT A

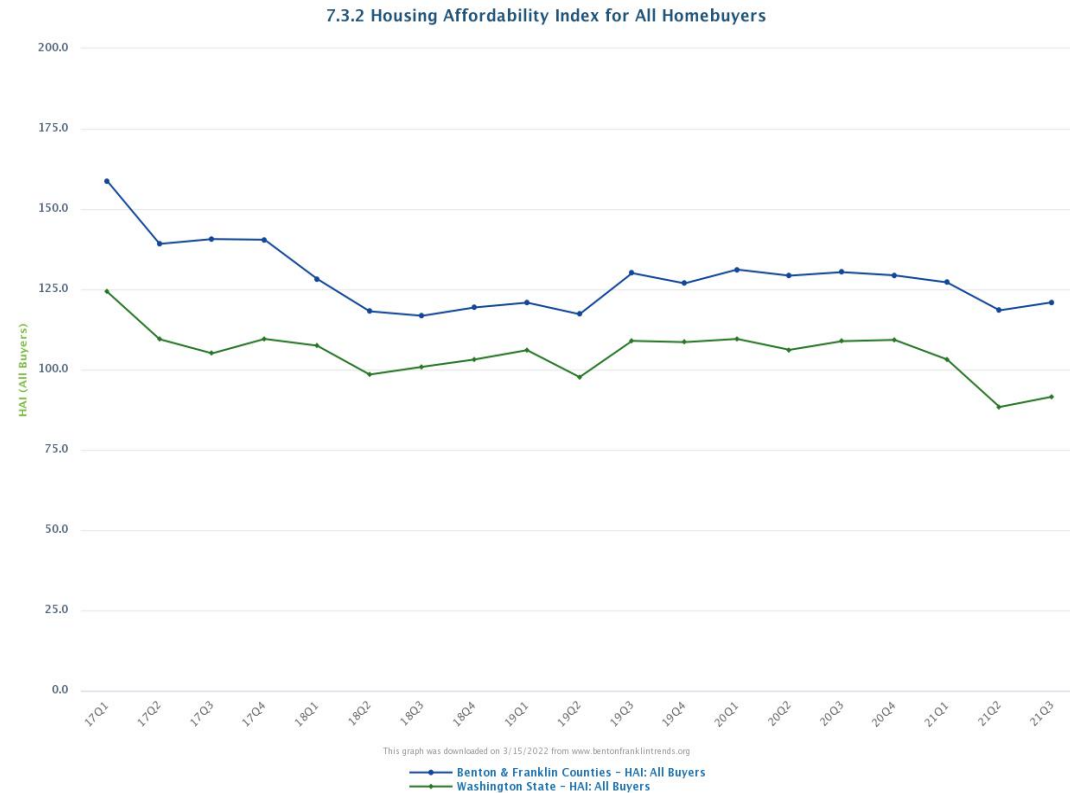
- According to a baseline trend forecast for single family detached units, the county should see an increase of 6,082 units between 2020 and 2030.
- Using a 90% confidence interval, this increase could be as low as 3,700 or as high as 8,500.
- Detached single family houses in the county should be between 54,000 & 59,000 by 2030.



# How the affordability of houses might affect housing demand

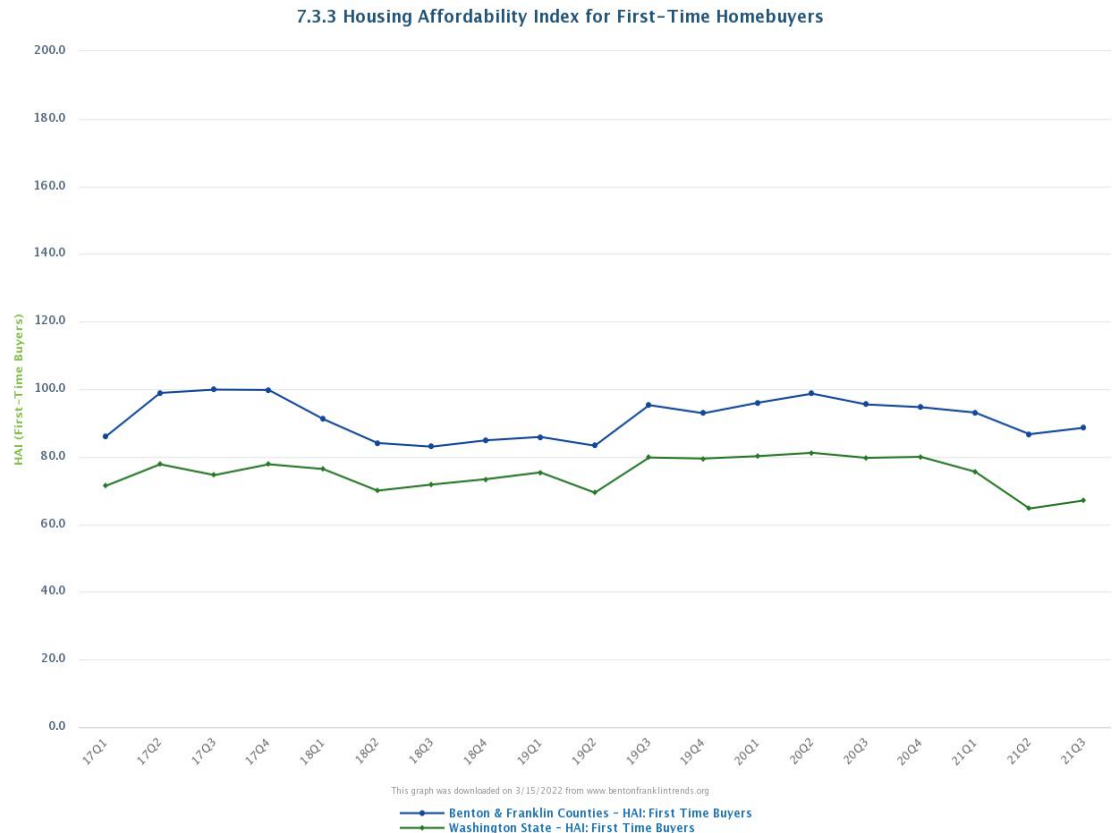
EXHIBIT A

- Housing Affordability Index (HAI) provided at Benton Franklin Trends (BFT) both for all homebuyers and first-time homebuyers in particular.
- HAI calculated and maintained by Washington Center for Real Estate Research (WCRER) and is a ratio of median income to the payment required for a mortgage (principal + interest) and indexed at 100 means a household spends 25% of their income on mortgage.
- When HAI is greater than 100, houses are more affordable. When HAI is less than 100, housing is less affordable. (Example: HAI = 125 means a household has 125% of income required to make payments on median price home.
- Combined counties of Benton & Franklin are consistently more affordable than the state average.
- From late 2019 to late 2020, HAI was around 130.
- Similar to the state average, the combined counties saw the HAI fall (housing become more expensive).
- As of third quarter 2021, the HAI for the combined counties (all buyers) was 121 – still more affordable than average.



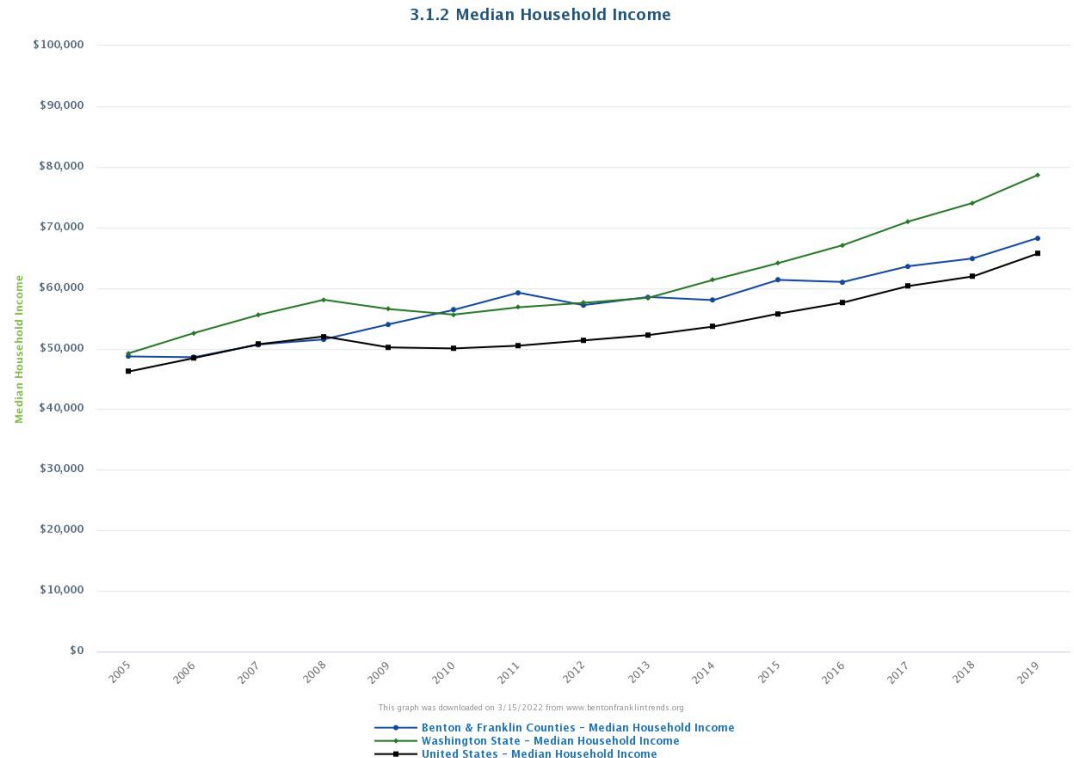
# How does housing affordability for *first-time* buyers compare to all homebuyers in the counties?

- HAI for First-time buyers assumes a less-expensive house (85% of the median) and a lower income (70% of the median).
- First time buyers tend to be younger with lower incomes and less extensive credit history.
- In mid 2020, first time homebuyers had 98% of the income necessary to meet mortgage obligations on a starter home.
- By third quarter of 2021, the affordability had fallen to 88.6 meaning starter homes were more expensive.
- The combined counties are still more affordable than the state average (67 in Q3 of 2021).



# Income is an important determinant of housing demand. EXHIBIT A

- In 2019, median household income for the combined counties (\$68,283) has trended slightly above the national average (\$65,712) but below the state average of \$78,687.
- Since the Great Recession, a healthy economy has contributed to sustained growth in median household income
- Fiscal stimulus likely helped buoy household incomes during the pandemic so we do not expect a decline. In fact, per capita personal incomes increased in 2020.

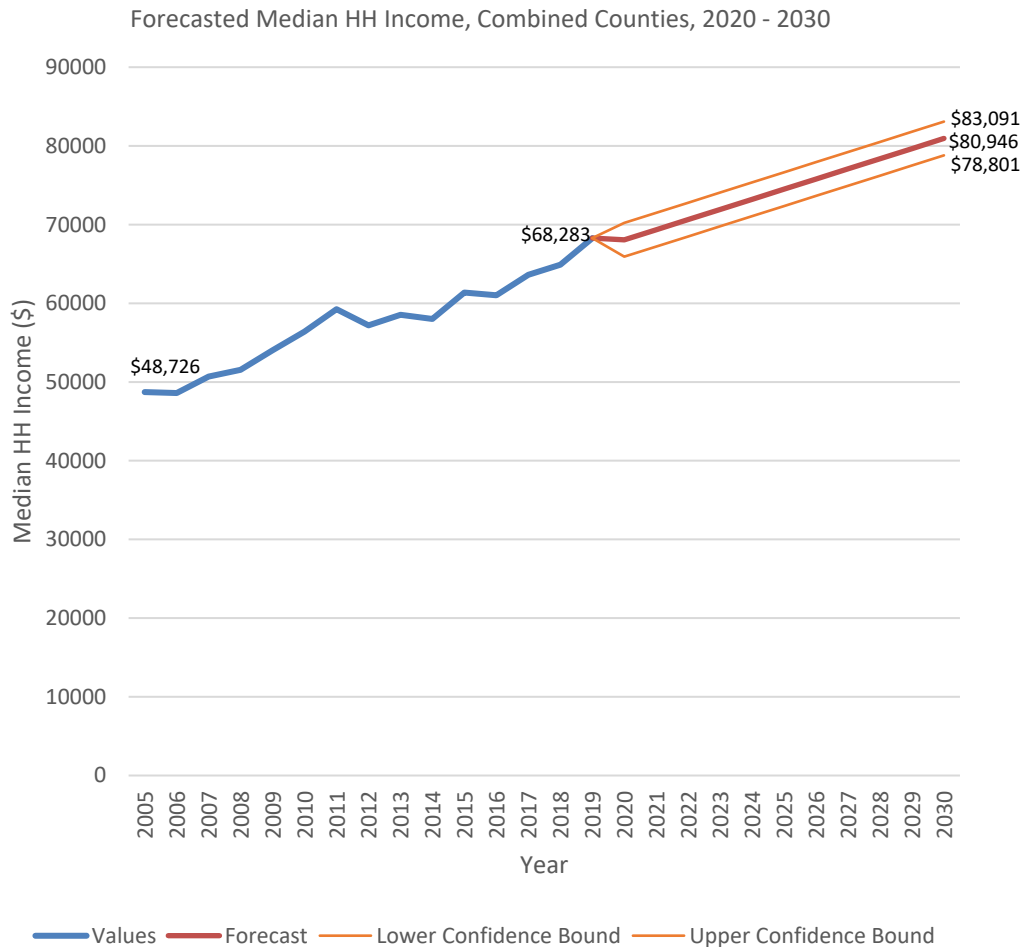


# Baseline forecast of median household income

## Benton & Franklin Counties

EXHIBIT A

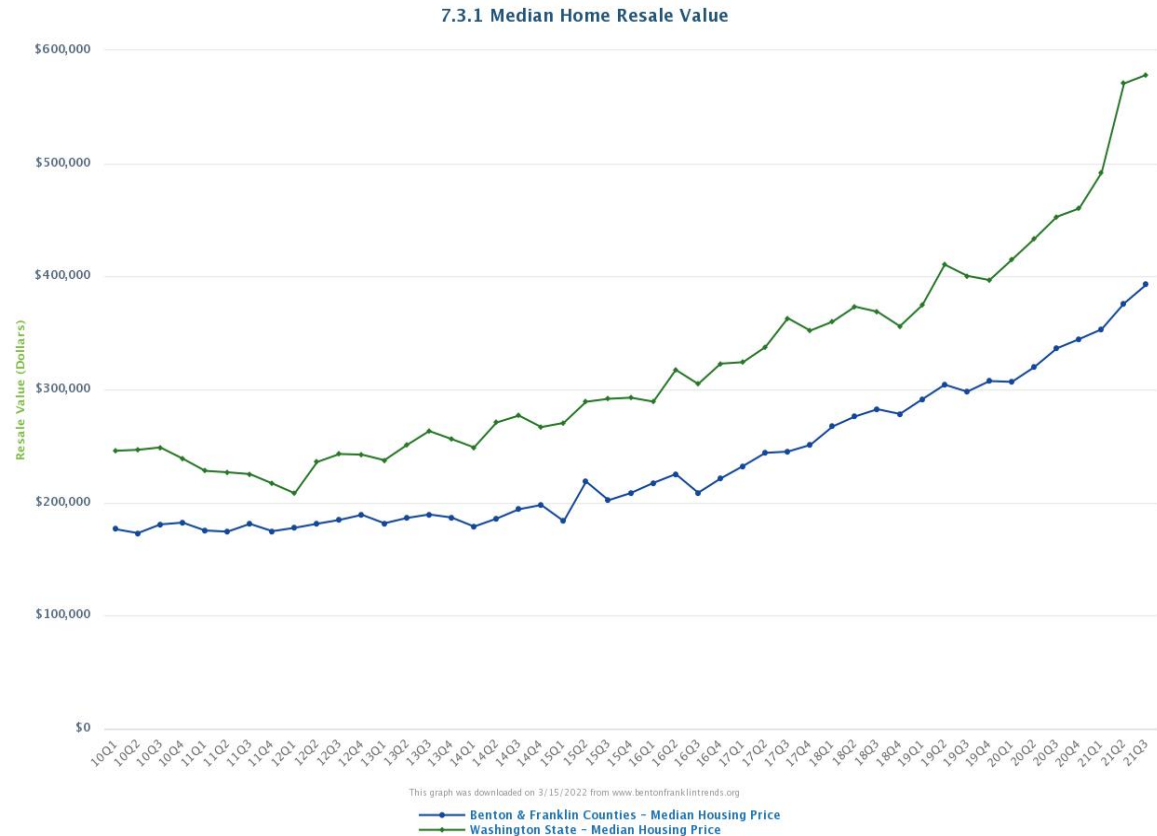
- Median HH income for the combined counties is forecasted to increase from \$68,283 to \$80,946 (by \$12,663) from 2020 to 2030.
- This is an 18.5% increase over 11 years for an average annual increase of 1.7%.
- Using a 90% confidence interval, the increase in HH income could be as much as \$14,807, 21.6% growth overall or annual average of 2%.
- Conversely, the increase in median HHI could be as small as \$10,518, 15.4% over the forecasted period for an annual average growth of 1.4%



# What has been happening to prices of houses?

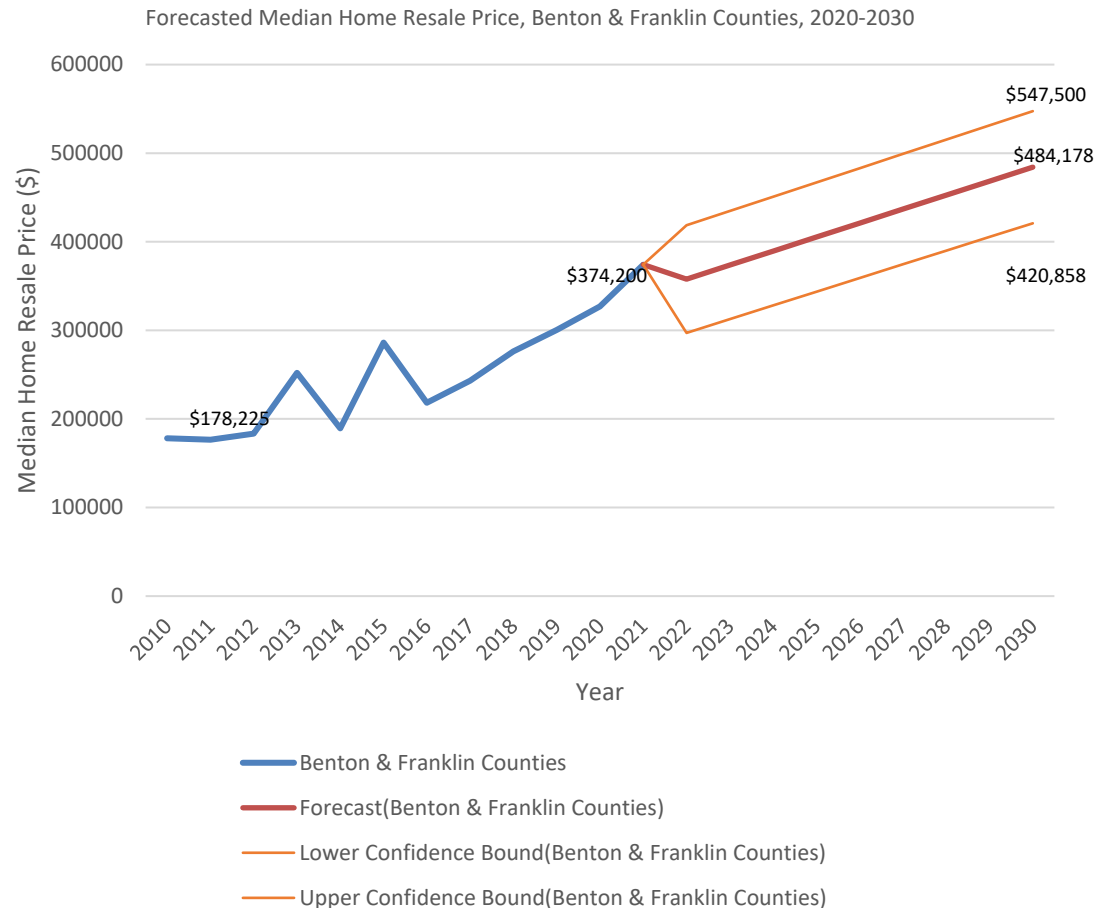
EXHIBIT A

- As of third quarter of 2021 the median home resale value in the combined counties was \$393,000 below the state average of \$578,500 and rising at a slightly slower rate than the state.
- This contributes to the higher affordability index of the combined counties.



# Forecasted median home resale price, Benton & Franklin Counties, 2020-2030

- Median home resale price for the combined counties is forecasted to increase from \$374,200 to \$484,178 over the decade 2020-2030, for an average annual growth in prices of 2.67%.
- Using a 90% confidence interval, the upper bound is \$547,500 (average annual growth of 4.2%)
- The lower bound is \$420,858 or 1.1% average annual growth in median home resale price.



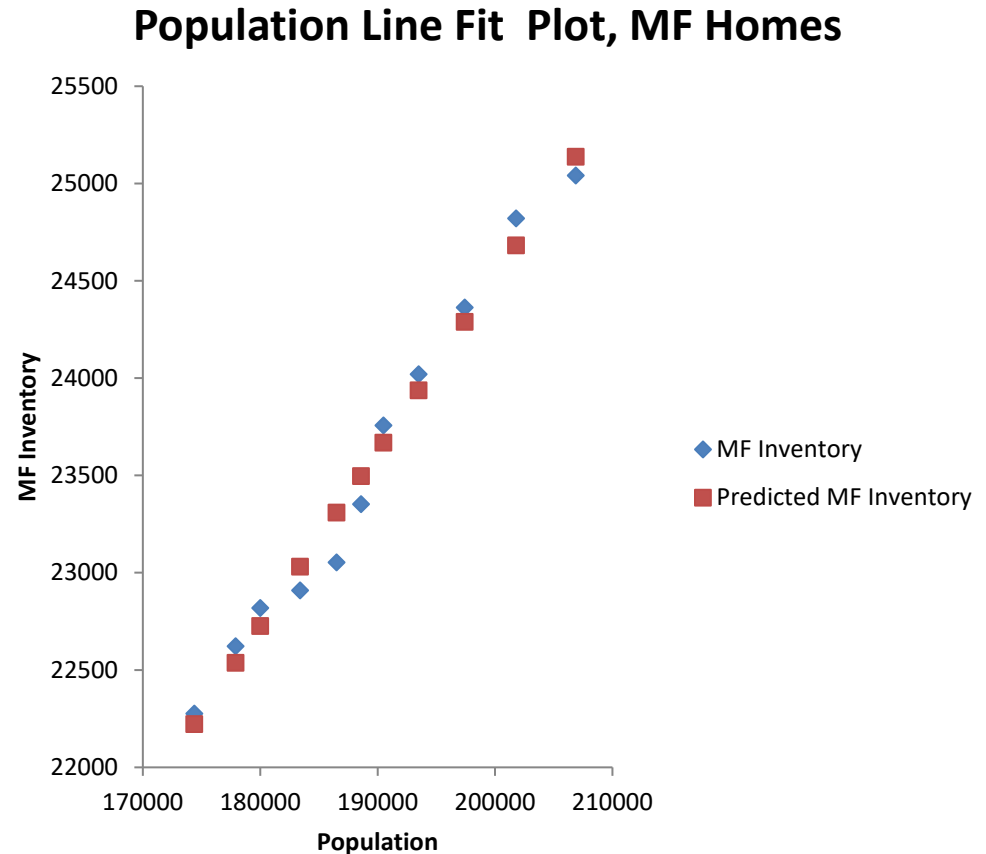
# Population is the dominant determinant of single family housing demand in the combined counties

- When estimated as a system of reduced form equations, population was the only jointly significant variable and dominated the influence of the other independent variables in the model.
- Coefficient on Population variable for SF Homes = +0.2915
- Implies that for every 1,000 increase in population, we should see 291 more single family homes.



# Population also dominates the demand for multi-family homes

- Although the model doesn't fit as perfectly as for single family homes (see graph), changes in population dominate all other independent variables in a system of equations model.
- Coefficient on Population Variable for MF Homes: +0.089
- Implies that for every 1,000 increase in population, we should see 89 new multi-family homes.



# Using forecasted population to estimate increased housing demand

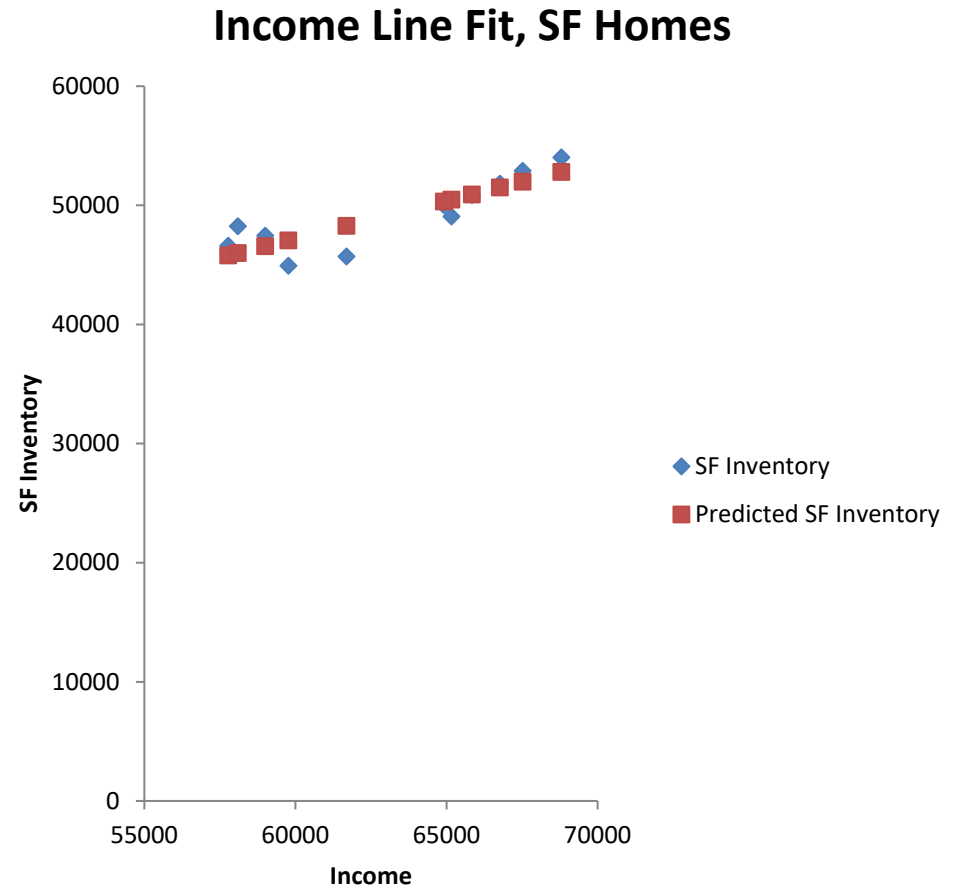
- Using the Washington State OFM official population forecast for Benton County, our model makes the following predictions for growth in housing stock.
- Between 2022 and 2030, demand will be for an additional 5,469 single family homes.
- Between 2022 and 2030, housing demand will be for an additional 1,670 multi-family homes.
- Over the forecasted time period, combined single and multi-family homes should increase 7,139.

Year	Population Forecast	Change	New SF Homes	New MF Homes	Combined Homes
2021	209400	--			
2022	207695	-1705	-497	-152	-649
2023	210391	2696	786	240	1026
2024	213065	2674	779	238	1017
2025	215740	2675	780	238	1018
2026	218148	2408	702	214	916
2027	220674	2526	736	225	961
2028	223190	2516	733	224	957
2029	225688	2498	728	222	950
2030	228162	2474	721	220	941
		<b>TOTAL</b>	<b>5469</b>	<b>1670</b>	<b>7139</b>



# Using single factor analysis to predict impact of changes in median HH income

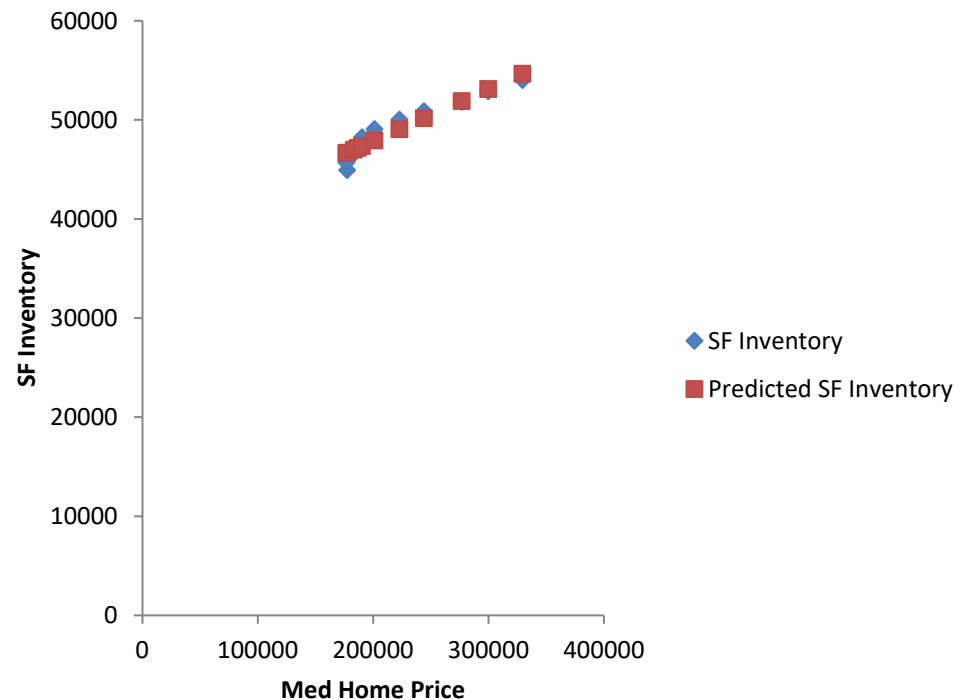
- This estimate holds constant the impact of other demand determinants such as population, price, and interest rates, taking into account only the direct relationship between income & quantity demanded.
- Coefficient on Income is 0.6356, meaning that for every \$1,000 increase in median household income, an increase in single family homes of 636 should occur, *ceteris paribus*.



# Using single factor analysis to predict impact of changes in median home resale price

- This considers only the isolated effect of changes in median home resale price on changes in quantity of single family homes over time.
- Coefficient on Median Home Price is statistically significant at +0.05 Meaning a \$10,000 increase in median home price is correlated with an increase of 500 more units, ceteris paribus.
- This could be due to price rising as a result of increased demand.

**Med Home Price Line Fit Plot, SF Homes**



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# Projects & Priorities

## Briefing Memo

March 2022

PORT *of*  
**KENNEWICK**

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## Projects & Priorities Briefing Memo

This memo provides a concise overview of the Port's near-term projects and priorities based on the 2021 – 2022 Work Plan and Comprehensive Scheme to ensure planned actions and focus of the CEO and staff align with Commission expectations.

The Commission adopted a Budget, Financial and Operational Philosophy in 2018 under Resolution 2018-27. This keystone document guides the Commission when establishing the Budget and Work Plan and should be reviewed anytime the Work Plan is amended or additional priorities are considered.

### **Budget, Financial and Operational Philosophy** **Resolution 2018-27**

- Produce and maintain a balanced budget
- Provide a fiscally sound approach to finances by ensuring that expenditures and debt repayments do not exceed available resources in current budget and future years impacted
- Provide for financial stability by:
  - ✓ Funding projects that provide a positive return on investment or which provide important identifiable non-economic benefits to the Port District at large
  - ✓ Eliminating or transferring to private sector, holdings which provide minimal economic or community benefit
  - ✓ Reducing costs and enhancing revenues when feasible while maintaining acceptable service levels
  - ✓ Ensure the Port's portfolio includes diversity of revenue streams to offset risk-averse projects
  - ✓ Accurately forecasting funding sources
  - ✓ Creating successful strategies for capital acquisitions
  - ✓ Closely monitoring and accurately reporting all revenues and expenditures
  - ✓ Leveraging funds by seeking grants and matching funds from the public and private sectors
  - ✓ Accurately and honestly identifying potential financial issues and providing feasible potential solutions
  - ✓ Identifying and recommending potential improvements
  - ✓ Learning and sharing ideas for improvement

(Continued on the next page.)

*Resolution 2018-27 outlines the Port's budget, financial and operational philosophy, and provides the foundation for developing the Work Plan.*

*The Work Plan guides all we do at the Port and directs team actions.*

*This memo reviews recent activities, highlights work to come and identifies areas for discussion.*

- Promoting fiscal responsibility among departments
- Focusing on long-term financial planning
- Support intergovernmental cooperation by partnering with entities which demonstrate support (e.g., matching funds; previous successes; political and taxpayer support; and enthusiasm)
- Provide the public with high-quality projects and services within a healthy work environment by encouraging efficiency, cooperation, honesty, integrity, and respect
- Evaluate economic development opportunities based on results to be derived districtwide versus project-specific or jurisdiction-specific results
- Acknowledge the Port's limited staff and financial resources
- Establish a project ranking and selection process which focuses on producing a limited number of projects in order to ensure successful and timely implementation
- Encourage open competition and equal project consideration, fostering a reputation for fairness with the local business community
- Seek to fund projects with available resources
- Incur debt only when both the level and rate of growth of public debt is fundamentally sustainable, can be serviced under appropriate circumstances while meeting cost and risk objectives, can withstand economic uncertainties, while identifying in advance any legal or commission-directed restrictions on its use
- Maintain reserves of \$2.5 million in order to ensure financial stability and mitigate any potential financial hardships. If reserve funds are utilized, funds must be replenished during the current or next budget cycle. The reserve fund may be used for the following:
  - ✓ Debt service
  - ✓ Environmental pollution claims against the Port
  - ✓ Unemployment Claims
  - ✓ Paid Family & Medical Leave Claims
  - ✓ Any other uses deemed necessary by the Commission
- Identify and report the return on investment (ROI) on projects as appropriate
- Share with the public Port audited financial and operating data through print and online resources

## 2021 – 2022 Work Plan Projects

As we move into the second year of the two-year plan, this provides the opportunity to review milestones accomplished, planned work and project considerations. The major Work Plan projects are highlighted on the following pages.

### Vista Field

Port of Kennewick is following a community-driven master plan to transform the 103-acre Vista Field site into a vibrant, pedestrian-focused town center that features mixed-use neighborhoods and urban lifestyle amenities. The Vista Field area is within a federally-designated Opportunity Zone.

The current development phase at Vista Field encompasses nearly 20 acres in the center of the site.

Within the past year, Commissioners adopted the Vista Field Design Standards and phase one pricing, finalized the Vista Field owners associations, and accepted the phase one construction project as complete.

The Port assisted the City of Kennewick by extending sewer utilities, as well as granting a quarter-acre of land and providing \$125,000 for an access road that will serve as an entryway to Vista Field and the new fire station that opened in September 2021. The Port also provided \$60,000 for access improvements at Deschutes Avenue.

With the infrastructure work and other lot preparation work now complete, the parcels in this first phase will become available for private-sector commercial, retail and residential development mid-year.



## Project Considerations

To maximize publicity and interest at Vista Field, care should be taken to align the site opening to vehicles with the acceptance of private-sector development proposals. Additionally, this timing will minimize the risk of creating negative impressions regarding the site's potential as a vibrant, exciting development opportunity.

The Vista Field team is now in place (CEO goal) to respond to Vista Field-related issues (e.g., completing owners association, fielding inquiries and information requests; conducting property tours; providing media information; processing development proposals for Commission consideration; performing additional planning and site revisions; coordinating property sales, etc.).

Implementation of this team and the ongoing long-term effort to respond to issues and inquiries at Vista Field has taken significant work.



## Planned 2022 Work

- Market parcels to the private sector
  - Create legal lots of record
  - Prepare and “dry run” Collaborative Design Process
  - Plan and host stakeholder recognition and ribbon-cutting event (mid-year)
  - Sell one parcel or obtain one ground lease (CEO goal)
- Review proposals received using the approved Collaborative Design Process
  - Work with selected builders through the Collaborative Design Process to construction
- Establish a property maintenance organization fund
- Establish a traffic mitigation fund (potential City of Kennewick MOU element)
- Install irrigation well and connect it to the existing system
  - Determine water rights and/or water rights transfer to Vista Field
- Identify and initiate a Rural County Capital Funds project with Benton County and other funding partners to further benefit economic development at Vista Field
  - Develop and present a “lean” Vista Hangar Analysis (CEO goal)

## Questions to Address

1. Does Vista Field remain the Port's priority project?
2. As we continue with placemaking, should we acknowledge Vista Field's aviation history somehow? If yes, how?\*
3. Should we plan to incorporate a satellite police station at Vista Field, perhaps in one of the hangars?\*

\* Not included or budgeted in the Work Plan.

## Kennewick Historic Waterfront

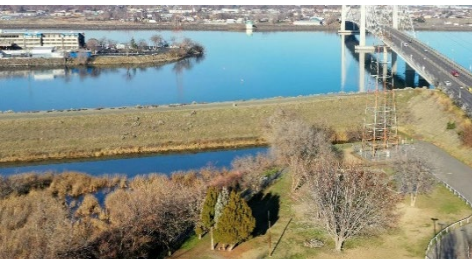
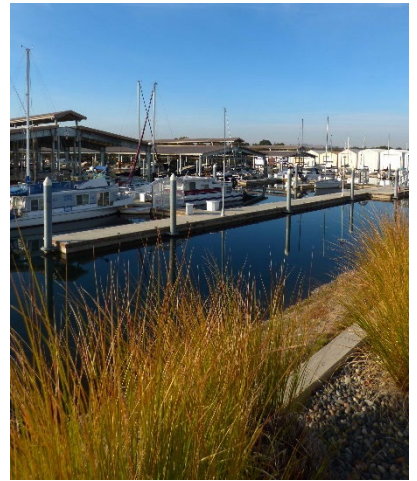
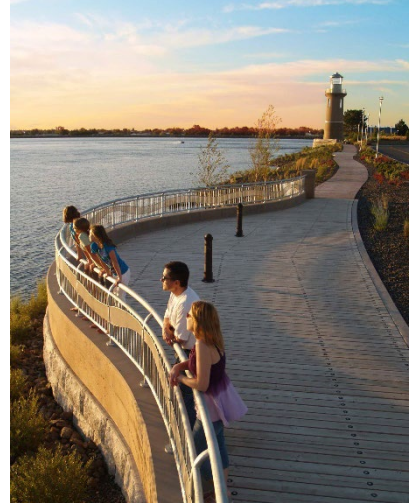
Clover Island, Columbia Gardens Wine & Artisan Village, The Willows and Cable Greens are Port-owned sites within Kennewick's Historic Waterfront District. The properties are also in a federally-designated Opportunity Zone. The Commission adopted a community-inspired Historic Waterfront District Master Plan for these project areas during the past year.

On Clover Island (16-acres), the Port manages a public-use marina and leases land to commercial businesses. In November, a project began to restore the island's north shoreline. Additionally, the Port explored options for algae mitigation within Duffy's Pond.

At the nearly 6-acre Columbia Gardens Wine & Artisan Village, Commission created a property owners association, adopted design standards and parcel pricing, and received a plan for monument/wayfinding signage (CEO goal). The Port installed two new power pedestals, a concrete pad and moved a food truck to a new location. The Commission also explored a potential partnership for a Kiwanis Playground (CEO goal) but determined it was not viable.

Commission adopted design standards for The Willows (~7 acres) and Cable Greens (3 acres), and as Columbia Gardens Urban Wine & Artisan Village advances, it will pave the way for additional residential and commercial development at those adjacent sites.

The Port also worked with the City of Kennewick Public Works Department on initial design concepts for traffic calming along Columbia Drive.



## Project Considerations

Private-sector development on Clover Island is limited, pending the current shoreline restoration work planned for completion in summer 2022.

Also, many elements of the community-driven Kennewick Historic Waterfront District Master Plan are unfunded, so the Commission will need to review the plan's objectives while keeping budget and staffing considerations in mind.



## Planned 2022 Work

- Install a restroom facility at the Columbia Gardens Wine & Artisan Village
- Implement Duffy's Pond improvement plan (CEO goal)
  - Explore algae mitigation
  - Explore options for screening planters, a demonstration vineyard or garden and additional shade structures within the wine village
  - Build fencing adjacent to the Food Truck Plaza to protect the landscape plants, rock mulch and slope integrity
- Install two electric vehicle charging stations

## Questions to Address

1. Should the historic waterfront district remain a priority project?
2. Should the Port continue to pursue Professor Peter Batchelor's lofty vision for the waterfront (Bridge to Bridge, River to Railroad Master Plan, December 2003) and the recent Historic Waterfront District Master Plan (June 2021)?\*
3. Should we plan to fund and advance the SR 397/Columbia Drive traffic calming improvements as identified in the Historic Waterfront District Master Plan?\*
4. Should we install monument and wayfinding signage for the Columbia Gardens area?\*

\* *Not included or budgeted in the Work Plan.*

## Vista Field Development Buildings

At Vista Field, the Port operates two development buildings off of West Deschutes Ave. in Kennewick to support start-ups and established companies.

HVAC units were replaced in 2021 as part of the ongoing maintenance plan. Staff also negotiated a major lease modification for Building A. That 26,000-square-foot facility is now available for lease, and Building B (14,400 square feet) is currently fully occupied.



### Planned 2022 Work

- Update building exteriors and perform site improvements
- Market Development Building A for lease

### Question to Address

1. Before constructing new development buildings in the Port District, do we reach and maintain full occupancy in current buildings?\*

*\* Not included or budgeted in the Work Plan.*

## Twin Tracks Industrial Park

The Twin Tracks Industrial Park is in Finley off Cochran Road and State Route 397. The Port-owned 163-acre property has dual Class 1 rail service on-site. The industrial park is currently fully leased.

### Planned 2022 Work

- Perform standard property maintenance.



## Oak Street Industrial Park

Oak Street Industrial Park is located in northeast Kennewick off East Third and State Route 397.

The Port operates five business incubator buildings on the nearly 12-acre campus-like site ideal for light industrial development. There is no space currently available for lease.

At Commission direction, three parcels within the Oak Street Industrial Park area totaling 26.42 acres on Verbena, Oak Street and East 3rd Avenue were deemed surplus. Commissioners approved selling the parcels via auction and the \$800,000 sale price plus a 7.5% buyer's premium on July 20, 2021.

Additionally, Port staff worked to clear encumbrances, change the zoning, obtain a sewer easement and adjust a boundary line on a separate parcel along 7th Avenue in preparation for sale. Staff presented the potential land sale to the land lease tenant at the October 12, 2021, Commission meeting.



## Planned 2022 Work

- Market Development Buildings for lease
- Perform standard property maintenance
- Market all vacant and agriculture parcels for sale

## Partnership Endeavors

The Port also supports projects from its economic development partners within the Port District that benefit the community or support a Port project or broader objective.

### Center Parkway – City of Richland

Center Parkway is a planned street segment connecting Tapteal Drive in Richland and Gage Boulevard in Kennewick. The project will improve traffic circulation around the Columbia Center area, reduce congestion on nearby arterial streets, improve emergency response times and support commercial development along Tapteal Drive.

The Port committed \$400,000 in funding to City of Richland for the Center Parkway Improvement project work, including engineering design, right-of-way acquisition, construction, and construction contract administration. An Interlocal Agreement was completed with the City in November 2020.



### **Current Status**

The project is currently underway, and the Port paid \$200,000 toward the project in early 2022.

### Columbia Park Trail – City of Richland

City of Richland reconfigured the auto-dominated Columbia Park Trail roadway to three lanes and added sidewalks, bike lanes, a separate paved bicycle path and a center turn lane.

Crews also undergrounded the overhead power lines and installed new streetlights to enhance the corridor between Ben Franklin Transit and the REACH Museum.



Under a February 2020 Interlocal Agreement, the Port provided \$800,000 to the City of Richland for the Columbia Park Trail project.

### **Current Status**

Completed. City of Richland held a grand opening on November 17, 2021.

### Washington Street – City of Kennewick

City of Kennewick and the Port partnered on improvements to Washington Street.

Under a May 2021 Interlocal Agreement, the Port invested \$500,000 in the City project that involved widening sidewalks, paving, planting trees and installing signage and streetlights. The City also extended a sidewalk from the former Willows Trailer Park to the levee crossing at the Clover Island gateway.



These improvements helped create a visual corridor and a pedestrian connection between Kennewick's historic waterfront and the downtown commercial core.

### **Current Status**

Completed. City of Kennewick finished the Washington Street project in October 2021.

### West Richland

The City of West Richland urgently needed property to house a new police station in order to meet a bond deadline. Understanding the City's desperate need and recognizing that enhanced public safety makes good economic sense, the Port agreed to sell the West Richland Industrial Park to the City in October 2019 to accommodate a new police station and create opportunities for additional commercial and industrial development.

The \$1,816,000 sale consisted of payment terms of \$500,000 cash and \$1,316,000 of Rural County Capital Funds. The Port subsequently worked with the City to adjust the payment terms that allowed for a cash payment of the remaining balance in February 2021.

The final appraisal of this property was \$3 million, resulting in a nearly \$1.2 million discounted sale price for the City.



In prior years, the Port improved the value of this property by addressing many of the site's challenges, starting with working with Benton County and Washington state to incorporate that property into the West Richland Urban Growth Area (UGA), after the City of West Richland's attempts to expand its UGA boundary failed. Port staff also worked to extinguish deed restrictions, eliminate a flood inundation clause, petition the City to annex the land and obtain easements from Bonneville Power Administration for roadway extensions under its power lines.

### **Current Status**

As stated in the 2021 – 2022 adopted Work Plan: "Due to favorable terms given to the City of West Richland in the Tri-City Raceway land sale, involvement in West Richland will be limited to observations and non-financial support when consistent with Port's sprawl avoidance philosophy."

### **Question to Address**

1. Should this Work Plan directive be adjusted?

## **Non-Work Plan Activities**

In addition to the Work Plan projects outlined in the previous pages, Port staff is also addressing emerging issues, new priority projects and non-Work Plan activities. These efforts were not adopted as part of the Work Plan but were added as priority activities or CEO goals. These efforts have or could impact budgets, staff resources and projects identified in the Work Plan, including extending timelines.

### **Governance and Management Audit**

The Governance and Management Audit was added as a top priority project and a CEO goal last year to evaluate the Port's policies, practices and keystone operating documents and provide recommendations to improve the organization's effectiveness and ensure concurrence with statutory requirements and best management practices.

The Commission hired a consultant to develop two scopes of work, one for a project manager and another to conduct the governance audit. The consultant coordinated the request for proposals process for Commission.

At its December 14 meeting, Commissioners recommended that the 2022 board explore responsive proposals to the two RFPs.

### **Current Status**

On January 11, 2022, the Commission declined to move forward with the audit.

### **Build Back Better "Call for Projects"**

In 2021, Commission directed staff to respond to multiple federal "call for projects" for government funding. These included the Transportation Infrastructure bill, Biden Build Back Better Act, congressional appropriations and direct earmark funding.

In total, staff submitted seven grant proposals for projects at The Willows, J. Lieb Food Campus building and electric vehicle charging stations.

### **Current Status**

Those grant projects are no longer viable, and Commission directed staff only to pursue funding opportunities that support projects in the current Work Plan.

## **COVID-19-Related Economic Impacts Analysis**

By consensus, the Commission added a COVID-19 Economic Impact Outlook Analysis as a CEO goal in September 2020.

A contracted economist is developing a report for the Port that details the past, present and near-term future national, state and regional economic impacts of the COVID-19 pandemic. The findings are anticipated to provide some realistic predictions related to future actions that may be prudent for the Port to consider as it continues its mission of economic development activities.

### **Current Status**

Under development. Staff anticipates presenting the report to Commissioners by early 2022.

## **Reopening Plan**

The Port has been developing a Return to Work plan aligned with state and federal COVID-19 guidelines. The plan is a CEO goal, assigned by the Commission in November 2020.

A significant amount of work has gone into the draft plan, including adjustments as the state's guidance changes. An update and memo of Compliance with the Washington Ready Proclamation was presented to the Commission on September 28, 2021.

### **Current Status**

Under development. Presentation of the draft plan is anticipated in spring 2022.

## **Maintenance Facility Needs and Alternatives Report**

There are growing maintenance needs and demands at various Port properties and projects. The Port's maintenance facilities are spread throughout the District. The maintenance staff spends a lot of time traveling between sites to get tools, equipment and supplies.

The Commission established a CEO goal in November 2020 to prepare a report that evaluates maintenance facility needs and explores options for a more centralized, single maintenance facility.

### **Current Status**

Under development.

## **Laserfiche Training and Implementation**

The Port completed its training and implementation of the Laserfiche software for document and workflow management. This change to digital processes minimizes printed files and increases efficiency related to documentation, filing, paperless review, digital signature and internal document workflow processing (CEO goal).

### **Current Status**

The Laserfiche project is complete, and a presentation to Commission is planned for spring 2022.

## **Water Rights Analysis**

The Port has contracted with a water rights attorney, a consultant and Port legal counsel to review the Port's water rights status at various district locations. Clarification of this issue will benefit the Port's assessment of its water rights inventory for future allocations.

### West Richland Industrial Park

Following the sale of the nearly 93-acre West Richland Industrial Park property to the City of West Richland, the Port retained the water rights to bring benefit to Vista Field and Benton County Fairgrounds. At the time of the sale, the Port estimated the value of the water rights as \$6,000 per acre-foot.

In discussions before the land sale, the Port offered additional water rights to West Richland. However, the City only purchased a limited amount of water to assist with the 12 acres for its police station.

The following year, the West Richland mayor requested that the Port provide irrigation water to a farm leasing some of the lands, so they could continue operations.

### Oak Street Industrial Park

When the Port sold the Verbena parcel in Kennewick, it retained the water rights for future use.

### **Current Status**

Ongoing. Staff is now analyzing all water rights in preparation to brief Commissioners.

## Rural County Capital Funds Update

Rural County Capital Funds afford Benton County's municipal partners the rare opportunity to access locally-sourced capital funds for projects that meet the economic development criteria of state law and Benton County policy.

To date, Benton County has awarded Rural County Capital Funds for Vista Field phase one infrastructure (\$500,000 from Benton County's allocation) and projects at Columbia Gardens (\$550,000 from the Port and \$550,000 from City of Kennewick's allocations) and on Clover Island (\$1 million from City of Kennewick's allocation).

The Rural County Capital Funds available for Port projects as of February 28, 2022, is \$2,978,090. *These are reimbursement funds provided to the projects after completion. Therefore, it's imperative that we identify and submit a project to Benton County for approval no later than 2023 because if not fully expended by June 30, 2026, the County can sweep those funds for use elsewhere.*

The previous Commission identified some or all of these funds for a "lean" renovation option of the corporate hangars at Vista Field that would be viable under current COVID-19 conditions and complement the early stages of Vista Field project vibrancy.

Any economic development project would require submitting a Rural County Capital Funds application and working closely with Benton County as a funding partner.

## Additional Items

- COVID-19
  - Loss of Coyote Ridge labor crews
- Mandatory post-Census redistricting to be completed in 2022
- Clover Island Inn proposed housing project

## Items for Discussion

### Work Plan & Budget

- To ensure we are following Resolution 2018-27, should there be a deliberative process when adding new projects to minimize impact to the approved Work Plan? Perhaps establish a formal review of the Work Plan, timelines and budget each time projects are added or directives are adjusted to address schedule changes and funding demands.
- When the two-year CEO goals are established, should they be set to align with the two-year Work Plan to maintain focus on project priorities?
- Should the Port incorporate redistricting following each Census as a project in its Work Plan?
- Should the Comp Plan be updated regularly or specifically now that the waterfront master plan has been approved?

### Keystone Policies/Procedures

- Should there be a regular review of keystone policies/procedures to support the efficient functioning of the Port and minimize project delays (e.g., buy-back clause, ethics policy, art policy, cleanup of misc. legal issues/attorney fees, others)?
- Should there be a review of Commissioner policies and procedures?
- Should there be a discussion regarding the CEO's role as stated in the contract to reaffirm the policy-level (Commission) and administrative-level (CEO/staff) responsibilities?

### Communication and Reporting

- Does the Commission want team members to raise candid issues or concerns? If so, how would you like those issues/concerns raised?

### Efficiency

- Should project implementation efforts be transitioned to staff, trusting their expertise now that foundational documents have been created with consultant assistance (e.g., Kennewick Historic Waterfront and Vista Field)?
- For maximum efficiency, focus on the adopted Work Plan. (See Resolution 2018-27.)
  - Acknowledging that when you're building critical projects, and they are significant and unique, timing and expenditure estimating are challenging. Commission direction has been not to rush but to complete projects to the Port's high standards. Is our responsibility to taxpayers to get the details right?

# PROJECTS & PRIORITIES

## 2021-2022 WORK PLAN

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### Briefing Memo

March 22, 2022





# Budget, Financial & Operational Philosophy

Resolution 2018-17

## Key Points

- Positive ROI / Important non-economic benefits
- Partner with entities which demonstrate support (matching funds, etc.)
- Project ranking & selection—limited # of projects to ensure success & timely completion
- Acknowledge limited staff and resources
- Encourage open competition & equal project consideration
- Maintain Reserves

# VISTA FIELD

Work Accomplished





## VISTA FIELD

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### Planned 2022 Work

- Market parcels to private sector
- Review proposals/Collaborative Design Process
- Establish a property maintenance organization fund
- Establish a traffic mitigation fund
- Install irrigation well and connect it to existing system
- Identify and initiate a Rural County Capital Funds project

## Questions to Address

- Does Vista Field remain the Port's priority project?
- As we continue with placemaking, Should we acknowledge Vista Field's aviation history somehow? If yes, how?\*
- Should we plan to incorporate a satellite police station at Vista Field...perhaps in one of the hangars?

*\* Not included or budgeted in the work plan*



# VISTA FIELD

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# KENNEWICK HISTORIC WATERFRONT DISTRICT

Work Accomplished





## KENNEWICK HISTORIC WATERFRONT

### Planned 2022 Work

- Hold Clover Island properties until completion of shoreline restoration project
- Market Columbia Gardens parcels to the private sector
- Install a restroom facility at the Columbia Gardens Wine & Artisan Village
- Implement Duffy's Pond improvement plan
- Install two electric vehicle charging stations at Columbia Gardens Wine & Artisan Village



## KENNEWICK HISTORIC WATERFRONT

### Questions to Address

- Should the Historic Waterfront District remain a priority?
- Should we continue to pursue vision of Bridge to Bridge/River to Railroad AND Kennewick Historic Waterfront District Master Plan?\*
- Should we fund and advance Columbia Drive traffic calming improvements?\*
- Should we install monument & wayfinding signage for Columbia Gardens Wine & Artisan Village area?\*

\* Not included or budgeted in the work plan



## VISTA FIELD DEVELOPMENT BUILDINGS

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### Planned 2022 Work

- Update building exteriors and perform site improvements
- Market Development Building A for lease

### Question to Address

- Before constructing new development buildings in the Port District, do we reach and maintain full occupancy in the current buildings?\*

\* *Not included or budgeted in the work plan*



## TWIN TRACKS INDUSTRIAL PARK

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### Planned 2022 Work

- Perform standard property maintenance



## OAK STREET INDUSTRIAL PARK

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### Planned 2022 Work

- Market Development Buildings for lease
- Perform standard property maintenance
- Market all vacant and agricultural parcels for sale

## Partnership Endeavors

### CITY OF RICHLAND

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#### Center Parkway

Port investing \$400,000  
Project underway ~ Port has paid  
\$200k toward A&E design



# Partnership Endeavors

**CITY OF RICHLAND**

**Columbia Park Trail**

Port invested \$800,000  
Completed November 2021



# Partnership Endeavors

## CITY OF KENNEWICK

### Washington Street Improvements

Port invested \$500,000  
Completed October 2021



## Partnership Endeavors

### CITY OF WEST RICHLAND

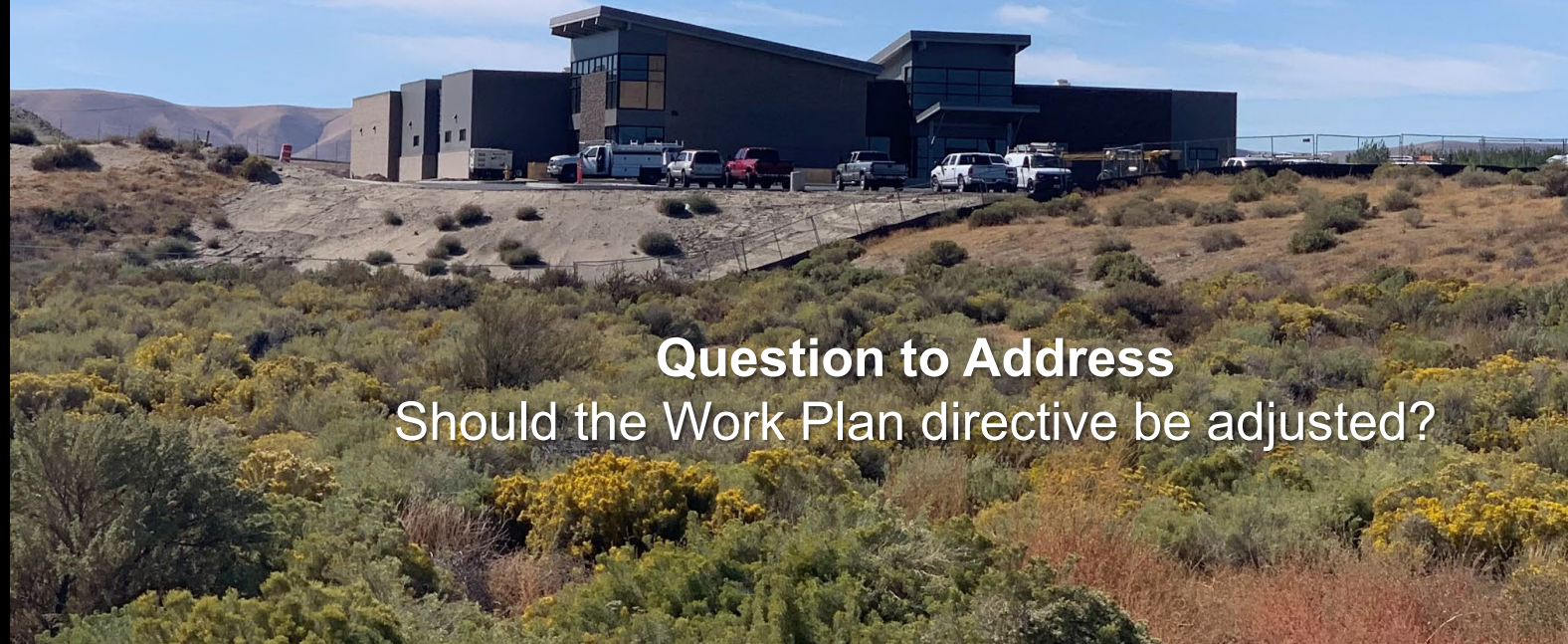
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#### Police Station

Port discounted land sale \$1.2M

Police Station completed  
January 2022

“Due to favorable terms given to City of West Richland in the Tri-City Raceway land sale, involvement in West Richland will be limited to observations and non-financial support when consistent with the Port’s sprawl avoidance philosophy”



**Question to Address**  
Should the Work Plan directive be adjusted?



# Activities NOT in Adopted Work Plan

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## EXHIBIT B

- Governance & Management Audit
- Build Back Better “Call for Projects”
- Covid-19 Economic Impacts Analysis
- Reopening Plan
- Maintenance Facility Needs & Alternatives
- Laserfiche Training & Implementation
- Water Rights Analysis
- Rural County Capital Funds
- Additional Items: (Covid-19, Mandatory redistricting, Clover Island Inn housing project)

## Work Plan & Budget

- To ensure we are following Resolution 2018-27, should there be a deliberative process when adding new projects or directives to minimize impact to the approved Work Plan?
- Should CEO goals be set to align with the two-year Work Plan to maintain focus on project priorities?
- Should the Port incorporate redistricting following each Census as part of its Work Plan?
- Should the Comp Plan be updated regularly or specifically now that the waterfront master plan has been approved?

## Items for Discussion

# Keystone Policies/Procedures

- Should there be a regular review of keystone policies/procedures to support the efficient functioning of the Port and minimize project delays (e.g., buy-back clause, ethics policy, art policy, clean up of misc. legal/attorney fees, etc.)
- Should there be a review of Commissioner policies and procedures?
- Should there be a discussion regarding the CEO's role as stated in the contract to reaffirm the policy-level (Commission) and administrative-level (CEO/staff) responsibilities?

## Items for Discussion



## Communication and Reporting

- Does the Commission want team members to raise candid issues or concerns? If so, how would you like those issues/concerns raised?

## Items for Discussion

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## Efficiency

- Should project implementation efforts be transitioned to staff, trusting their expertise now that foundational documents have been created with consultant assistance? (e.g. Kennewick Historic Waterfront and Vista Field)
- For maximum efficiency, focus on the adopted Work Plan (see Resolution 2018-27)
  - Acknowledging that when you're building critical projects, and they are significant and unique, timing and expenditure estimates are challenging. Commission direction has been not to rush but to complete projects to the Port's high standards. Is our responsibility to taxpayers to get the details right?

## Items for Discussion

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Agreement") is between Tim Arntzen, in his individual and official capacity ("Mr. Arntzen"), the Port of Kennewick, its Commissioners, officers, employees, agents, insurers, including but not limited to Cities Insurance Association of Washington, administrators and/or any related organizations and affiliated businesses (the "Port"), and Tom Moak, in his individual and official capacity ("Mr. Moak"). Mr. Arntzen, the Port, and Mr. Moak are each a "Party" and are, collectively, "Parties" to this Agreement.

### AGREEMENT

ACCORDINGLY, in consideration of the foregoing and the obligations upon the Parties as set forth in this Agreement, and in full settlement of any and all claims that any Party had, may have, or may have had against the Released Parties (as defined herein), the Parties Agree as follows:

**1. Mutual Release of Claims.** In exchange for the promises herein, and to the extent permitted by law, the Parties hereby unconditionally, irrevocably, and absolutely waive, releases and forever discharge any and all complaints, claims, charges, demands, suits, actions or causes of action, whether in law or in equity, known or unknown, that each Party asserts or could assert, at common law or under any statute, rule, regulation, order or law, whether federal, state or local, or on any other grounds whatsoever against any other Party and their past and present employees, Commissioners, officers, directors, stockholders, subsidiaries, affiliates, owners, representatives, assigns, attorneys, agents, insurers, representatives, divisions, successors, predecessors, the owners of the Property, and employee benefit programs (and the trustees, administrators, fiduciaries, and insurers of such programs), hereinafter collectively referred to as the "Released Parties." This Release is intended to waive and release any and all such claims arising or accruing prior to the Effective Date of this Agreement to the fullest extent permitted by law. This Release includes a release from any and all controversies, claims, demands, promises, actions, suits, grievances, proceedings, complaints, charges, liabilities, damages, allowances, bonus, expenses, and remedies of any type which may be waived under applicable law (individually and collectively, "Claims") that the Parties and/or any Released Party may have arising or accruing prior to the Effective Date of this Agreement. However, nothing herein prevents Mr. Arntzen from asserting any counter-claim against former Port Commissioner Don Barnes for claims against Mr. Barnes arising or accruing after January 1, 2022 (the day after Mr. Barnes left office as a Port Commissioner and was no longer associated with the Port) in the event Mr. Barnes sues Mr. Arntzen.

This mutual release specifically includes, but is not limited to, a release of all rights and Claims against the Parties and any and all Released Parties under the Americans With Disabilities Act, the National Labor Relations Act, the Fair Labor Standards Act, the Equal Pay Act of 1963, the Employee Retirement Income Security Act of 1974 ("ERISA") including, but not limited to, breach of fiduciary duty and equitable claims brought under § 1132(a)(3) of ERISA, the Worker Adjustment and Retraining Notification Act, as amended, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Older Workers Benefits Protection Act of 1990, the Vocational Rehabilitation Act of 1973, the Civil Rights Acts of 1866, 1871 and 1991,

including Section 1981 of the Civil Rights Act, the Family and Medical Leave Act of 1993 (“FMLA”) (to the extent permitted by law), the Occupational Safety and Health Act of 1970, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street and Consumer Protection Act, and any action predicated on alleged violations thereof, and/or any other federal, state or local statute or regulation related to whistleblowers and whistleblower retaliation, state or local wage and hour laws, including but not limited to claims for overtime, minimum wages, premium wages, commissions, penalties, or state or local laws against discrimination, harassment, termination of employment, retaliation, and equal opportunity, including but not limited to the Washington Law Against Discrimination, or any claim of breach of any contract (whether express, oral, written or implied from any source), or any claim of intentional or negligent infliction of emotional distress, tortious interference with contractual relations, wrongful or abusive or constructive discharge, defamation, prima facie tort, fraud, negligence, loss of consortium, malpractice, breach of duty of care, defamation, breach of fiduciary duty, or any action similar thereto.

Mr. Arntzen specifically understands that he is releasing claims based on age, race, color, sex, sexual orientation, gender identity or expression, marital status, religion, national origin, ancestry, citizenship, military or veteran’s status, disability, genetic characteristic, and all other legally protected categories. This release also includes, but is not limited to, a release of any and all claims against any and all Released Parties for whistleblowing, any tortious act or other civil wrong, and all compensation and benefit claims including, without limitation, claims concerning salary, bonus, and any awards, grants or purchases under any equity and incentive compensation plan or program, and any other separation pay plan.

**Mr. Arntzen intends that this release and Agreement to encompass all Claims of any kind, known and unknown, and waive all rights Mr. Arntzen has or may have under any statute or common law principle purporting to prevent a release of unknown claims.**

**The Port, intends that this release and Agreement to encompass all Claims of any kind, known and unknown, and waive all rights the Port has or may have under any statute or common law principle purporting to prevent a release of unknown claims.**

**Mr. Moak intends that this release and Agreement to encompass all Claims of any kind, known and unknown, and waive all rights Mr. Moak has or may have under any statute or common law principle purporting to prevent a release of unknown claims.**

**1.1. Nonwaivable Claims/Exception as to Recovery.** Notwithstanding the foregoing, the Parties further agree that this Release does not prevent Plaintiff from filing a charge with the EEOC (or similar federal or state agency) or assisting the EEOC (or similar federal or state agency) with investigation, **provided that Mr. Arntzen agrees that by entering into this agreement he has waived any right to recovery from such charge or investigation and releases the released parties from any further recovery by him.** Further, Mr. Arntzen does not waive any rights or claims that arise out of acts or events that occur after the Effective Date of this Agreement, or to any other claims that cannot be lawfully released.

**1.2. Other Complaints.** Mr. Arntzen represents and agrees that, except for the (1) Mr. Arntzen's December 2021 request for mediation of his 2019 and 2021 performance reviews

pursuant to Mr. Arntzen's Employment Contract, and (2) and Mr. Arntzen's January 4, 2022 notice of tort claim, Mr. Arntzen has not made or filed any complaint, charge or claim (civil, administrative, criminal or otherwise) against any other Party or any of the Released Parties, in any court or administrative forum, or before any governmental agency or entity, and Mr. Arntzen agrees that he will not make or file any complaint, charge, or claim against any Party or any Released Parties arising out of, based upon, or relating to any event that occurred before the Effective Date of this Agreement and, except as provided in the preceding paragraph with respect to the foregoing nonwaivable claims set forth in Paragraph 1.1, and to the extent allowed by law, if Mr. Arntzen commences any such action or files any such, complaint, or claim (except for those brought before the EEOC or similar federal or state agency), Mr. Arntzen agrees to the summary dismissal of the same and shall pay all attorneys' fees and costs incurred by any Released Parties to defend or respond to the same.

The Port represents and agrees that it has not made or filed any complaint, charge or claim (civil, administrative, criminal or otherwise) against any Party or any of the Released Parties in any court or administrative forum, or before any governmental agency or entity, and the Port agrees that it will not make or file any complaint, charge, or claim against any Party or any of the Released Parties arising out of, based upon, or relating to any event that occurred before the Effective Date of this Agreement and, except as to any legally nonwaivable claims, and to the extent allowed by law, if the Port commences any such action or files any such complaint, or claim (other than as brought before any federal or state agency pursuant to a legally nonwaivable claim), the Port agrees to the summary dismissal of the same and shall pay all attorneys' fees and costs incurred by any Released Parties to defend or respond to the same.

Mr. Moak represents and agrees that he has not made or filed any complaint, charge or claim (civil, administrative, criminal or otherwise) against any Party or any of the Released Parties in any court or administrative forum, or before any governmental agency or entity, and Mr. Moak agrees that he will not make or file any complaint, charge, or claim against any Party or any of the Released Parties arising out of, based upon, or relating to any event that occurred before the Effective Date of this Agreement and, except as to any legally nonwaivable claims, and to the extent allowed by law, if he commences any such action or files any such complaint, or claim (other than as brought before any federal or state agency pursuant to a legally nonwaivable claim), Mr. Moak agrees to the summary dismissal of the same and shall pay all attorneys' fees and costs incurred by any Released Parties to defend or respond to the same.

**1.3 Acknowledgment of Waiver of Claims under ADEA.** Mr. Arntzen understands and acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Mr. Arntzen understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Mr. Arntzen understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Mr. Arntzen was already entitled. Mr. Arntzen further understands and acknowledges that he has been advised by this writing that: (a) he should consult with an attorney prior to executing this Agreement; (b) he has twenty-one (21) days within which to consider this Agreement; (c) he has seven (7) days following his execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective

until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Mr. Arntzen from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Mr. Arntzen signs this Agreement and returns it to the Port in less than the 21-day period identified above, Mr. Arntzen hereby acknowledges that he has freely and voluntarily chosen to waive the time allotted for considering this Agreement. Mr. Arntzen acknowledges and understands that revocation must be accomplished by a written notification to the person executing this Agreement on the Port's behalf prior to the Effective Date. The Parties agree that changes to this Agreement, whether material or immaterial, do not restart the running of the 21-day period.

Mr. Arntzen has seven (7) days after he signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Mr. Arntzen signs this Agreement (the "Effective Date").

**2. Settlement Payment.** The Port, without admitting any liability or wrongdoing whatsoever, agrees to pay Mr. Arntzen the gross amount of One Hundred and Thirty Thousand and no/100 dollars (\$130,000.00) in settlement of any and all claims that Mr. Arntzen has, had, or may have had against the Released Parties ("Settlement Payment") for actions up to the date this release is signed by Mr. Arntzen as set out in paragraph 1. To avoid any ambiguity, Mr. Arntzen is not waiving any claims relating to or associated with events that take place after the Effective Date, and nothing herein prevents Mr. Arntzen from asserting any counter-claim against Mr. Barnes for claims against Mr. Barnes arising or accruing after January 1, 2022 (the day after Mr. Barnes left office as a Port Commissioner and was no longer associated with the Port) in the event Mr. Barnes sues Mr. Arntzen. The Parties have agreed the Settlement Payment shall be paid as follows:

- 2.1.** Port shall make the Settlement Payment to Tim Arntzen, via certified mail/return receipt requested, to 99905 E. Reata Rd., Kennewick, WA 99338 within 40 days of the Effective Date of the Agreement.
- 2.2.** The Settlement Payment will be made by two separate checks. The Settlement Payment breaks down in following sums:
  - 2.2.1.** \$15,000.00 in attorneys' fees.
  - 2.2.2.** \$9,775.00 for Paid Time Off (PTO).
  - 2.2.3.** \$105,225.00 to compensate for alleged physical injuries arising out of the conduct alleged in the Tort Claim that aggravated Mr. Arntzen's pre-existing medical conditions.
- 2.3.** Mr. Arntzen agrees to provide the Port with a W-9 form.

**3. Commission Vote on Mr. Arntzen's 2019 & 2021 Performance Evaluations.** On or before April 26, 2022, the Port Commission shall, at a regularly scheduled Port Meeting, vote for, and approve, changing Mr. Arntzen's 2019 and 2021 Annual Performance evaluation ratings from "above satisfactory" to "exemplary."

**4. Tax/Other Consequences.** Mr. Arntzen acknowledges that neither the Port nor any of the Released Parties has made any representations to Mr. Arntzen regarding the tax consequences or impact to other benefits, not limited to Social Security and/or future Medicare/Medicaid benefits, due to any amounts received by Mr. Arntzen under this Agreement. Mr. Arntzen agrees that any additional federal, state or local taxes, if any, required by law to be paid with respect to payments made pursuant to this Agreement, shall be Mr. Arntzen's sole responsibility. Mr. Arntzen agrees to indemnify, defend, and hold harmless the Port and/or Released Parties for any and all tax consequences or claims in connection with this Agreement.

**5. Payment for Work Performed.** Mr. Arntzen acknowledges that, except for amounts in Paragraph 2, he has been paid all wages or other compensation, not limited to vacation, regular/overtime wages, statutory penalties, or interest, that he earned or may have become entitled to related to his employment and that accrued through the date of his execution of this Agreement. Mr. Arntzen represents that he does not know of any potential or actual dispute with the Port or any Released Parties about any wages, compensation, or penalties which he believes he is entitled to, except the paid time off covered by the Settlement Payment, and acknowledges he is not entitled to any further amounts except per Paragraph 2 except that Mr. Arntzen remains an employee of the Port and Mr. Arntzen will accrue regular wages and other compensation in the future. Mr. Arntzen further represents that he has been reimbursed for all business expenses related to his employment that accrued through the date of this execution of this Agreement.

**6. Non-Disparagement.** The Parties agree that they will not disparage any Party to this Agreement in any manner relating to Claims, actions, conduct, occurrences or omissions prior to the Effective Date of this Agreement, provided this obligation will not apply to comments to the EEOC or similar state or federal agencies.

**7. No Liability Admission.** By entering into this Agreement, the Parties, and all Released Parties, do not admit any liability whatsoever to any other Party, or to any other person arising out of any claims asserted by any other Party, for each Party, and all Released Parties, expressly denies any and all such liability.

**8. Medicare/Medicaid.** The Parties considered Medicare's interests pursuant to federal law and thus do not intend that this settlement shift to Medicare (or similar program) responsibility for coverage or payment of medical/healthcare services for any injuries alleged.

**8.1.** Mr. Arntzen shall pay and satisfy any and all liens, interest, claims for reimbursement, or subrogation claims for medical/healthcare expenses, time loss benefits, attorneys' fees or costs, or otherwise, for any injury or condition arising out of or related to the events in question in this Lawsuit and/or covered by or released in this Agreement, not limited to liens and/or claims for reimbursement by Medicaid, Medicare, Social Security, or any health insurer, whether paid prior to the Effective Date of this Agreement, subsequent to, or paid in the future. Mr. Arntzen further covenants and agrees that Mr. Arntzen will hold, in trust, a sufficient amount to satisfy any and all such liens, interest, claims for reimbursement, or subrogation claims, which are and/or could be claimed, unless and until such time said liens, interest, and/or claims have been fully paid, satisfied, or released. Mr. Arntzen shall indemnify, defend, and hold

harmless the Released Parties, their insurance carriers, their attorneys, and all others in privity with them, from any and all claims (not limited to attorneys' fees and costs) for any and all liens, interest, claims for reimbursement, or subrogation claims, which are or may be asserted against them, or any of them, and shall indemnify, defend, and hold harmless such parties from any and all such claims (not limited to attorneys' fees and costs), whether or not such liens, interest, claims for reimbursement or subrogation claims are valid under the law.

**8.2.** Mr. Arntzen acknowledges that, pursuant to Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007, the Center for Medicare and Medicaid Services may be provided information on Plaintiff's identity, and that such reporting may involve reporting this settlement. Mr. Arntzen agrees to cooperate with the Released Parties, their insurance carriers, their attorneys, and all others in privity with them, relating to such reporting obligations. Mr. Arntzen releases the Released Parties, their insurance carriers, their attorneys, and all others in privity with them, from any claim arising out of or relating to this reporting requirement.

**8.3.** To the extent applicable, Mr. Arntzen further agrees that Mr. Arntzen will set aside funds necessary in an approved Medicare Set Aside Account to pay for any anticipated future medical/healthcare needs for any injury and/or condition arising out of or related to the events in question in this Lawsuit and/or covered by or released in this Agreement that requires treatment. Alternatively, Mr. Arntzen agrees that he does not anticipate that he will require medical/healthcare treatment for such injury and/or condition, if any. Should funds not be placed in an approved Medicare Set Aside Account for Mr. Arntzen, and treatment for such potential injury and/or condition is subsequently sought, then Mr. Arntzen agrees and represents that he will not submit nor seek payment for such treatment from Medicare and/or other government-funded program. This covenant and representation is part of Mr. Arntzen's indemnification obligations.

**9. Opportunity to Discuss with Attorney/Scope of Agreement.** Each Party affirms that they/it has read this Agreement, that they/it has had sufficient time and opportunity to review or discuss it with counsel of their choice, and that they/it fully understands and appreciates the meaning of its terms, and that it is a voluntary, full and final compromise, release and settlement of all claims, known or unknown, that exist or may exist as of any date prior to the Effective Date of this Agreement, whether personal in nature or otherwise.

**10. Entire Agreement.** This Agreement constitutes the complete understanding between the Parties and supersedes any and all prior agreements, promises, representations or inducements, no matter what form, concerning its subject matter. No promises or agreements made subsequent to the execution of this Agreement shall be binding unless reduced to writing and signed by authorized representatives of the Parties.

**11. Further Assurances.** The Parties agree to cooperate fully with one another, and to take any and all reasonable action, including without limitation, the execution of any supplementary documents necessary to give full force and effect to this Agreement.

**12. No Assignment.** The Parties represent and warrant that they are the sole and lawful owner of the rights, title and interest in and to all released matters, claims, and demands referred

to herein. The Parties further represent and warrant that they have not transferred or assigned to any person or entity any right, cause of action, or claim released in this Agreement.

**13. Successors; Assigns.** This Agreement and its terms are binding upon each Party's representatives, attorneys, agents, heirs, executors, administrators, successors and assigns.

**14. Severability.** If any provision(s) of this Agreement is invalidated by a court or agency of competent jurisdiction, this shall not in any way or manner affect the enforceability of the other provisions of this Agreement, which shall remain in full force and effect.

**15. Governing Law; Jurisdiction.** This Agreement shall be governed by and construed under Washington law, without regard to Washington's conflict of laws principles. Any litigation brought pursuant to this Agreement, or to enforce or interpret the same, shall be brought exclusively in the Superior Court of Benton County, Washington or the federal courts encompassing the same.

**16. Waiver of Jury Trial.** To the fullest extent permitted by law, the Parties hereby waive all right to a trial by jury in any action, proceeding, or counterclaim (whether based on contract, tort, or otherwise) arising out of or relating to this Agreement, not limited to enforcement thereof.

**17. Attorneys' Fees and Costs.** If any party shall breach or be in default under the terms of this Agreement, the non-defaulting party shall have the right, at the defaulting party's expense, to retain an attorney to make any demand, enforce any remedy, or otherwise protect or enforce its rights under this Agreement. The non-prevailing party hereby agrees and promises to pay all costs and expenses so incurred by the substantially prevailing party, including, without limitation, reasonable attorneys' fees.

**18. Section Headings.** Headings in this Agreement are included for convenience of reference only and shall not be considered a part of this Agreement for any other purpose.

**19. Counterparts.** This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one agreement, binding on both Parties. Photocopies, telecopies or electronically reproduced or transmitted signatures on this Agreement shall be as fully effective as original signatures absent fraud.

**20. Joint Participation.** The Parties participated jointly in negotiation of this Agreement, and each has had the opportunity to obtain the advice of legal counsel and to review, comment upon, and redraft this Agreement. Accordingly, it is agreed that no rule of construction shall apply against any party or in favor of any party, shall be construed as if the Parties jointly prepared this Agreement, and any uncertainty or ambiguity shall not be interpreted against any one party and in favor of the other.

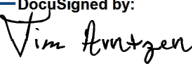
**21. Effective Date.** Mr. Arntzen has seven (7) days after he signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Mr. Arntzen signs

this Agreement and after the approval of the Port Commission at a regularly scheduled meeting (the "Effective Date").

**22. Expiration of Agreement.** This Agreement is executable until 5:00 p.m. (PST) on April 13, 2022. If Mr. Arntzen has not executed this Agreement by April 13, 2022, then this Agreement is null and void.

**READ CAREFULLY. THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

**TIM ARNTZEN**

DocuSigned by:  
  
897EAA4F32B4455...

Dated: 3/24/2022

**THE PORT OF KENNEWICK**

DocuSigned by:  
  
0E53A30E1C8E442...

By: Skip Novakovich

Its: Commission President

Dated: 3/22/2022

**TOM MOAK**

DocuSigned by:  
  
A35176A2D2CD413...

Dated: 3/24/2022