



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

NOVEMBER 22, 2011 MINUTES

CALL TO ORDER

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

The following were present:

Board Members: Skip Novakovich, President
David Hanson, Vice-President
Gene Wagner, Secretary

Staff Members: Tim Arntzen, Executive Director
Tana Bader Inglima, Director of Governmental Relations & Marketing
Larry Peterson, Director of Planning & Development
Teresa Hancock, Real Estate Analyst & Project Specialist
Bridgette Scott, Executive Assistant
Mary Fitch, Marina Manager
Lucinda J. Luke, Port Attorney (via telephone)

PLEDGE OF ALLEGIANCE

Benton County Commissioner Leo Bowman led the Pledge of Allegiance.

PUBLIC COMMENTS

Mr. Novakovich requested anyone wishing to address the Commission speak at the front of the room and state their name and address for the record. Public comments will also be accepted immediately after the presentation by Chris Herath of Herath & Associates.

Benton County Commissioner Leo Bowman stated the Red Mountain Interchange is moving forward. The Benton County Commissioners approved \$940,000 today for infrastructure and design for the interchange. Commissioner Bowman met some gentlemen prior to the Port meeting that are looking to buy property in the Finley area. Commissioner Bowman finds this exciting because it is another example of looking out for the future. He feels the Port's efforts of recruitment and fulfilling obligations that it will provide new businesses to the area. Commissioner Bowman offered his congratulations to the Port and Mr. Frick.

The Port appreciates the relationship between Benton County and the Port. Mr. Bowman is always available by phone and many times projects are informally discussed so they are not a surprise.

No further public comments were made.



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CONSENT AGENDA

The consent agenda consisted of the following:

A. *Approval of Direct Deposit and Warrants Dated November 15, 2011*

Direct Deposit totaling \$26,446.20 and Expense Fund Voucher Numbers 32509 through 32511 totaling \$3,649.85; for a grand total of \$30,096.05.

B. *Approval of Warrant Registers Dated November 23, 2011*

Expense Fund Voucher Numbers 32512 through 32567 totaling \$105,272.36. Construction Fund Voucher Numbers 3222 through 3229 totaling \$39,570.29.

C. *Approval of Commission Meeting Minutes dated September 27, 2011*

MOTION: *Commissioner Hanson moved approval of the consent agenda; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

PRESENTATION

Clover Island Update, Chris Herath, Herath & Associates

Mr. Novakovich introduced Chris Herath. Mr. Herath has been involved in many projects on Clover Island.

Mr. Herath presented a conceptual building site plan and 3-d art concept depicting the new building to be built in the Village at Island Harbor. He desires to make an area that is user friendly for pedestrians and will serve as an anchor in the Village at Island Harbor. Part of the way to create a community feeling is the layout of buildings. Placement of the buildings creates dynamic feelings. The highest priority has been to create a flexible building that can be sub-divided easily and to open every corner of the building to the environment. It will be 2,900 square feet and built of glass to create a strong connection between the building and plaza.

The most dominant feature is the clock tower, village square and meeting place for people. Mr. Herath tried to create architecture where the building and the clock tower are tied together. The arch above the clock looks like the Gateway coming onto the island, which creates a symbolic connection.

Mr. Herath stated the clock tower will house all electrical systems, freeing up floor space for tenant use, and creating efficient use of the clock tower space. Interesting features include a fireplace, glass panel walls that open up, and interesting roof lines which create interesting shadows.

Mr. Novakovich asked for questions or comments from the Commission, staff or public.

Ms. Marjy Leggett, 4019 Horizon Drive, Pasco views the concept as a place for people to gather. Ms. Leggett suggests a large restroom facility to accommodate a large group of people. Mr. Herath assured Ms. Leggett that building codes only require two separate bathrooms for the square footage.

Mr. Hanson inquired about energy efficiency. Mr. Herath replied that the new energy code is very strict. Concessions can be made by providing compensation in other areas; this building does meet the strict energy codes. The roof panels use translucent insulation material which possess a significant R value and still permits the free flow of light into the building.



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Mr. Novakovich inquired if the fireplace would be gas. Mr. Herath confirmed it will be a gas fireplace, as a wood fireplace is difficult to maintain.

Mr. Novakovich inquired about the horizontal boards on the clock tower. Mr. Herath explained the boards are intended to be wood and appear to be a deck. Wood panels are also used in the plaza.

Ms. Leggett commented how nice it is that the software enables people to see the building 3-D. She inquired how the building will be kept cool on 100 degree days. Mr. Herath stated if the doors are closed the air conditioning will keep the building cool. He is hopeful people will turn off the air conditioning and open the doors when temperatures are reasonable.

Mike White, 1118 W. 22nd Avenue, Kennewick. Mr. White inquired with the mechanical units in the tower, if there will be enough air flow exchange. Mr. Herath indicated the panels are slated, and a screened or lucid surface will be used to create free airflow.

Don Clayhold, 3100 S. Everett Place, Kennewick. Mr. Clayhold suggested holding an annual salmon bake in the fireplace since the Port is building a relationship with the Tribes.

Mr. Wagner asked if seating areas are located under the roof. Mr. Herath confirmed.

Mr. Peterson commented the top of the clock tower is 38', the top of the Port building is 37' and the top of the Clover Island Yacht Club building is 41'.

Mr. Novakovich stated we talked about including an area in the Village for the Tribes. Mr. Herath commented a 100-200 square foot space near the gateway to the Village may be ideal.

Mr. Hanson inquired if the four areas will be individually metered. Yes, they will!

Mr. Wagner stated the building looks similar to the Clover Island Yacht Club and will blend with the rest of the buildings on the island.

Mr. Novakovich feels the public will be happy with the project and commented the project is included in the 2012 work plan. This project will have a huge impact on the Bridge to Bridge area.

Mr. Arntzen stated the concept of breaking the building into four spaces is consistent with the Pattern Language concept. Professor Black's work is fascinating to read with regard to tenant spaces. Smaller spaces will be more affordable for tenants and creates a sense of efficiency. More businesses will bring more people to the island. A covered courtyard may be a part of the plan.

A gateway will be located on the boardwalk and will be an entrance to something over the water. This would be a perfect spot for the Tribes Tamastslikt Cultural Institute. The turning point for the island will be if and when the private sector steps up to build the second two buildings and will be proof the island is successful. Mr. Arntzen invited the public to share their comments.



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Mr. Don Clayhold suggested if Indian artifacts will be located on the island that security must be considered.

Mr. Novakovich stated this Village at Island Harbor plan, the Pattern Language concept, and the Arculus plan is building on itself and is very nice to see.

OLD BUSINESS

A. Adoption of Redistricting Boundaries

State Law (RCW 29A.76.010) requires the Port of Kennewick along with all other counties, municipal corporations, and special purpose districts to periodically redistrict its governmental units, based on population information from the most recent federal decennial census. The current Port Commission district boundaries were sent in 1992 following the 1990 Census and reviewed in 2000 at which time a determination was made that the district boundaries were consistent with requirements in State law.

Per the most recent Federal Census 124,722 persons resided within the Port district on April 1, 2010. Divided into three equal districts the ideal or target Commission district population is be 41,574 people. The Port utilized the computer mapping capabilities of JUB Engineering to create a draft boundary scenario which encompasses the criteria of the State law. The general alignment concept of Urban, Suburban and Rural yielded a boundary which follows natural boundaries (rivers, major roads, a State Highway, Freeways, Badger Mountain ridgeline) and preserves communities. The population allocation of the draft alignment is District #1: 41,349 persons; District #2: 41,566 persons, and District #3: 41,807 persons which, represents a deviation from ideal of -.54%, -.02% and +.56% respectively.

Notice as required by law was published and the Commission conducted a public hearing on November 8, 2011. Upon closure of the public hearing the Commission directed clarification be added to the map to identify a segment of the district boundaries as the Badger Mountain Ridgeline. If adopted, the boundaries will be sent to the Benton County Auditor's office.

MOTION: Commissioner Wagner moved approval of Resolution 2011-46 establishing new Port of Kennewick Commissioner District boundaries as identified in the Exhibits 1, 2 and 3; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.

B. Approval of Comprehensive Scheme of Development and Harbor Improvements

Mr. Peterson reiterated State Law (RCW 53.20) requires Port districts to have a Comprehensive Scheme of Development and Harbor Improvements (Comp Scheme) and capital expenditures must be consistent with the Comp Scheme. The Port of Kennewick's existing Comp Scheme dates to 1955 with a series of updates to grant additional authority to undertake a variety of actions. Although legally sufficient these series of documents provide authority but little direction.



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The Port engaged the services of Anchor QEA & HDR Engineering to assist the Port in updating the Comp Scheme. Input from our jurisdiction partners (Benton County, Cities of; Benton City, Kennewick, Richland & West Richland) was received in the early stages of the process. Jim Hagar of HDR (Vista Field Economic Impacts & Wine Incubator Study) was in charge of preparing the economic elements of the Comp Scheme, which is the foundation of the document.

This draft document was presented to the Commission on October 11, 2011 at which time the Commission directed staff to route the Comp Scheme to the public for comment. The document was posted on the Port's website, emailed to our development partners (Benton County, Cities of; Benton City, Kennewick, Richland, West Richland & TRIDEC), two well advertised evening Public Open Houses were held, as well as a public hearing on November 8, 2011 to gather public input.

Following closure of the public hearing, the Commission selected the "Partial Divestment and Slightly Adjust Development Plan" as the preferred development scenario and directed minor changes and clarifications be made to the draft document, which has occurred.

Mr. Peterson stated substantial changes by the public was not made. Mr. Peterson feels the Scheme will be very beneficial to the Port.

MOTION: *Commissioner Hanson moved approval of Resolution 2011-47 amending the Comprehensive Scheme of Development; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

NEW BUSINESS

A. PACLAND Industrial Associates, LLC Land Sale

Mr. Peterson stated Pacland Industrial Associates, LLC [Cy Frick] has offered to purchase 37.43 acres, located at the Hedges peninsula in eastern Benton County for \$220,000.00. Approximately 30% of the overall site lies at or below the 100-year flood elevation, which severely impacts development potential of that segment lying within the flood plain and has questionable value. Factoring the sale price upon the remaining 26.30 acres above the flood plain equates to \$8,365 per acre for the usable segment of the site. That price is generally consistent and slightly higher than the Benton County Assessor values (\$7,600 per acre) for industrial lands in the vicinity.

The Purchaser plans to build a minimum of 100,000 square feet of manufacturing space, with ultimate build out at over 300,000 square feet of manufacturing space. The manufacturing facility would produce carbon fiber components for use in the energy, transportation and agricultural sectors. The initial employment would be 60-80 full-time jobs with wages between \$15 and \$25 per hour; with management and supervisor wages substantially higher. This project is a relocation and expansion of a Puget Sound company.

Mr. David Garrison, a patent lawyer, is involved with the business and stated it will be a manufacturing facility based on high technology materials, for example: glass or carbon



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fiber reinforced epoxy material. The manufacturing process emits virtually no emissions. This business was recently established by a merger between QuestStar Marine, a boat manufacturing company in Seattle, and Ron Jones Jr.'s manufacturing facility. Mr. Jones Jr. has built nearly all the hydroplanes seen during the hydroplane races. The business will address the marine, wind power industries, aerospace industries, transportation, and all different kinds of applications for this technology. We expect to get small to medium size boats that are available for the public and military to purchase. One of the founders of QuestStar Marine, Albert Lindstrom, invented a new boat hull configuration. This configuration has a better efficiency going through the water and the power requirements are about $\frac{3}{4}$ of what they used to be. Pacland will pursue contracts with airlines and aerospace industries and expect to be in full operation within 6-8 months. We will need 60-80 people to run the facility. Pacland has close contacts with Brunswick Corporation, the largest boat builder in the world, and Washington State University (Pullman) and expect to offer training courses.

Mr. Don Jones Jr. was approached several months ago about merging his business with QuestStar. Being able to set up a classroom environment and train people is the biggest opportunity he sees in the whole package. He feels composite materials will become standard. The property from the marina side of the business is phenomenal and the rail lines and highway make the location ideal.

Mr. Novakovich feels it is a very exciting opportunity and that the business will be a huge economic boom to the community.

Mr. Don Clayhold asked if the company makes the molds. Mr. Jones verified the idea starts as a drawing and is turned into a mold and tool.

Mr. Garrison stated while the materials are widely used, the way in which they are used and manufactured is a secret, so access to the property will be limited.

Mr. Mike White inquired what the ratio will be between production workers and administration, etc. Mr. Jones estimates 25% will be managerial positions and 75% will be laborer and administration positions.

MOTION: Commissioner Wagner moved approval of Resolution 2011-48 authorizing the Port's Executive Director to execute all necessary documentation associated with the land sale to Pacland Industrial Associates, LLC and to take all other action necessary to close this transaction; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.

B. JF Engineering, Shoreline Design contract

Mr. Peterson stated the resolution authorizes the contract with JF Engineering to complete biddable construction plans for the remaining sections of the permitted shoreline enhancements and would allow for construction in phases as funds become available. This contract will aid efforts in seeking grant funding for improvements and allow the private sector to make public shoreline improvements in conjunction with upland development.



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The accepted Clover Island Master Plan identifies pathways along the shoreline, enhancement of the shoreline, removal of rubble and establishment of the western viewpoint as keys steps for the island revitalization. Concepts for bank stabilization and shoreline improvements were finalized in 2008 and the necessary permits were obtained from City, State and Federal agencies along with the approval of the Confederated Tribes of the Umatilla Indian Reservation. The first two phases of the shoreline enhancement were completed in 2010 and 2011 and include the Clover Island Lighthouse, Gateway and West Causeway.

A proposal was prepared by JF Engineering, PLLC to complete these tasks in four distinct segments; Corner Parcel, Notch Parcel, Cedars to Hotel, and East Causeway. Many of the team members assembled by JF Engineering were the key design professionals involved in the Lighthouse, Gateway and West Causeway projects; which have been well received by the public. Due to the swift currents, specifically at the northwest corner of the island, Anchor QEA was added to this team to provide crucial design direction to assure both the shoreline enhancements and future upland developments are not negatively impacted by shoreline erosion.

MOTION: Commissioner Hanson moved approval of Resolution 2011-49 authorizing the Port's Executive Director to execute the contract with JF Engineering, PLLC for the engineering design work for the Clover Island Shoreline Improvements, for a sum not to exceed \$342,000.00; Commissioner Novakovich seconded. With no further discussion motion carried unanimously. All in favor 3:0.

REPORTS COMMENTS AND DISCUSSION ITEMS

A. *Clover Island Cedars Parking Lot Project Update*

Mr. Peterson stated the paving and stripping is complete. Minor brickwork around the propeller support and the lights need to be installed. The project will be completed by Thanksgiving.

B. *Vista Field FBO Contract Update*

Mr. Arntzen and has been working with Port Counsel Lucinda Luke on the lease with Dr. Shannon. Mr. Arntzen will be meeting with Dr. Shannon tomorrow and will present the lease to the Commission for review upon completion.

C. *Northwest Marina & Boatyard Conference Update*

Ms. Fitch and Mr. Wagner attended the Northwest Marina conference in La Conner, Washington. They attended a tour of American Tugs where custom tugs are built. A presentation by Sergeant Carl Farm of the Washington State Fish & Wildlife discussed invasive species, zebra mussels and milfoil. Sergeant Farm feels it is just a matter of time before the zebra mussels reach our marina. Corrosion and electrolysis issues were discussed during the conference. Mr. Wagner stated corrosion is a very simple process, but putting an end to it requires constant vigilance. The conference featured 17 speakers, with 13 speaking about water related issues. In 2010, recreational boating brought 3.9 billion dollars into the economy. It was a very informative conference and approximately 150 people attended. Ms. Fitch reported the "Stump the Lawyer" section was very informative on the marina business and how to maximize



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revenues.

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

Mr. Wagner attended the Northwest Marina & Boatyard Conference and met with Gregg McConnell, the new publisher of the Tri-City Herald.

Mr. Hanson attended the TRIDEC Executive Board meeting, a reception and the groundbreaking ceremony at the Tri-City Chaplaincy.

Mr. Novakovich attended regularly scheduled Port meetings, spoke at multiple events on Veteran's Day, attended Bill Clark's retirement party; attended the USS Triton dedication with the Port of Benton, Ken Silliman's surprise birthday party, and had several meetings with the Humane Society Building Committee; meeting with the VA regarding veteran's affairs, and a breakfast meeting with Commissioner Bowman.

E. *Non-Scheduled Items*

1. Mr. Hanson was asked to sit on the board for the Northwest Utility and Education Center, where he will be representing the Washington PUD Association.
2. Mr. Peterson thanked Ms. Hancock for her work on the Pacland sale. It took a lot of effort to complete the sale.
3. Mr. Arntzen received a call from Deputy City Manager Bill King, City of Richland, requesting a letter of intent between the Port and the City to provide planning assistance for the Badger Mountain South area. The Port could budget up to \$200,000 for planning purposes, contingent upon land sales. The intent is to present the letter to the Richland City Council on December 6, 2011 and to the Port potentially on December 13, 2011.
4. The Beaver Building is demolished and the Coyote crew performed the final cleanup. Mr. Arntzen and Mr. Novakovich visited with the guard and he asked if the Port would be willing to write a letter in support of the work crew. Ms. Bader Inglima and Mr. Arntzen will draft a letter to the Superintendent. The Commission is in consensus to send a letter of appreciation to Coyote Ridge.
5. Mr. Arntzen enjoyed listening to the Pacland land sale presentation and feels it is very good for our economy. The involvement in the aviation community may also help put our community on the map.
6. The Port office will close at noon on November 23, 2011 for the Thanksgiving holiday.

PUBLIC COMMENTS

Rod Mineke, Clover Island Yacht Club, stated corrosion and electrolysis can be caused by poor wiring, or the boat itself. The Yacht Club is working on this issue and suggests the Port join forces for a solution. Mr. Mineke met the fisheries agent on Friday to receive the criteria for the boat houses. In our discussion, the shoreline permit was discussed. The fisheries want trees to be placed in the water. Mr. Mineke suggests using Christmas trees along the bank and will work with the Port to ensure we are all in agreement. Mr. Mineke stated he worked with transportation logistics for 43 years and feels we need to promote all forms of transportation to the area.

Don Clayhold, 3100 Everett Place, Kennewick, commented on the aviation and fiber application. The automobile industry, because of fuel costs, is looking to aviation. Mr. Clayhold believes carbon fiber will become a big piece of business.



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No further public comments were made.

Mr. Novakovich anticipates the Executive Session to last approximately 20 minutes for potential litigation and approximately 20 minutes for real estate, with no action anticipated for either item. Mr. Novakovich asked the public to provide contact information if they would like to return after the Executive Session. The public will not return.

Mr. Novakovich recessed the meeting at 3:47 p.m. for approximately 5 minutes.

Mr. Novakovich reconvened the meeting into Executive Session at 3:52 p.m.

EXECUTIVE SESSION

- A. Potential Litigation, per RCW 42.30.110(1)(i)
- B. Real Estate, per RCW 42.30.110(1)(b)

Ms. Bader Inglima exited the meeting room and extended the Executive Session to 4:50 p.m.

Executive Session adjourned at 4:50 p.m. The regular meeting reconvened at 4:50 p.m.

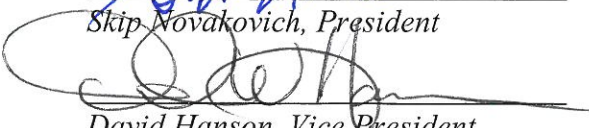
The Commission discussed the November 21, 2011 Tri-City Herald Editorial Board article regarding the public records request and feels it was very supportive of the Port's efforts to meet the request.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 5:05 p.m.

PORT of KENNEWICK BOARD of COMMISSIONERS


Skip Novakovich, President


David Hanson, Vice President


Gene Wagner, Secretary

PORT OF KENNEWICK

Resolution No. 2011-46

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK REVISING BOUNDARY LINES OF COMMISSION DISTRICTS

WHEREAS, RCW 29A.76.010 and RCW 53.16 require redistricting of Commission districts within the Port of Kennewick; and

WHEREAS, public notice of the required public hearing was published in the newspaper of general circulation of the Port District on October 20, 2011, October 23, 2011 and October 30, 2011, a copy of which notice and Affidavit of Publication of same is attached hereto as Exhibit 2; and

WHEREAS, at the public hearing held pursuant to said notice on November 8, 2011, no objections were heard to the adoption of the boundary lines of the Commission districts as proposed and set out; and it appears to the Commission that the proposed boundaries are regular and in all respects fulfill the requirements of all applicable laws and statutes and should be adopted after at least a one week wait as required by statute; and

WHEREAS, at the regular meeting held on November 22, 2011, two weeks after the public hearing, to consider the adoption of the new districts and the Commission having ensured that full and reasonable notice of its actions have been provided and that all laws, statutes and requirements for publication, public hearings and other matter have been fully and regularly complied with.

NOW, THEREFORE, BE IT RESOLVED that from and after the 22nd day of November, 2011 the boundaries of the Commission districts of the Port of Kennewick are hereby revised, established and adopted as shown on the maps attached hereto and made a part hereof as though set forth in full as Exhibit 1, Exhibit 1A and Exhibit 1B.

BE IT FURTHER RESOLVED the adopted redrawn boundaries of Commissioner districts shall be immediately submitted to the Benton County Auditor.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 22nd day of November, 2011.

PORT OF KENNEWICK BOARD OF COMMISSIONERS

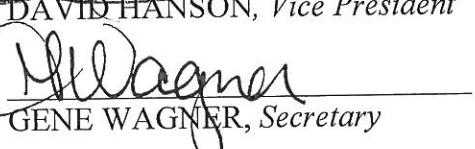
By:

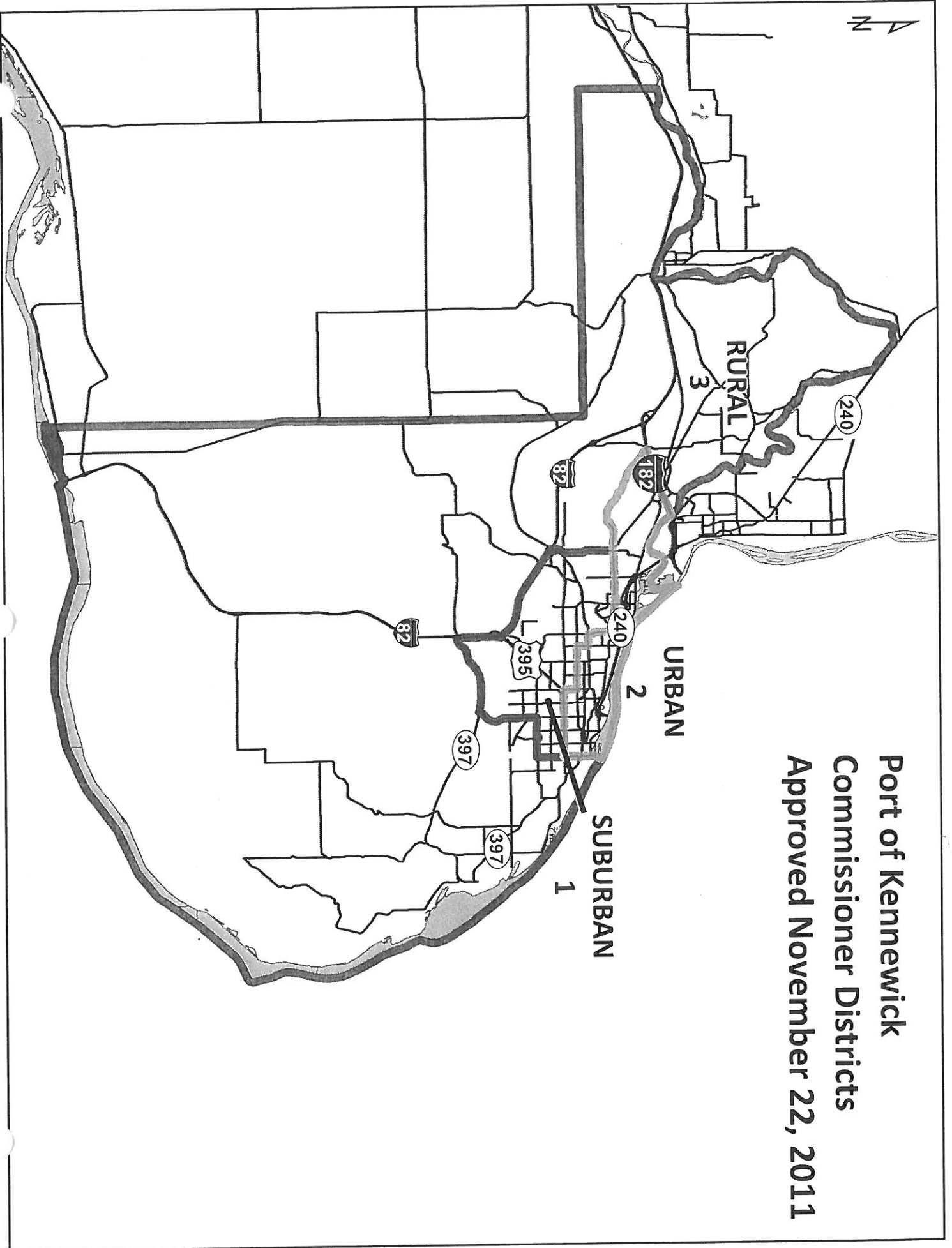

SKIP NOVAKOVICH, President

By:


DAVID HANSON, Vice President

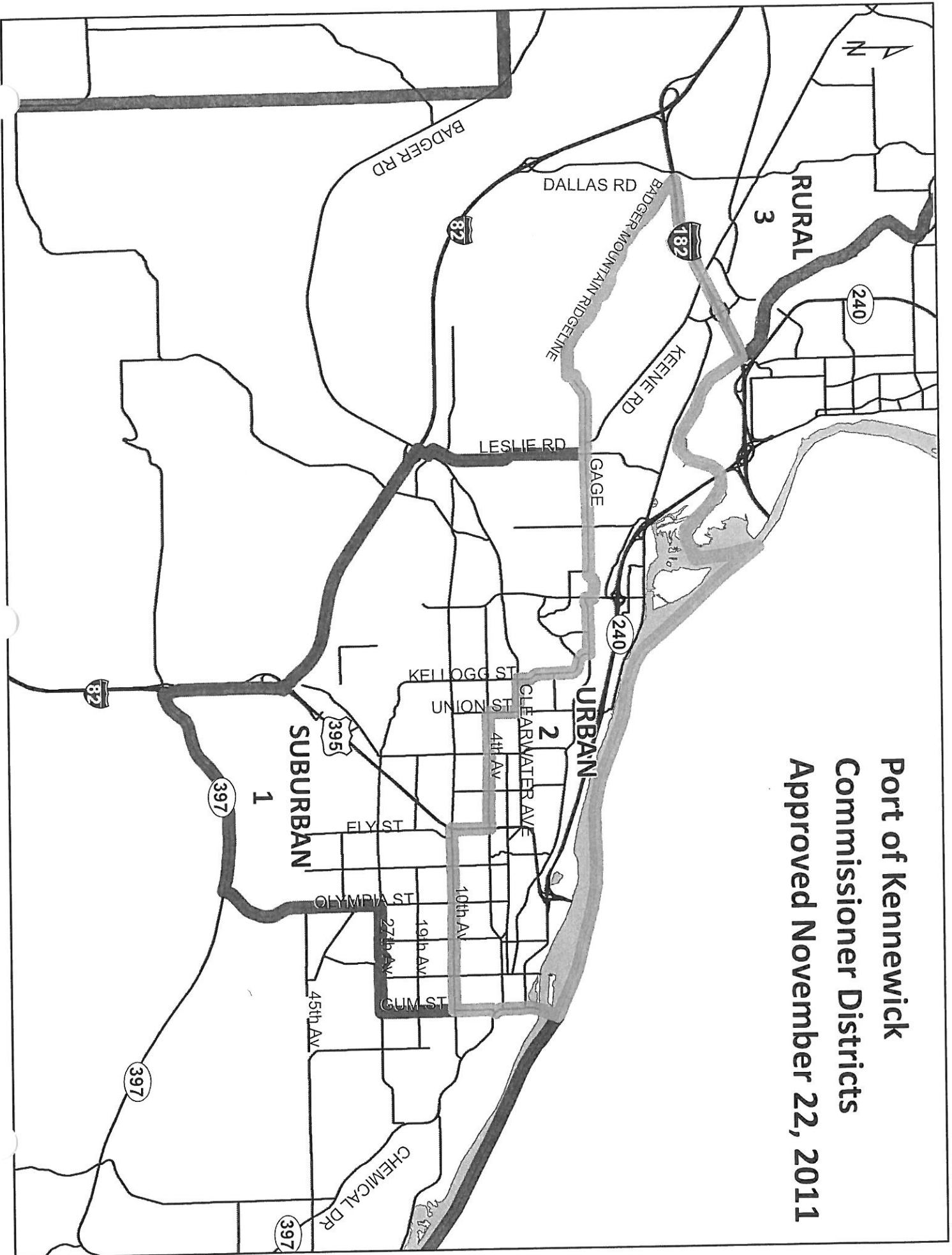
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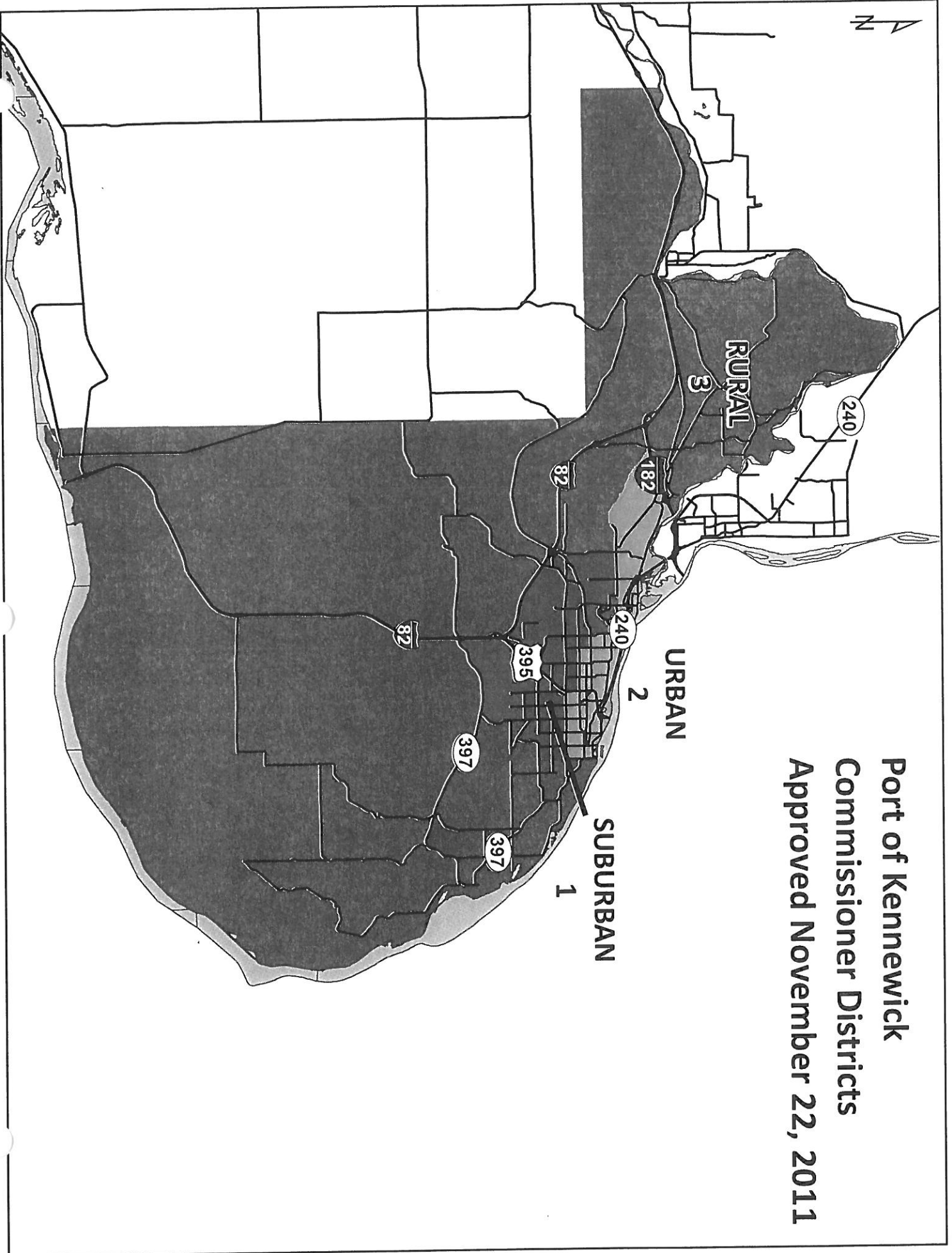

GENE WAGNER, Secretary



**Port of Kennewick
Commissioner Districts
Approved November 22, 2011**

**Port of Kennewick
Commissioner Districts
Approved November 22, 2011**





LEGAL ADVERTISING INVOICE**Tri-City Herald**
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ACCOUNT NO: 1698

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AFFIDAVIT OF PUBLICATION

PORT OF KENNEWICK
PUBLIC HEARING
NOTICE

NOTICE IS HEREBY
GIVEN that a Public Hear-
ing will be held on Tuesday,
November 8, 2011, at 2:00
p.m., or as soon thereafter
as possible, in the Commis-
sion Chambers at the Port
of Kennewick, 350 Clover
Island Drive, Kennewick,
Washington, to receive
comments regarding a pro-
posed revision to the Port
Commission District
Boundaries. The public is
welcome and encouraged
to attend.

/s/
Skip Novakovich President
Board of Commissioners
Notice Dated:
October 12, 2011
#11-2968
10/30/2011

COUNTY OF BENTON

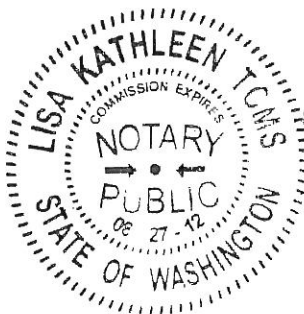
SS.

STATE OF WASHINGTON

Parker Hodge, being duly sworn, deposes and
says, I am the Legal Clerk of the Tri-City Herald, a daily
newspaper. That said newspaper is a local newspaper and
has been approved as a legal newspaper by order of the
superior court in the county in which it is published and it is
now and has been for more than six months prior to the
date of the publication hereinafter referred to, published
continually as a daily newspaper in Benton County,
Washington. That the attached is a true copy of a/an

11-2968 PUBLIC HEARING NOTI

as it was printed in the regular and entire issue of
the Tri-city Herald and not in a supplement
thereof, ran 3 time(s) commencing
on 10/20/2011, and ending on 10/30/2011,
and that said newspaper was regularly distributed
to its subscribers during all of this period.

*Parker Hodge*SUBSCRIBED AND SWORN BEFORE ME
THIS 10 Day Of Nov, 2011*Lisa Kathleen Jones*Notary public in and for the State of Washington
residing at Kennewick
COMMISSION EXPIRES 08/27/2012

PORT OF KENNEWICK
Resolution No. 2011-47

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

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

WHEREAS, the Port adopted a Comprehensive Scheme of Development in 1955 which has been substantially amended and altered over the decades to suit the changing economic conditions; and

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

WHEREAS, as required by law, the Board of Commissioners conducted a public hearing on the question of whether or not its Comprehensive Scheme of Development should be updated at a meeting of the Board of Commissioners held in the Commission Chambers of the Port Offices located at 350 Clover Island Drive, Kennewick, WA at 2:00 pm on November 8, 2011; and

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

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

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Commissioners of the Port of Kennewick that after and pursuant to a public hearing held on the 8th day of November 2011, after notice thereof duly given in the manner required by law, the Board of Commissioners of the Port of Kennewick does hereby adopt the Update to the Comprehensive Scheme of Development as identified as "Exhibit 3".

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

ADOPTED by the Board of Commissioners of Port of Kennewick on the 22nd day of November, 2011.

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

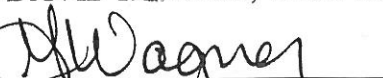
By:


SKIP NOVAKOVICH, President

By:


DAVID HANSON, Vice President

By:


GENE WAGNER, Secretary

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DATE: 10/30/2011 LEGAL NO. 11-2958

ACCOUNT NO: 1698

DESCRIPTION: 11-2958 COMP S

TIMES: 3 INCHES: 5.66

SOLD TO:

KENNEWICK PORT OF/LEGAL S
350 CLOVER ISLAND DR
KENNEWICK WA 99336

PORT OF KENNEWICK

Comp Scheme
Open House &
Public Hearing

PUBLIC NOTICE IS
HEREBY GIVEN that: the
Port will hold two Open
House sessions to discuss
the Comprehensive
Scheme of Development
and Harbor Improvements
(commonly known as the
Comp Scheme) and gain
public input on the port's
existing and future capital
improvement plans; follow-
ing the Open House Ses-
sions, the Port of Ken-
newick Board of
Commissioners will hold a
Public Hearing to consider
proposed amendments to
its Comprehensive
Scheme.

OPEN HOUSE:

Tuesday,
October 25, 2011 from
7:00 p.m. to 8:30 p.m.
@ Tri-Cities Business &
Visitor Center,
7130 W. Grandridge Blvd.,
Kennewick.

Tuesday,
November 1, 2011 from
6:30 p.m. to 8:00 p.m.
@ Port of Kennewick
Commission Chambers,
350 Clover Island Drive,
Kennewick.

PUBLIC HEARING:

Tuesday,
November 8, 2011,
@ 2:00 p.m.
@ Port of Kennewick
Commission Chambers,
350 Clover Island Drive,
Kennewick.

The public is welcome and
encouraged to attend. A
draft Port of Kennewick
Comprehensive Scheme of
Development and Harbor
Improvements document
can be viewed on the port's
website: www.portofkennewick.org. For
more information, please
call Larry Peterson, Port
Director of Planning and
Development: (509)
586-1188 extension 2.

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October 12, 2011
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10/30/2011

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has been approved as a legal newspaper by order of the
superior court in the county in which it is published and it is
now and has been for more than six months prior to the
date of the publication hereinafter referred to, published
continually as a daily newspaper in Benton County,
Washington. That the attached is a true copy of a/an

11-2958 COMP SCHEME OPEN HO

as it was printed in the regular and entire issue of
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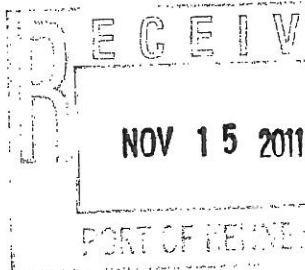
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**PORT OF KENNEWICK
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NOTICE IS HEREBY
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will be held on Tuesday,
November 8, 2011 at 2:00
p.m., or as soon thereafter
as possible, in the Commis-
sion Chambers at the Port
of Kennewick, 350 Clover
Island Drive, Kennewick,
Washington, to receive
statements for and against
the port's Comprehensive
Scheme of Development
and Harbor Improvements
(commonly known as Comp
Scheme). The public is wel-
come and encouraged to
attend.
#11-3026, 11/06/2011

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superior court in the county in which it is published and it is
now and has been for more than six months prior to the
date of the publication hereinafter referred to, published
continually as a daily newspaper in Benton County,
Washington. That the attached is a true copy of a/an

11-3026 Public Hearing Noti

as it was printed in the regular and entire issue of
the Tri-city Herald and not in a supplement
thereof, ran 1 time(s) commencing
on 11/06/2011, and ending on 11/06/2011,
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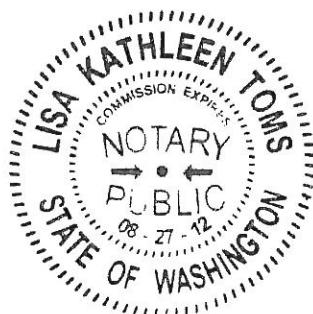
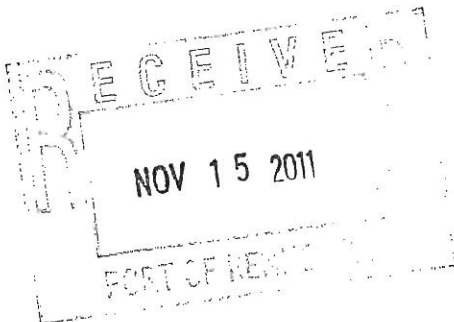
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Lisa Kathleen Toms

Notary public in and for the State of Washington
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PORT OF KENNEWICK COMPREHENSIVE SCHEME UPDATE

Prepared for

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

Prepared by

Anchor QEA, LLC
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HDR Engineering, Inc.
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Pasco, Washington 99301

November 22, 2011

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LIST OF ACRONYMS AND ABBREVIATIONS

ARRA	American Recovery and Reinvestment Act
AVA	American Viticultural Area
BBRR	Bridge to Bridge, River to Rail
BCC	Benton County Code
BNSF	Burlington Northern Santa Fe
C-2	Retail Business
C-3	General Business
CC	Commercial Community
CG	Commercial General
CID	Columbia Irrigation District
CM	Commercial Marina
CR	Commercial Regional
DNR	Washington State Department of Natural Resources
DOE	United States Department of Energy
FBO	Fixed-base operator
GDP	Gross domestic product
GMA	Growth Management Act
I	Interstate
IH	Heavy Industrial
IL	Industrial Light
KGH	Kennewick General Hospital
LRF	Local Revitalization Financing
NAICS	North American Industry Classification System
NW	Northwest
PF	Public Facility
Port	Port of Kennewick
RCW	Revised Code of Washington
RM	River Mile
ROI	Return on investment
SR	State Route
TBD	To be determined

TEU	20-foot equivalent unit
TRIDEC	Tri-Cities Industrial Development Council
UGA	Urban Growth Area
UP	Union Pacific
UPS	United Parcel Service
U.S.	United States
USACE	United States Army Corps of Engineers
USCG	United States Coast Guard
WESD	Washington Employment Security Department
WSDOT	Washington State Department of Transportation

1 INTRODUCTION

The Port of Kennewick (Port) has updated its Comprehensive Scheme consistent with Washington State requirements. Included is an inventory of existing Port-owned properties, property development potential and targets, and capital improvements necessary to realize development opportunities. The Port currently has a mix of recreation, commercial, and industrial lands, with and without waterfront access, and the Vista Field airport. Properties and associated assets were evaluated with respect to local and regional development trends, and strengths and weaknesses in comparison to similar public and private properties in the region. In some cases, potential improvements that could increase site marketability were also identified. This analysis and comparative evaluation allowed the Port leadership to take a careful look at Port lands and assets (and the unique characteristics of the Port District attributes) and consider how these align with opportunities and development trends. Three future scenarios were evaluated along with a selected strategy for implementation. Through the planning process, the Port further refined its near and long-term strategies to help grow and diversify the local economy.

General plan strategies include the following:

- Continuing current development plans in growth and redevelopment areas.
- Holding properties in growth areas for future development.
- Divesting properties that are not competitive without major infrastructure investments and that are also in abundant supply locally.
- Evaluating potential new opportunities through business plan analysis, where the Port can act as a catalyst for opportunities that otherwise may not exist.

1.1 Comprehensive Scheme Process

Revised Code of Washington (RCW) 53.20.010 requires ports in Washington to adopt a comprehensive scheme of harbor improvements and identify existing and future capital improvements. The requirements for a comprehensive scheme document differ from Growth Management Act (GMA) planning efforts. Therefore, this document does not qualify as a master plan under the GMA. Ports are required to involve the public in the planning process by making the draft Comprehensive Scheme available for public comment.

1.2 Stakeholder and Public Participation

In accordance with Washington State regulations, the Port has involved agency partners and the public in the scheme planning process. In July 2010, the Port and members of the consultant team that are supporting the Comprehensive Scheme update held meetings with the City of Kennewick, City of Richland, City of West Richland, Benton City, and Benton County. At these meetings, agency representatives provided input on potential Port development goals and opportunities in the Port service area within each jurisdiction. In preparing for the meetings, the Port requested each jurisdiction be prepared to identify near- and longer-term opportunities, and what roles the Port might play in supporting development opportunities. Appendix A includes a summary from these meetings.

Additionally, the Tri-Cities Industrial Development Council (TRIDEC), representatives from commercial real estate brokerages, other Port Districts, and agencies were contacted. Findings from these communications are provided in Section 3, along with other market research findings.

The Port also held two public workshops, and conducted a public hearing in the fall of 2011 to accept and consider comments on the Comprehensive Scheme document. The workshops and hearing were advertised extensively, and the draft document was also made available on the Port's website. Notes from the public meetings are provided in Appendix B.

1.3 Port Mission and Goals

The Port's mission is to provide and support sound economic growth opportunities that create jobs and/or improve the quality of life for citizens of the Port District. To carry out that mission the Port may take the following actions:

- Acquire, sell, lease, and develop real estate.
- Provide multi-modal transportation infrastructure such as roads, rail, airport, and navigation improvements.
- Foster the development of tourism and public recreational facilities.
- Partner with other private and public interests to enhance economic development potential as deemed appropriate by the Commissioners.

The Port concentrates its efforts on purchasing properties, investing in infrastructure and facilities, and selling or leasing properties in an effort to recruit entrepreneurial and diversified manufacturing operations, and encourage sustainable business and commercial development district-wide.

The Port of Kennewick Commission recently passed a resolution (No. 2010-41) with budget and financing goals for Port projects:

- Work towards closing the operating gap.
- Fund projects with resources in-hand, not with bonds or loan financing.
- Pursue fewer projects while selecting projects with the greatest return to the Port and taxpayers.
- Pursue projects with development partners who demonstrate support; i.e. matching funds, political/citizen/taxpayer support, and enthusiasm.

The Port intends to apply these principles to each capital expenditure for Port properties. As part of this process a return on investment financial analysis would be developed. Section 5.2 describes in more detail the Port process for evaluating future investment opportunities.

1.4 Port History

The Port was created in 1915. After its creation, the Port worked towards building rail and water transfer terminals in addition to warehouse-type buildings for storage. In 1926, a large flood devastated the Port's facilities. The Port began to rebuild in the 1940s and experienced significant growth in the 1950s and 1960s, with various plants, facilities, and boating amenities built during this time. Additional properties were added into the Port's portfolio over time. An important event for the Port occurred in November 1954, when voters approved (by a three-to-one vote) the expansion of the Kennewick Port District to include West Richland, Island View (also known as the Richland "Y"), Plymouth, Finley, and Hover. Voters in the annexed area overwhelmingly approved their inclusion in the District and the associated property tax to support economic development efforts. This action increased the Port District to the current boundaries identified on Figure 1.

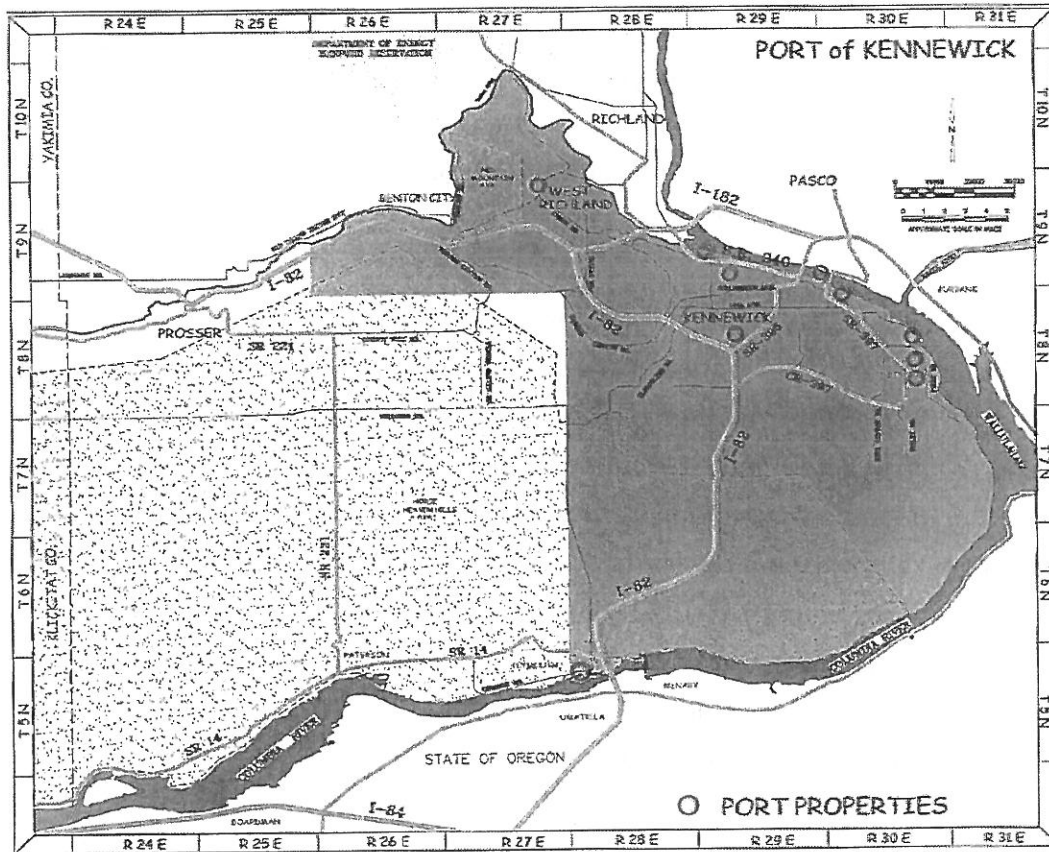


Figure 1. Port of Kennewick

The Port acquired Clover Island in 1942. In 1953, the existing natural Clover Island was built up and extended to a 15-acre area, which was more than 1,600 feet long with a 700-foot causeway, to connect to the City of Kennewick mainland. Construction on Cedars Restaurant began in 1975 and Clover Island Inn in 1976; lighting was installed on the roads in 1978, paving the way for future developments. By 2006, roadway and infrastructure on Clover Island was completely rebuilt and the Port administration office/Ice Harbor building was completed, which was home to locally-owned Ice Harbor Brewing Company's second restaurant location. In 2007 and 2008, the Marina replacement project was completed and the former marina was upgraded. In 2009, a 12,200-square-foot Yacht Club/office building replaced the 1953 Yacht Club single-use building. The most recent developments on Clover Island include the lighthouse and gateway constructed in 2010 and a shoreline enhancement project underway in 2011.

Columbia Drive acquisition started with the former Willows Mobile Park in 2007. By late 2008, the Port had purchased half of the properties between the Cable Bridge and Washington Street north of Columbia Drive. Acquisitions were a viable method of expanding Clover Island's positive impact to an area that experienced growth in the 1940s and 1950s but languished for the last 40 years.

In 1972, the Port purchased 50 acres of land on Oak Street, developing a light industry business park in east Kennewick. The Port made general improvements to the Oak Street Industrial Site in 1977 and 1978. The Port constructed several development buildings in the 1980s and also in the past decade, and leases these to businesses. In recent years, the Port sold land to the City of Kennewick to support future wastewater treatment plant upgrades, San Juan Pools, Inland Drywall, and the Humane Society. The Port has also purchased property and intends to continue purchasing properties in order to make additional improvements to encourage further business development. The Port owns land and most of the buildings and continues to lease space to businesses in its Oak Street Industrial Park. The site houses manufacturing, specialty metals, and warehousing and construction businesses.

Land acquisition in the City of Richland, which later became known as Spaulding Business Park, began in the late 1990s, with master planning in 2000 and infrastructure improvements in 2001. Buildings located within the Spaulding Business Park include the Walker-Heye attorney office, developed in 2006; New Edge Technology and Reliance Medical, developed in 2007; Vista Engineering, developed in 2008; Arc of Tri-Cities, developed in 2010; and Eden Medical Center, Tri-City Chaplaincy and CV Development Medical Office developed in 2011. To date, more than 70 percent of the business park sites have been sold.

The Port acquired the Vista Field Airport and associated industrial properties from the City of Kennewick in 1991. In 1992, the Port made considerable improvements to the airport, and in 1993, airport planning and mapping was implemented. Several subsequent improvements have been completed including additions to the airport apron and additional parking, widening of runways, removal of old hangers, and installation of new lighting fixtures. Beginning in 2003, there has been debate over whether Vista Field Airport posed more of a benefit or detriment to the local economy. A 2006 master plan identifies additional improvements, along with documents developed in 2009 and 2010 as part of the

deliberations on whether to close the airport. In 2010, the Port Commission decided to keep the airport open so the full economic impact of the airport could be realized. In 2011, a Vista Field Master Plan (JUB 2011) was finalized and approved by the Port Commission, with input from community stakeholders formalized as the Vista Field Advisory Board. The master plan is now being implemented, as triggered by private sector investments. The 2011 Vista Field master plan is incorporated by reference into this comprehensive scheme document.

The Dickerson “Southridge” property was purchased from the Washington State Department of Natural Resources (DNR) in 1994. The original site included 160 acres, a majority of which was located on the west side of State Route 395 (SR 395). The City of Kennewick completed the Southridge Master Plan in 2004, which identified nearly all of the Port’s land for future commercial development (JUB Engineers 2004). Realizing the land would not remain zoned for industrial uses as originally intended, the Port traded a portion of the site to Kennewick General Hospital (KGH), which reconfigured both agencies’ holdings, yielding marketable commercial ground for the Port and a viable hospital site for KGH. The Port then sold most of the site to a commercial development company, which could undertake the expense to fully develop the site. The Port continues to own 8.5 acres of the original DNR purchase.

In the Finley and Plymouth areas, the Port acquired several industrial properties during the 1960s. The Port helped support several chemical manufacturing facilities developed in the Finley area. A prime attraction to the area was the low-cost power rates, along with access to a multi-modal transportation system, and Columbia River proximity for water supply (Port of Kennewick 1966). Two of the more recent developments include the Gunderson Rail Car and Columbia Colstor, which helped provide additional jobs in this rural Benton County area. The Port continues to own several undeveloped or under-developed properties in Finley and Plymouth, holding many parcels since the 1960s.

In 1999, the Port purchased 11 acres at the west end of the City of West Richland and funded infrastructure improvements to extend utilities to the area. In 2005, the Port traded with the adjacent land owner 15 acres of shovel-ready property for the adjacent 11-acre site. The Pacific Rim Winery established itself on a portion of the site in 2007, and doubled the

size of its operation within 24 months. In 2010, the Black Heron Distillery & Port Works opened on land adjacent to the Pacific Rim site. The former Tri-Cities Raceway property was acquired in 2008 as an opportunity for future industrial development in support of the wine industry, and a site slated to benefit from the future Interstate 82 (I-82)/Red Mountain interchange.

The Port continues to grow, expand its holdings, and recruit industry. Today, the Port district is 485 square miles and the Port owns more than 940 acres and more than 210,000 square feet of building space. The Port currently has a diverse portfolio of light and heavy industrial and mixed use commercial properties distributed geographically throughout the Port District boundary. Some are actively being developed or redeveloped, while others with limited infrastructure and utility services available have sat idle for decades.

The Port has achieved several notable successes during its history, including the creation of thousands of jobs, stimulating Clover Island and Spaulding Business Park development, and helping businesses grow, such as TiSport®, CorkWest, and Pacific Rim Estates. In recent years, the Port has bought and sold several properties within its development target properties at Spaulding, West Richland, Southridge and Downtown Kennewick/Clover Island. Properties are being leased or sold after making infrastructure investments, establishing covenants, and reconfiguring parcels to make them more developable. Section 2 contains more detailed property condition descriptions and future plans for these and other properties.

1.5 Current Financial Conditions

In 2009, the combined property tax revenue received from Port-owned properties in Kennewick, Richland, Benton County, West Richland, and Benton City amounted to \$2,952,549. The majority of that revenue (52 percent) came from property within the Port District in the City of Kennewick, followed by property owned in Richland (20.2 percent), and then Benton County (19.3 percent). Port-owned property in West Richland (8.5 percent) and Benton City (0.1 percent) also contributed to the total revenue received.

Total annual revenues for 2009 included the Port's property tax received; operating income from industrial, building, airport, and agricultural leases; operating income from marina

leases; and interest income. These revenues totaled \$3,958,587. After property tax, operating income from industrial, building, airport, and agricultural leases was the major contributor to this amount. Other revenues considered include gain from land sales and grants; however, these revenues vary year to year and by project.

Port expenses for 2009 include general and administration expenses (e.g., salaries, benefits, and partner agency dues), general lease property operations and maintenance, building and equipment replacement, non-operation (funding partnering projects), and airport and marina operations and maintenance. These expenses total \$2,631,034, resulting in 2009 Port unencumbered funds of \$1,327,553. A similar annual funding level is expected to remain available for the next several years, based on current Port investment and property holding costs. This financial picture would change if properties are sold or purchased. Financial projections are reviewed and updated at least annually, and revenues and expenses are projected out for 5 to 10 years.

2 EXISTING PROPERTIES OVERVIEW

This section provides an overview of the Port's existing properties including site descriptions, characterization of the primary uses, recent development initiatives, and the Port's future plans for the properties.

2.1 Clover Island

Clover Island is located in the City of Kennewick along the southern shore of the Columbia River at river mile 329 (RM 329), and is connected to the mainland by a causeway. The approximately 18-acre property, excluding the causeway, includes 38 parcels, of which the Port owns 35 parcels (Figure 2). The United States Coast Guard (USCG) also owns approximately 1 acre on the southeast portion of the island (parcels 26 to 28).

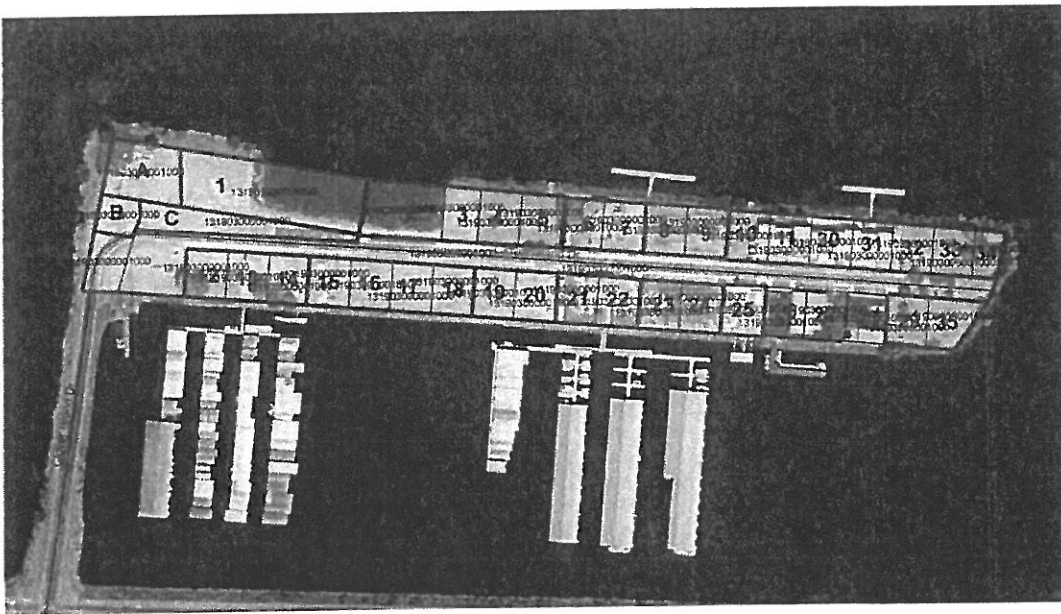


Figure 2. Clover Island Site Map

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

Clover Island is a mixed-use development centered on waterfront access and amenities. The island is home to the Clover Island Marina, which was relocated and completely rebuilt in 2007-2008. The marina has 150 slips, more than 270 feet of guest moorage, and dock frontage for 11 boathouses. The Port developed the marina into the premier boat moorage facility in the Tri-Cities as a portal for citizens and visitors to experience the Columbia and Snake rivers, as well as a place for Tri-Cities residents to fish and enjoy river views. In addition to the marina, Clover Island supports many businesses including two restaurants (Cedars Restaurant and Ice Harbor Brewing Company), a 150-room hotel that includes a bar and grill (Clover Island Inn), and the Clover Island Yacht Club located on the west side of the island.

In recent years, the Port has been involved in various improvement initiatives on the island. These Port investments have been guided by a 2005 Clover Island Master Plan (Makers 2005), and subsequent planning and design documents characterizing projects in greater detail (e.g., Hopper, Dennis, Jellison 2008). The 2005 Clover Island Master Plan and associated updates are incorporated by reference into this comprehensive scheme document. In 2009, the former single-use Yacht Club site was completely redeveloped yielding a 12,200-square-foot, two-story, mixed-use building with the Clover Island Yacht Club occupying the ground floor and office space created on the second floor. A parking lot was built just east of the Yacht Club and an outdoor seating and railing area was added outside of Ice Harbor Brewing Company Restaurant. The Port recently completed constructing a lighthouse and gateway to the island, along with the Metz Family Plaza and placement of several public art displays. Paths and viewing locations, along with a statue and other improvements, provide public access to the waterfront. The first phase of the Clover Island Shoreline Enhancement project was completed in 2011 which established the pedestrian connection between the island and the Sacajawea Heritage Trail and Downtown Kennewick.

2.2 Columbia Drive Urban Revitalization Area

The Columbia Drive Urban Revitalization Area is located adjacent to the Columbia River and Duffy's Pond in the City of Kennewick's historic downtown. The property encompasses ten parcels totaling approximately 13.2 acres, segregated into four pieces of land (Figure 3). Zoning is Commercial General (CG) and the properties have all municipal services as well as wireless internet coverage. Current Port-owned buildings on these properties include the Durfee Building, Beaver Building, Frase Building, Golf Course House, and the Golf Course Shop.



Figure 3. Columbia Drive Urban Revitalization Area Site Map

The Columbia Drive Urban Revitalization Area faces development challenges including aged development and inconsistent city development standards; however, many desirable qualities also exist. Most prominent are proximity to the Columbia River and Duffy's Pond, which allow for tourism opportunities, and close proximity to historic downtown Kennewick. This area is also easily accessible by several major Tri-Cities roads; it is within a few minutes of Columbia Center Boulevard, Richland, Pasco, and west Kennewick.

In 2009, the Port, the City of Kennewick, and other stakeholders completed the Columbia Drive Conceptual Plan, which outlines the Port's vision for the area including two potential site plans. Also in 2009, design, engineering, and permitting were initiated in the Bridge to

Bridge, River to Rail (BBRR) area (Urban Design Assistance Team 2003). The City of Kennewick led this planning effort. The overall vision is to bring new restaurants, shopping, spas, entertainment, trails, waterfront access, and lifestyle amenities to historic downtown Kennewick. In 2011, the Port undertook the “Pattern language” design process to establish criteria to be incorporated in all Port involved Columbia Drive redevelopment efforts.

2.3 Oak Street

The Oak Street site is located in northeast Kennewick off East Third and SR 397. The site encompasses 18 parcels totaling approximately 64.5 acres, segregated into five pieces of land (Figure 4). Zoning includes Heavy Industrial (IH in the City of Kennewick) for Development Buildings 1 to 4 and the former Joe Schmidt buildings, and Industrial Light (IL) for the remainder of the site, both incorporated and unincorporated. All unincorporated properties are within the City of Kennewick Urban Growth Area (UGA). These properties are served by City of Kennewick water but sewer is provided through on-site septic systems. The Port owns seven buildings including four development buildings, the Ag Engineering building, and the former Joe Schmidt Masonry buildings, which cumulatively total 87,900 square feet.

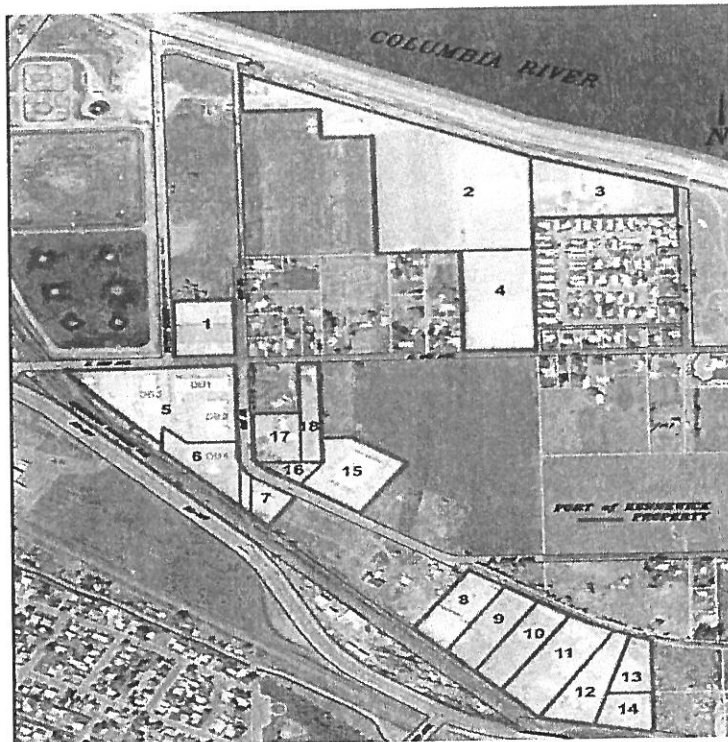


Figure 4. Oak Street Site Map

In recent years, the Port sold land to the City of Kennewick (to support future wastewater treatment plant upgrades) and to the Humane Society. The Port owns land and most of the buildings and continues to lease space to businesses at the Oak Street site.

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

2.4 Spaulding Business Park

Spaulding Business Park is located in the City of Richland off of SR 240. The current site encompasses five parcels totaling approximately 8.5 acres, segregated into two pieces of land (Figure 5). Zoning includes Retail Business (C-2) and General Business (C-3), and this property receives all municipal services, including wireless internet coverage.



Figure 5. Spaulding Business Park Site Map

The Port purchased this property in the late 1990s, master planned it, improved the infrastructure, and since then has been selling parcels. Spaulding is now more than 70 percent sold, with several businesses located in the park, or soon to be located there. As of January 2011, businesses include the Walker-Heye attorney office (17,000 square feet), New Edge research and development office (10,000 square feet), Reliance Medical Center (9,500 square feet), Vista Engineering (34,000 square feet), Arc of Tri-Cities community service office building (15,400 square feet) and Tri-City Chaplaincy office building (12,000 square feet), totaling 97,900 completed square feet.

Currently under construction is the Eden Medical Center (35,000 square feet) and CV Development Medical Office (24,500 square feet), totaling 59,500 square feet to be completed by December 2011.

Development in the Spaulding Business Park has led to the creation of 205 new jobs (excluding construction), and is anticipated to create an additional 350 new jobs by December 2011. The park is a recent recipient of the Governor's Best Practice Award for Workforce & Economic Development.

2.5 Vista Field Airport and Industrial Area

The Vista Field Airport and Industrial Area is located in the heart of the Tri-Cities metropolitan area within Kennewick city limits between Grandridge Boulevard and Deschutes Avenue. The properties encompass 13 parcels totaling approximately 125.29 acres (Figure 6). Six of the 13 parcels (parcels 8 to 13), totaling 18.7 acres, are zoned IL. The remaining Vista Field parcels were recently rezoned to CR (parcels 3 and 4) and Public Facility (PF) (parcels 1, 2, 5, 6 and 7). Municipal services are available on each parcel. Current Port-owned buildings at this site include Vista Field Development Buildings A and B (44,650 square feet); the Verizon office building and Covered Storage (8,160 square feet); Fixed Base Operations building (6,600 square feet); Corporate Hanger – Musser B, and Corporate Hanger – Gaunt C (9,000 square feet); and three WWII hangers including Hanger Buildings 3, 7, and 14 (24,000 square feet).

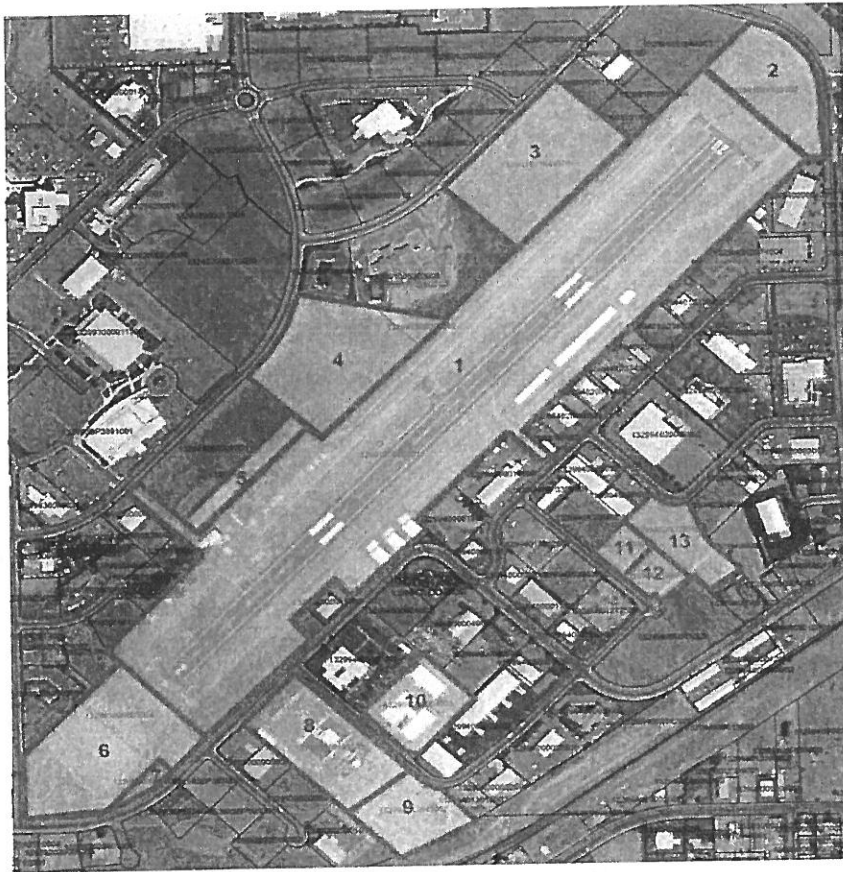


Figure 6. Vista Field Airport Site Map

The Vista Field property is highly visible due to its central location in the City of Kennewick's entertainment district. It is an active general aviation airport that is a United Parcel Service (UPS)/Ameriflight Air home base and has a recreation and transportation terminal. However, the airport property has aviation restrictions and is currently ineligible for Federal Aviation Administration funding. It also has limited expansion capability due to its central location. In early 2010, after several years of debate and studies on whether to close or leave the airport open, the Port decided to keep the airport open. A key element in this decision was the reliance on assertions that the private sector would invest multiple millions of dollars in the airport in the form of capital investments. Therefore, the Commission anticipated that the Port would not be called upon to fund significant capital improvements at the airport.

In 2011, the Port adopted the Vista Field Master Plan, which identifies facility and infrastructure improvements planned in conjunction with federal and state grants that may be secured, and private sector investment of at least \$10 million in the next several years. Capital improvement funding is potentially available at the federal and state level for many airport projects. With limited Port funding, the Airport must depend heavily on available State airport grant funding and significant local private and public partnerships that will also be important to implement this plan and complete the projects identified. Financing capital improvements at the airport cannot rely exclusively upon the financial resources of the Port of Kennewick.

The remaining industrial property contains more than 15 acres in two general sites. In 2010, the Port reached 100 percent occupancy of available hangars and of Vista Field Development Buildings A and B. The Port also closed a large land/building purchase and gained another purchase under contract. Challenges to managing the industrial site development include limited expansion capability due to its location, and large amounts of industrial truck traffic.

2.6 Dickerson “Southridge” Property

The Dickerson “Southridge” property is located at the southern entrance to Kennewick. This property encompasses four parcels totaling approximately 8.5 acres (Figure 7). Zoning is Commercial Community (CC). A Municipal Utility Extension is required for this site, which is in the design process and slated for improvement in 2011/2012 through the City of Kennewick’s Local Revitalization Funding program. As a part of this program, future tax revenues from the area were pledged by many agencies, including the Port, to retire the debt on these improvements.

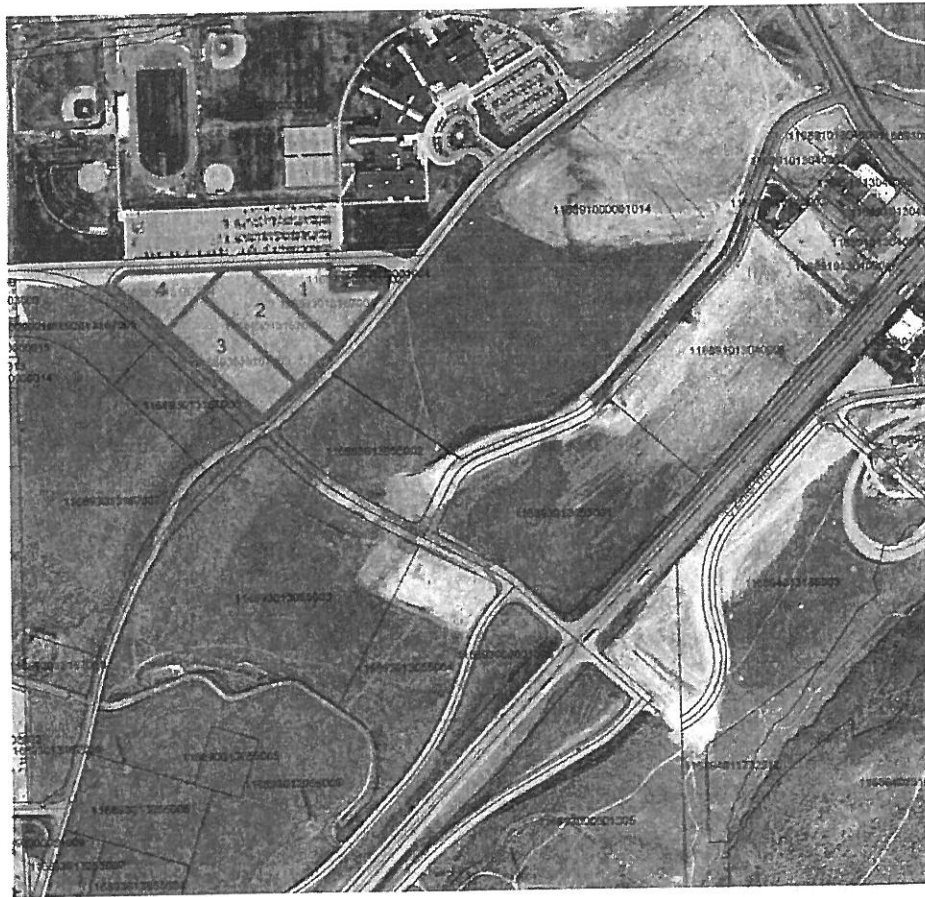


Figure 7. Dickerson “Southridge” Property Site Map

The Dickerson “Southridge” property was purchased from the Washington State Department of Natural Resources in 1994. Originally, the site included more than 160 acres, a majority of which was located on the west side of SR 395. The City of Kennewick completed the Southridge Master Plan in 2004, which identified nearly all of the Port’s land for future commercial development (JUB Engineers 2004). Realizing the land would not remain zoned for industrial uses as original intended, the Port traded a portion of the site to KGH, which reconfigured both agencies’ holdings, yielding marketable commercial ground for the Port and a viable hospital site for KGH. The Port then sold most of the site to a commercial development company, which could undertake the expense to fully develop the site.

Development and maintenance standards have been developed for this area to assure aesthetically pleasing development occurs at the city's gateway. KGH has plans to develop a

new hospital adjacent to Port properties. The area receives Local Revitalization Financing (LRF) development funding assistance.

2.7 Finley, Hedges, and Twin Tracks

Finley, Hedges, and Twin Tracks Industrial Parks are located close to the Columbia River in unincorporated Benton County about 8 miles southeast of Kennewick. The properties cumulatively encompass 31 parcels totaling approximately 425 acres, not including more than 50 acres of aquatic lands in the Hedges area (Figures 8 through 11). Zoning is Unclassified for all properties. Benton County is undertaking a process to establish zoning consistent with the adopted Comprehensive Land Use Plan designations (IH); however, that process has yet to begin and outcomes are less than certain.

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

Finley North encompasses 12 parcels totaling approximately 124.5 acres, segregated into five loosely-associated pieces of land (Figure 8). Parcel sizes range from 1 acre to 43.6 acres. Three parcels have ground water right certificates for domestic and irrigation uses (parcels 3, 5 and portion of 7). These properties have wells and pump stations for irrigation supply. The remaining Finley North parcels have ground water claims that have been filed for domestic, stock-watering and/or irrigation uses. Columbia Irrigation District (CID) service area includes the Finley North area, however, water allotments for parcels 1 to 4, 8, 10 and 11 have been relinquished. CID irrigation delivery infrastructure is nearby. Current uses include agriculture production, and residences acquired in the 1980s remain on some parcels as an interim use until market demand warrants conversion to industrial uses.



Figure 8. Finley North Site Map

Finley South encompasses three parcels totaling approximately 19.3 acres, segregated into three pieces of land (Figure 9). Parcel sizes range from 3.9 to 8.9 acres. No water rights appear to be associated with these properties.

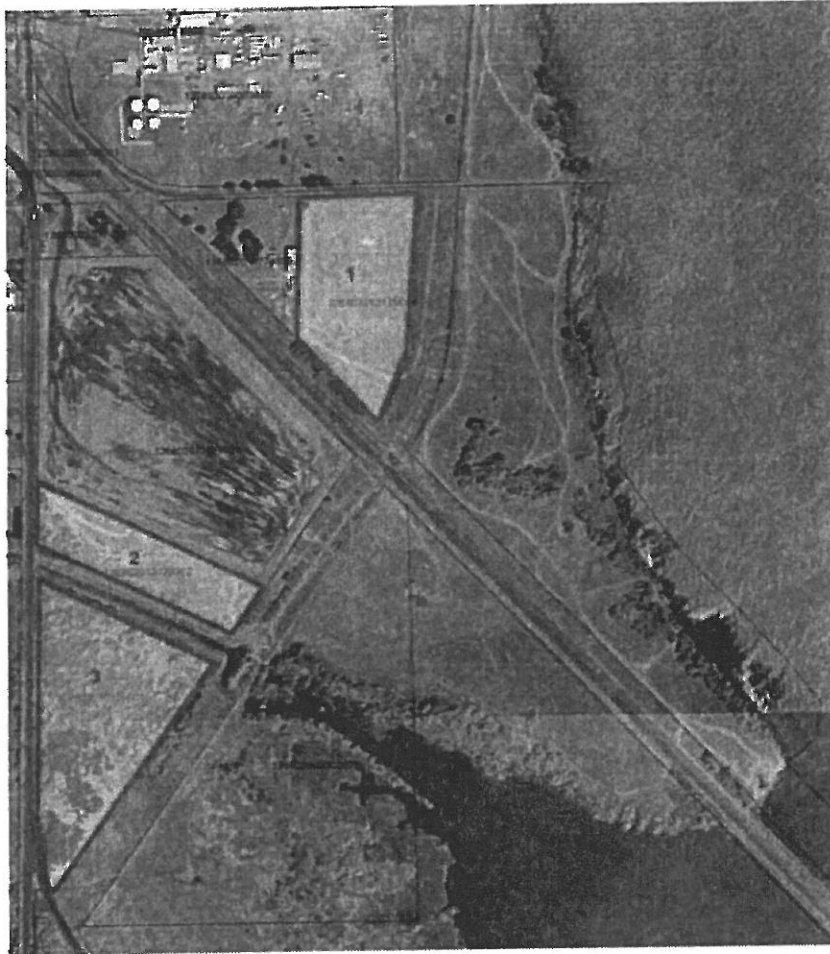


Figure 9. Finley South Site Map

Hedges, which is currently a lease-only property, encompasses six parcels totaling approximately 70.3 upland acres in four sites (Figure 10), and 50.1 acres of aquatic lands in the Hedges Lagoon. This property has electricity only. No water rights appear to be associated with these properties. CID service area includes the Hedges area but CID water allotments to these properties have either been relinquished or the land was classified as non-irrigable. The Hedges site is conveniently located along the Columbia River, offering the potential for barge access.

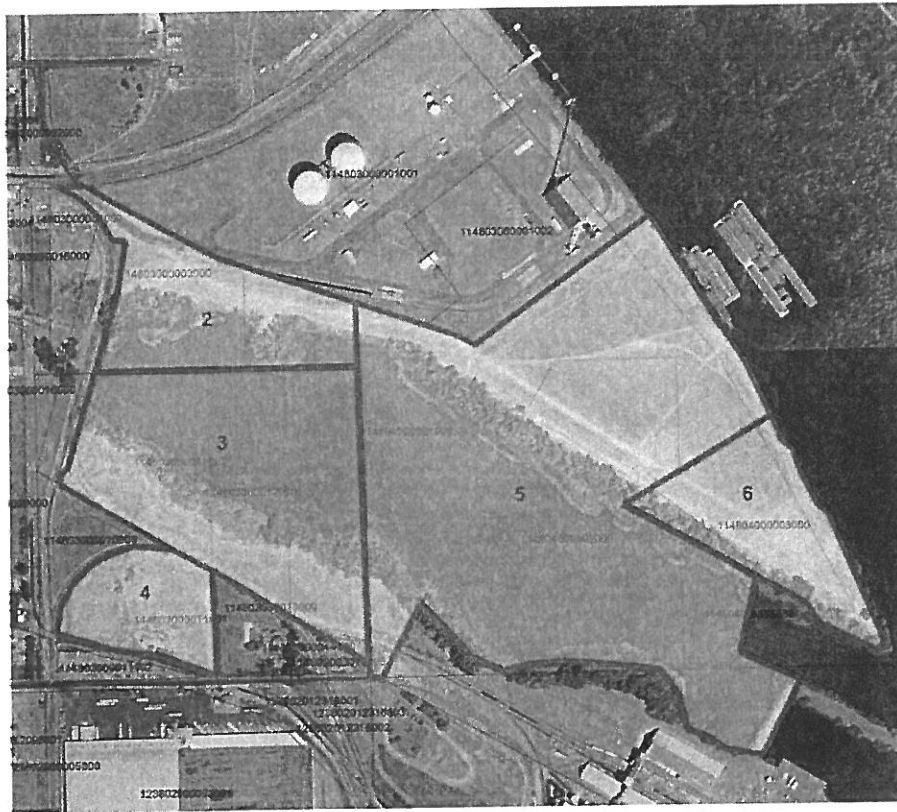


Figure 10. Hedges Site Map

Twin Tracks Industrial Park encompasses ten parcels totaling approximately 160 acres (Figure 11). The Port offers long-term leases for these properties. No wells are known to exist on these parcels. Several water right claims have been filed for domestic use and irrigation up to 5,000 gallons per day. CID service area includes a majority of the Twin Tracks area and water service is provided to parcels 5, 9 and 10. Water allotments have been relinquished for parcels 1 and 6, and parcel 2 is not within the CID service area. Twin Tracks is served by dual UP and BNSF rail service. In 1993, the Port received a Community Economic Revitalization Board grant of approximately \$475,000 from the State of Washington and installed 8,000 linear feet of rail lines. Gunderson Rail (rail car refurbishing) is leasing 40 acres and the 8,000 linear feet of rail lines on this property.

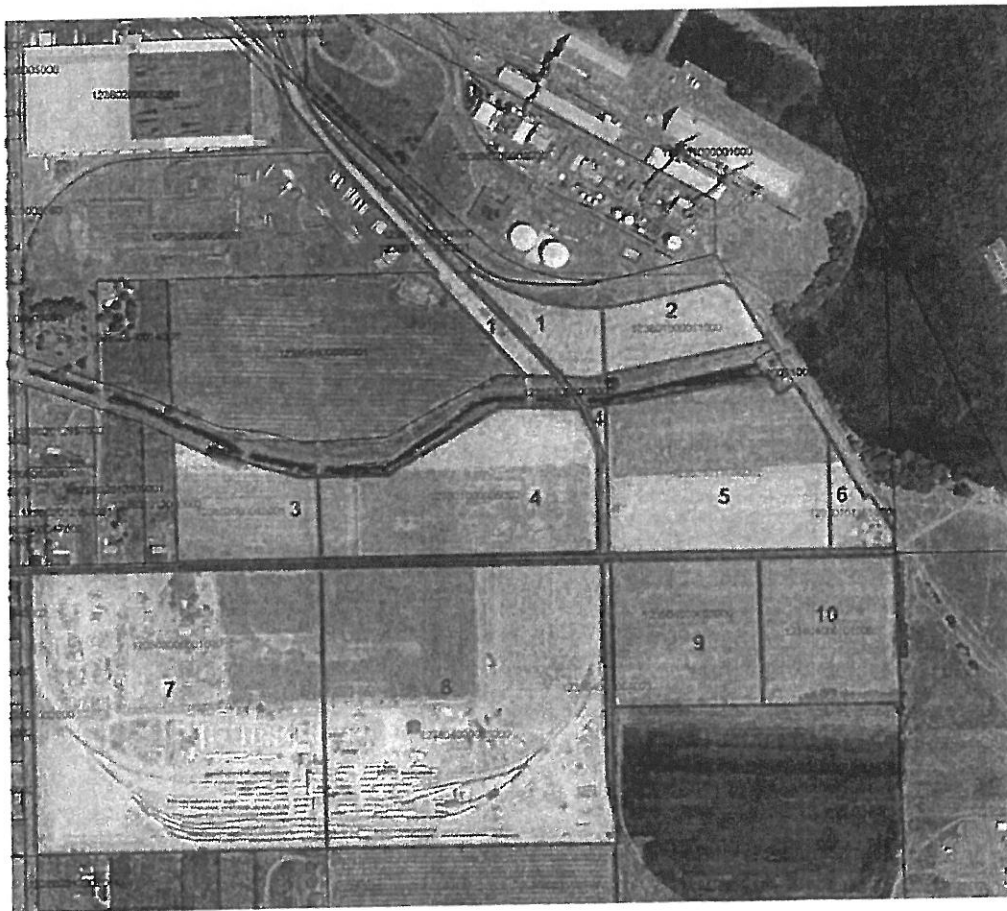


Figure 11. Twin Tracks Site Map

Finley, Hedges, and Twin Tracks all have the benefit of flat topography. Benton County also recently constructed a new east-west corridor, connecting SR 397 directly with SR 395 and I-82. This new road has improved access to all three sites. Additionally, Benton County has a Piert Road extension project included in the county's Six-Year Transportation Improvement Plan (Benton County 2010), which, if constructed, would improve traffic flow through the industrial area.

Challenges to development on these properties include nearby expanding residential areas and the existing residential property adjacent to the Twin Tracks site. Also, there is no municipal water or sewer available to the sites. In the case of Hedges, the Port also has to contend with parcel configuration that creates internal circulation difficulties and poor road access.

2.8 Plymouth

The Plymouth site is located in southern Benton County near I-82 and SR 14. The property encompasses three parcels totaling approximately 250 acres, segregated into two pieces of land (Figure 12). Parcel 1 is 8.64 acres; parcel 2 is 85.68 acres; and parcel 3 is 157.10 acres, includes river frontage and island property, and has limited development opportunity. Zoning is Unclassified for all properties. Benton County is undertaking a process to establish zoning consistent with adopted Comprehensive Land Use Plan designations; however, that process has yet to begin. The Benton County land use designations for this area are IH, IL, and public. Substantial electrical service is available in the immediate vicinity and natural gas is within 1,000 feet of the site. The property does not have municipal water service, sewer service, or interior roads. Water could potentially be available from the nearby Plymouth Water District.

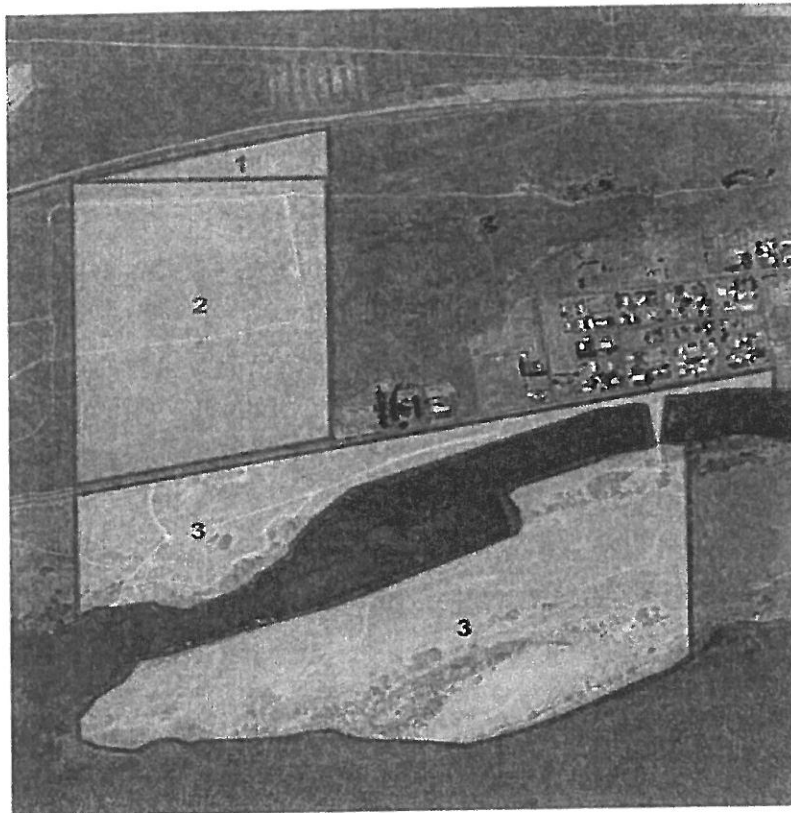


Figure 12. Plymouth Site Map

Strengths of this area include the close proximity to I-82 and SR 14, and access to the BNSF rail service. The river front and island areas of the property have protected status due to cultural resources. Due to the residential neighborhoods upwind of the property, a buffer may be required.

2.9 West Richland

Located in the City of West Richland, the site encompasses four parcels total, three of which are incorporated, zoned IL, with all utilities available (Figure 13). Of these three parcels, 12 acres are leased with option to purchase to Red Mountain Wine Estates (Pacific Rim), and two 1-acre parcels are shovel-ready. The other parcel is 92.6 acres, unincorporated, zoned IL, with well/septic services. Located on this parcel are two wells with certificated water rights. The wells are currently used for landscape and agricultural irrigation. Current Port-owned buildings at this site include the Bathroom Building and the Racetrack Shop on the racetrack property.

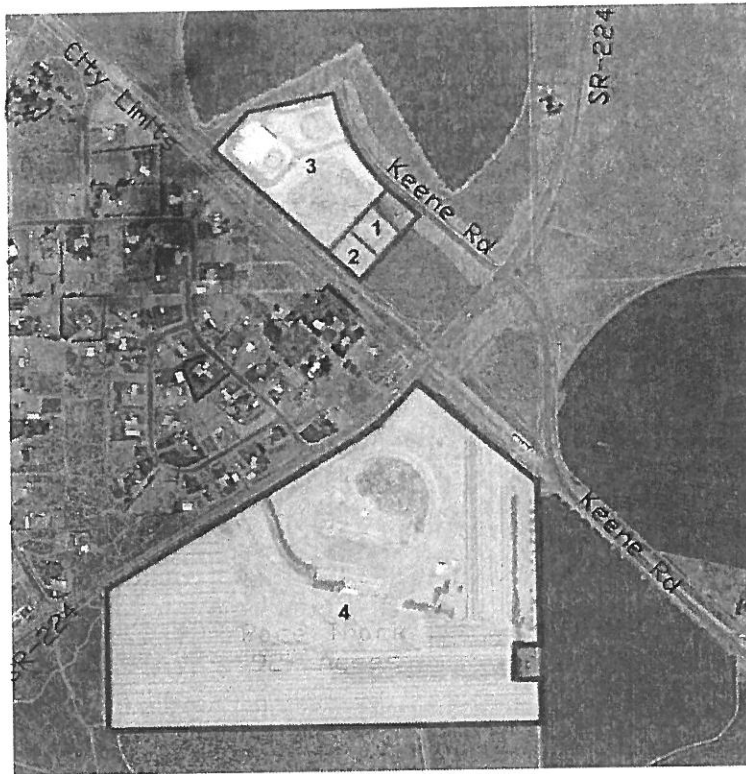


Figure 13. West Richland Site Map

The property is located near several world-renowned wine makers located in the Red Mountain American Viticultural Area (AVA) and is therefore ideally suited for wineries and AVA ancillary businesses.

In 2009, the Port partnered with the City of West Richland on a Benton County Urban Growth Boundary Amendment application, which would place the Port's 92-acre "Tri-Cities Racetrack" parcel on the southwest side of SR 224 within the City of West Richland's urban growth boundary, making it possible for the parcel to receive municipal services. Benton County approved this amendment but it was challenged by FutureWise and rejected by the Eastern Washington Growth Management Hearings Board. Subsequently, the City of West Richland chose to forgo further pursuit of the UGA expansion in fall 2010.

3 MARKET ANALYSIS FINDINGS AND FUTURE DEVELOPMENT OPPORTUNITIES

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

3.1 Methodology

In projecting population and economic growth trends, historic growth rates were reviewed and linear regressions developed. Population linear regressions were developed using the historic time frame of 1990 to 2009 using United States (U.S.) census data (U.S. Census Bureau 2010a, 2010b) and Washington State Office of Financial Management estimates from 2001 to 2009 (OFM 2010). Regressions for economic growth were developed by identifying the ten largest growing subsectors of the Tri-Cities regional economy by North American Industry Classification System (NAICS) codes. Those industries were identified using Washington Employment Security Department (WESD) historic data between 1990 and 2009 (WESD 2011), and linear regressions were developed from that data to project jobs in those industries out to 2030. In all cases (employment and population), regressions were developed that identified a range of outcomes. On the low end of the range were growth numbers that are likely to be met or exceeded 95 percent of the time. Numbers in the middle are the expected growth value of jobs (50 percent) created. High end growth numbers are those that can only be expected to be met or exceeded in 5 percent of all cases. These ranges were developed to provide the Port with a broad picture of what growth in the community and in the identified industries could look like at the high and low end, as well as what the expected results are projected to be. Both employment and job projections were shared with TRIDEC (Bailey 2010) and WESD staff (Sulic 2010).

3.2 Economic Overview of the Tri-Cities Region

For the past 70 years, the economy of the Tri-Cities region can be summed up in two words: atoms and agriculture. Agriculture was the most important industry in the region until the creation of the Hanford Site in the 1940s and it maintains an important, though stable, role in the region today. Prior to 1940, farming was the basis of nearly the entire economy as the region grew through the growth in agriculture fueled by the Columbia Basin Project, which irrigates nearly 700,000 acres of land in the region. The growth in farming activity peaked in the late 1960s and though some growth has continued (particularly in wine grapes), the major boom era of agriculture effectively ended by the 1970s with the end of the Columbia Basin Project. That growth in arable farmland fueled growth in the value added services sector for farm products, including that of chemical fertilizers such as Agrium, food processors such as Con-Agra, and other agricultural support businesses. However, as the agricultural industry has reached maturity, the growth in those support businesses has also flattened. Since 1940, the overall economy of the Tri-Cities region that the Port serves has been driven by the atomic work at the Hanford Site and by agriculture throughout the region including the growing of wheat, potatoes, apples, asparagus, and (most recently) wine grapes. The overall work-shed for the area stretches from Hermiston-Umatilla to the south, to the Prosser area to the west, to the Wallula region to the east and ultimately to the Connell area 40 miles north. According to WESD, there are just over 101,000 individuals in the regional labor force as of August 2010 and of those, over 94,600 are employed (Sulic 2010). This gives the region an unemployment rate of 6.3 percent, well below the national average. The region has largely been protected from the recession impacting the rest of the nation due to expenditures at Hanford, which are largely driven by the American Recovery and Reinvestment Act (ARRA), and the push to complete the construction of a vitrification plant for treating nuclear waste at the Hanford site. Over the past 20 years, wine grapes growing and processing has become one of the most important economic drivers to the region. Currently, health care and professional services are also some of the biggest economic drivers in the economy not related to Hanford.

Some of the major private employers in the area include Con-Agra Foods, Lampson Cranes, the Battelle Memorial Institute (which operates the Pacific NW National

Laboratory), Areva, and Simplot Fine Foods. Several hospitals serve the area including KGH, Kadlec Medical Center, and Our Lady of Lourdes, making the area a regional medical center. On the public side, companies such as the Benton and Franklin Public Utility Districts, Energy Northwest, and the U.S. Department of Energy (DOE) dominate the overall economy.

3.3 Population

Population data shows that the broader Tri-Cities region (Benton-Franklin counties) is one of the strongest growing population areas in Washington. Between 1990 and 2000, the region grew by nearly 42,000 people and estimates from the Office of Financial Management show population growth of just over 50,000 between 2000 and 2009 (U.S. Census 2010a, 2010b; OFM 2010). Forecasting population growth in the region over the next 20 years shows the overall population of the bi-county area growing from its current 242,000 to between 336,000 and 353,000, if historical growth trends continue. Figure 14 shows the population growth regression analysis in the area (OFM 2010).

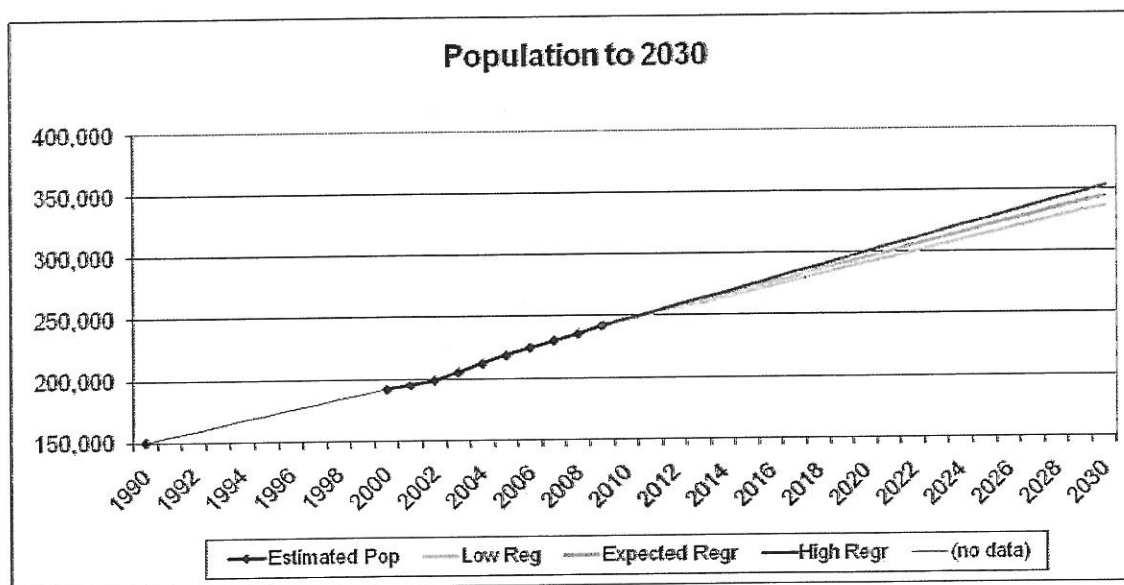


Figure 14. Population Growth Regression Analysis for the Tri-City Region

As indicated, the Benton-Franklin counties region has shown steady growth over the past 20 years and there is no indication that the growth will slow because the community continues to see significant activity at the Hanford site as well as growth in the broader

community, including a continuing rise in the number of the elderly moving into the region for retirement, which has driven the growth in the medical services industry and provides support for the retail, hospitality, and tourism sectors.

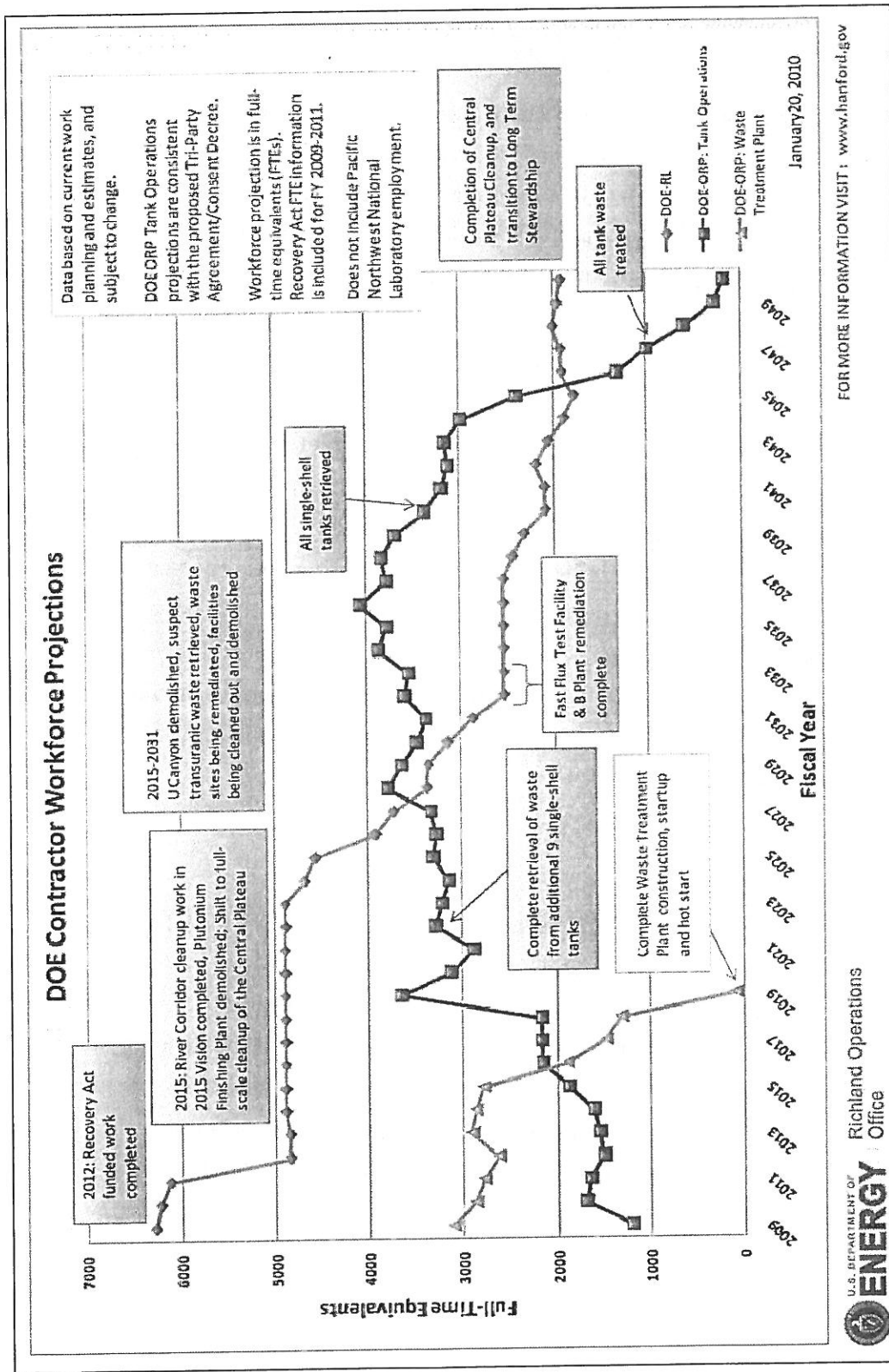
In Table 1, Benton-Franklin population growth is compared with other counties in the state. In all but one case, the annual average projected growth for Benton-Franklin counties exceeds that of other counties in Washington, including neighboring Yakima and Walla Walla counties (OFM 2010).

Table 1. Benton-Franklin Population Growth Compared to Other Areas

County	Annual Average Percentage Growth 2010 to 2030		
	High	Expected	Low
Benton-Franklin	1.79%	1.26%	0.76%
Clark	1.80%	1.40%	0.90%
Grant	1.21%	0.64%	-0.10%
King	1.11%	0.78%	0.47%
Pierce	1.44%	1.13%	0.69%
Spokane	1.62%	1.16%	0.63%
Walla Walla	1.13%	0.69%	0.23%
Yakima	1.51%	1.09%	0.53%

3.4 Hanford Activities

One caveat to any growth projections for the region is Hanford remediation funding. While not expected, if funding at the site significantly declined during this 20-year period, it would affect this employment forecast, adjusting it downward. The forecast assumes steady Hanford funding at levels previous to federal stimulus funding. In order to address that uncertainty, representatives from DOE were contacted to better understand what the staffing of the Hanford site may look like over the short and long term. An employment expectations chart from the City of Richland, confirmed with both the DOE Richland Office and the DOE Office of River Protection, shows that the employment forecasts for the site are as accurate as they can be, given the uncertain nature surrounding funding of the Hanford site (2-year funding cycles tied to Congressional approval). Figure 15 identifies employment expectations for the site, based on what DOE deems is necessary to meet its obligations under the Tri-Party Agreement.



Source: DOE 2010

Figure 15. Employment Expectations for U.S. Department of Energy

Figure 15 shows there are currently just more than 10,000 jobs at the Hanford site between the DOE Richland Office, DOE Office of River Protection, and the work on the Waste Treatment Plant. By 2019, as construction on the treatment plant is projected to be completed, that number will fall to just under 9,000, and then over the next 10 years (by 2029), job numbers are expected to fall to about 7,000. While this represents a significant loss of jobs, it only takes into account the job reductions associated with the clean-up efforts at Hanford and does not take into account any job creation or loss related to work at the Pacific Northwest National Laboratory (PNNL) (Olds and French 2010). PNNL is the single largest employer in the Tri-Cities and provides an additional 4000-plus jobs in the local economy, with only 7% of this Hanford-related in fiscal year 2009 (PNNL 2010).

However, history has shown that Hanford projects are often completed well after the original estimated completion date due to their complexity and the evolving regulatory environment in which the projects are delivered. The current vitrification plant provides a case in point. The plant (as originally scheduled) would be operating and processing nuclear waste in 2011. However, due to complications related to scope of work and budget constraints, the plant is now scheduled to go online in 2019. These types of delays are consistent throughout Hanford's clean-up history and should be considered when looking at the overall staffing plans, which are subject to revision every 2 years based on DOE budget authorizations from Congress.

3.5 Agriculture Activities

In terms of agricultural activity, the region has seen very little growth over the past 15 years in terms of total job creation. Agriculture grew rapidly in the 1960s and 1970s as the Columbia Basin project was completed. That growth was not only in agricultural production, but also in the value added areas such as food processing and the development of chemical fertilizers to support the growth of the industry. However, since 1994, the region has seen little growth, with employment in Benton and Franklin counties between 10,000 and 12,000, depending on the year. There has been some change in the products that have been produced over the past 15 years, but overall agricultural employment has remained relatively flat (Sulic 2011).

3.6 Employment

One benefit that the consistent growth in the region has brought to the community is consistent employment growth. According to WESD, total employment in the region has grown much faster than the national rate, with an annual average growth rate of nearly 2.8 percent compared to the national average of 0.74 percent (BLS 2009). Much of this growth has been fueled by work at the Hanford site, and by local government growth. Currently the WESD is forecasting an annual average growth rate of 1.76 percent between 2008 and 2018 compared to a growth rate of just over 1 percent for the nation, and under 1 percent growth for the state of Washington (WESD 2011).

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

WESD is forecasting all industries in Benton-Franklin counties to have a positive growth rate between 2008 and 2018. While all industries are projected to grow over the next 8 years, only four major industry sectors are forecast to exceed the 2 percent growth rate. Those four major sectors are as follows:

- Financial, professional, and business occupations
- Education
- Health care and social assistance
- Leisure and hospitality

These four major sectors were correlated to specific NAICS sectors to specify the growth industry professions in more detail. Table 2 identifies within the four major sectors of the top ten growth industry professions (by employment growth) in the bi-county area by NAICS code based on data from the past 10 years.

Table 2. Major Growth Industry Sectors

NAICS	Industry	Industrial Group
5415	Computer Systems Design and Rel Services	541
5414	Specialized Design Services	541
5416	Management & Technical Consulting Svc	541
5418	Advertising and Related Services	541
5419	Other Professional & Technical Services	541
5613	Employment Services	561
6211	Offices of Physicians	621
6215	Medical and Diagnostic Laboratories	621
6216	Home Health Care Services	621
6221	General Medical and Surgical Hospitals	62

Because those ten major employment growth areas carry overlap within NAICS industrial groupings, the regression analysis was developed by industrial groupings (541, 561, 621, and 62) instead of by the specific sub-sector (four-digit NAICS code values). Table 3 contains the industrial groupings and regression analysis results in order of highest to lowest growth. Annual job creation projections for each of the industrial groupings are as follows.

Table 3. Job Creation by NAICS Supersector

NAICS Code	Industry	Minimum (95%)	Expected (50%)	Maximum (5%)
541	Professional & Technical Services	208.8	388.4	567.9
62	General Medicine Surgical Hospitals	172.7	259.7	346.7
561	Administrative & Support Services	31	73	116

Regressions for each of these sectors were made using WESD data from 1990 to 2009 (19 data points; WESD 2011). As with any forecast, uncertainty increases over time. Straight line regression does not capture uncertain events like recessions or recoveries; it captures general trends. However, with 19 data points in the regression, the annual job creation in these fields should fall somewhere within the range in each year over the 20-year time frame.

Forecast estimates were reviewed with both TRIDEC and WESD staff. Both indicated that the forecasts seemed reasonable (Bailey 2010; Sulic 2010).

One of the more interesting findings is the growth of various industries relative to growth of the overall economy, identifying which industries in the region are expected to grow at the same rate, slower, or more rapidly than the overall economy over the next 10 years.

Results are shown on Table 4. A growth ratio of 1.0 means that the industry is growing at the same rate overall as the regional economy. Growth rates of less than 1.0 indicate industries that are growing, but not as fast as the overall economy, and growth rates greater than 1.0 are growing faster than the overall economy.

Table 4. Regression Analysis of Job Industries

Industry	Jobs Added Per Year			Growth Rates	
	Min -95%	Expected Value (50%)	Max -5%	Growth Ratio	Symbol
Total Nonfarm	1,418	1,621	1,824	1.01	≈
Goods Producing	222	262	303	0.57	-
Mining, Logging, and Construction	176	207	239	0.59	-
Manufacturing	29	55	80	0.51	-
Service Providing	1,175	1,359	1,543	1.09	≈
Private Service Providing	922	1,085	1,249	0.82	-
Financial, Professional and Business Services	130	264	398	1.34	+
Educational and Health Services	314	336	357	1.55	+
Trade, Trans, Ware, & Utilities	270	304	338	0.90	-
Office and Administration	31	73	116	1.08	≈
Leisure and Hospitality	378	415	453	1.18	≈
Federal Government	3	10	16	0.42	-
Total State Government	43	49	55	0.46	-
Total Local Government	194	215	235	0.46	-

Notes:

- + Industry Growth rate 25 percent more than total growth
- ≈ Industry growth rate between 0 percent and 25 percent more than total growth
- Industry growth rate less than total growth

Table 4 shows that manufacturing is one of the areas that has not kept up with the overall economic growth in the region. While this is significant, this is not surprising given that manufacturing in the United States has fallen (as a percentage of total gross domestic product [GDP]) from greater than 20 percent in 1980 to less than 14 percent of total GDP today (Table 5).

Table 5. Manufacturing as a Percentage of U.S. GDP

Year	Manufacturing	Non-durables
1950	28.59%	12.98%
1960	27.03%	11.35%
1970	24.03%	9.92%
1980	21.01%	8.47%
1990	17.93%	7.82%
2000	15.47%	6.45%
2001	14.11%	6.05%
2005	14.10%	6.00%

Sources: BIS 2003; BLS 2009

A deeper investigation into the manufacturing between 1990 and 2009 in the Benton-Franklin counties region uncovered information of interest to the Port, as shown on Table 6.

Table 6. Manufacturing in Benton-Franklin Counties

NAICS Supersector		Historical Average % increase	Trend: Jobs Added		
			Low	Middle	High
31-33	All Manufacturing	1.92%	30	62	94
311	Food Manufacturing	2.29%	-1	24	49
312	Beverage (Wine) & Tobacco Product Manufacturing	13.37%	27	34	42
321	Wood Product Manufacturing	6.26%	0	3	7
323	Printing and Related Support Activities	2.19%	0	1	2
327	Nonmetallic Mineral Product Manufacturing	7.46%	-2	0	1
332	Fabricated Metal Product Manufacturing	1.31%	1	3	5
333	Machinery Manufacturing	-1.47%	-7	-5	-2
334	Computer and Electronic Product Manufacturing	-1.56%	-6	-5	-3
337	Furniture and Related Product Manufacturing	3.84%	0	0	1
339	Miscellaneous Manufacturing	13.39%	10	11	13

Source: WESD 2010

Overall, the manufacturing sector has experienced an average yearly increase of 1.92 percent from 1990 to 2009. The regression suggests a trend of adding an average of 62 jobs each year. However, in running individual regressions for various subsectors of the manufacturing industry, it was found that the most active (most jobs added) industries were Beverage & Tobacco Product Manufacturing (NAICS 312), Food Manufacturing (NAICS 311), and Miscellaneous Manufacturing (NAICS 339), which includes a wide range of manufactured products including medical devices, dental laboratories, ophthalmic goods, costume jewelry, and sporting goods manufacturing. Miscellaneous manufacturing covers about 50 miscellaneous areas that are too small to capture at the three-digit NAICS level, though most of the growth in the Tri-Cities region would fall into the medical device category.

The Port's focus on the Beverage and Tobacco Product Manufacturing sector, has historically promoted economic growth in this sector. Some of the current Port properties could provide for continued growth in this area including the property in West Richland, the Columbia Drive property, and Clover Island property on the retail/hospitality side.

In the next several sections, trends for specific market sectors are explored, particularly trends that are applicable to properties the Port owns or could own in the future.

3.7 Real Estate Market Trends

To review the current real estate market trends in the region, three major real estate brokers were contacted to gather input and information. Bob Tippet of The Tippet Companies (Tippet 2010), Dirk Stricker of Dirk Stricker Commercial Real Estate (Stricker 2010), and Rusty Morse of Coldwell Banker (Morse 2010) were contacted to obtain a general idea of the current market trends in the community. Stricker and Tippet, who have been in the commercial real estate business in the Tri-Cities region for more than 20 years, are viewed as some of the most informed brokers in the region—particularly related to commercial and industrial real estate activity.

Stricker and Tippet agreed that the market for Class A office is overbuilt and that there is a significant quantity of quality office space available in the community, and both also were of the opinion that retail space was largely adequate for the existing population, though there are areas where some infill development could occur. Morse suggested the current commercial market may have nearly twice as much office space available in the region as space under lease. Tippet indicated that there is probably 5 years of growth in the market before the existing Class A office space is filled, indicating that while the Port may hold some properties that could fill this niche, it ought to wait until the market tightens before making any investment in that area.

Tippet and Stricker were in agreement that need currently exists for light manufacturing and warehousing space in the community, particularly for larger spaces (15,000 to 30,000 square feet). Tippet suggested the Port consider providing this larger space to spur development. Growth in the region in warehousing, distribution, and light manufacturing would tend to support the limited development of this sort of space, particularly when the market experts see it as a need in the community.

In terms of growth areas, Stricker and Tippet were in strong agreement that west of West Richland and the area south Kennewick along I-82 are ideal areas for the Port to focus its development efforts in the future. The area west of West Richland (near Red Mountain estates), is ripe for development according to Tippet and he felt that the Port could act as a catalyst in the area by establishing a development building or other facility that could act as a catalyst for development. He also indicated that the installation of an interchange in the area

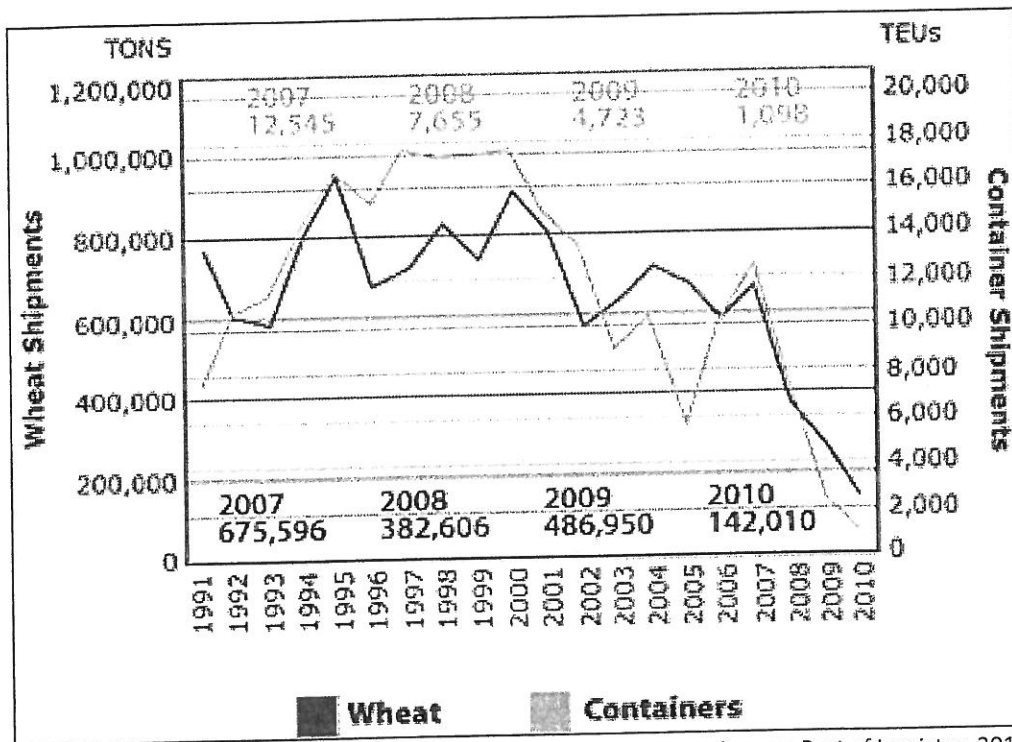
is key to future growth and that the Port may be able to serve some role there as a catalyst with its property at the Red Mountain Estates, as well as the property it owns at the former Tri-Cities raceway.

3.8 Shipping Trends

3.8.1 Barge

To review the historical barge shipping trends on the Columbia-Snake system, data from the U.S. Army Corps of Engineers (USACE) Navigation Data Center (USACE 2010, 2008) and the Pacific Maritime Association (PMA 2009) were reviewed and interviews were conducted with the Ports of Lewiston (Doeringfeld 2010), Pasco (Toomey 2011), Walla Walla (Gerola 2010), and Umatilla (Puzey 2010) to identify current shipping trends in the region.

Data indicate total tonnage shipped on the river has fallen from 23.5 million tons in 1999 down to 17.4 million tons in 2008. This drop in total tonnage does not include any fall in freight tonnage associated with the economic downturn in late 2008, except for the final two months. Freight tonnage after 2008 has fallen dramatically in some cases. The Port of Lewiston, which is the largest shipper on the Snake River system, has seen its total 20-foot equivalent units (TEUs) fall from over 12,000 in 2007 down to just over 1,000 in 2010 (Port of Lewiston 2010; see Figure 16). In addition to this precipitous decline at the head of the Columbia-Snake system, the Port of Pasco has temporarily stopped its container operation due to a lack of demand (Toomey 2010).



Source: Port of Lewiston 2010

Figure 16. Snake River/Port of Lewiston Shipping Trends

The Port of Walla Walla has seen its shipments stay relatively steady over the past 5 years, largely because the Port does not get involved with container shipments. Paul Gerola of the Port of Walla Walla said “Our grain business is about the same today as it was 5 years ago. We have ample room to expand operations, but there isn’t any demand for it right now. We have a barge slip in Burbank that nobody has used in the 15 years I’ve been here” (Gerola 2010). Gerola indicated that the Port of Walla Walla’s high dock business is also operating well below capacity.

Glen Vanselow, Executive Director of the Pacific Northwest Waterways Association, also indicated that the Columbia-Snake system is currently operating well below its capacity: “I think there is sufficient capacity on the river for the foreseeable future” (Vanselow 2010). David Doeringfeld, Director of the Port of Lewiston said that he was optimistic about the future of river transportation, but that it may be 20 years before the existing capacity on the river system was reached (Doeringfeld 2010).

Table 7 identifies barge facilities usage for other Tri-Cities ports. Currently, significant excess capacity exists.

Table 7. Barge Facility Usage for Tri-Cities Ports

Regional Barge Facilities	Capacity Utilization	
	15-year Peak	Current
Port of Pasco		
Container Terminal Barge	50%	0%
Port of Benton		
Barge dock facility	5%	1%
Port of Walla Walla		
Burbank Dock	N/A	N/A

3.8.2 Rail

For rail, existing data indicates similar trends to the barge shipping trends. Reviewing data from the Washington State Department of Transportation (WSDOT), it was found that while demand for freight rail is expected to increase over the next 20 years, as an overall share of freight transportation in the state, rail is expected to shrink from its current 9.7 percent of total freight transportation down to 9.5 percent (WSDOT 2009). According to WSDOT, this is due to an increase in shipments of lighter, less bulky, and higher value products that can be shipped via truck. This trend may provide opportunities for warehousing, shipping, and growth in trucking shipment (Finley, south of Kennewick, could benefit). While total share may be dropping, WSDOT expected to see a steady 2.2 percent increase in rail traffic annually through 2030 (WSDOT 2009). However, the recession will likely lower that growth rate over the long term due to the large drop in shipping that occurred in 2008 and 2009.

In addition, the railroads have been moving away from rail spurs and transload facilities over the past 10 years and focusing on the development of rail loops where trains can be loaded and unloaded as “units” instead of as individual cars. These loops, and their location, will largely drive rail traffic over the next 20 to 30 years. One proposed loop, which would be located at the Port of Portland on West Hayden Island, would likely eliminate most of the use of the Columbia-Snake system for the barging of grain because the facility would allow

Midwest shippers to offload via rail directly to a ship headed overseas. This would cut overall costs and likely shift shipping of farm products from the Midwest off the Columbia-Snake system (Port of Portland 1997).

To better understand rail shipping trends for other ports in the region, staff from the Ports of Benton, Pasco, and Walla Walla was interviewed to determine how rail movement was working within their Port districts. Paul Gerola, Economic Development Manager for the Port of Walla Walla, indicated that the RailEx loop is supporting approximately two trains per week and operating at about 50 percent of its existing capacity; the Port of Walla Walla has the ability to add a second loop once the facility reaches four trains per week. Another loop facility in the Port of Walla Walla district is located at Simplot and that facility is severely underutilized according to Gerola, receiving only one unit train shipment per month specifically to provide the Simplot feedlot with grain.

Table 8 identifies rail facilities usage for these three Ports. Significant excess capacity exists, ranging from approximately 35 to 100 percent excess capacity.

Table 8. Regional Rail Facility Usage

Regional Rail Facilities	Capacity Utilization	
	15-year Peak	Current
Port of Pasco		
Big Pasco Covered Rail Transload (Warehouses)	40%	10%
Big Pasco Non-Covered Rail Transload (Open Land)	66%	66%
Pasco Processing Center Rail	66%	66%
Heritage Industrial Center Rail	0%	0%
Marine Terminal (Cable Bridge Rail)	Will be decommissioned in 2015	
Port of Benton		
Horn Rapids Transload Facility	10%	5%
Port of Walla Walla		
Railex loop	50%	40%
Simplot loop	1%	1%

Figures 17 and 18 identify rail shipping trends for Washington. In 2008, rail shipping, like barge, fell quickly as the country moved into a deep recession. From that fall, we show two

potential trends in rail: a slow rebuild of capacity (with low, expected, and high projections) from 2008 (Figure 17), or a more rapid rebound from 2008 with rail reverting more quickly back to its previous trend (Figure 18).

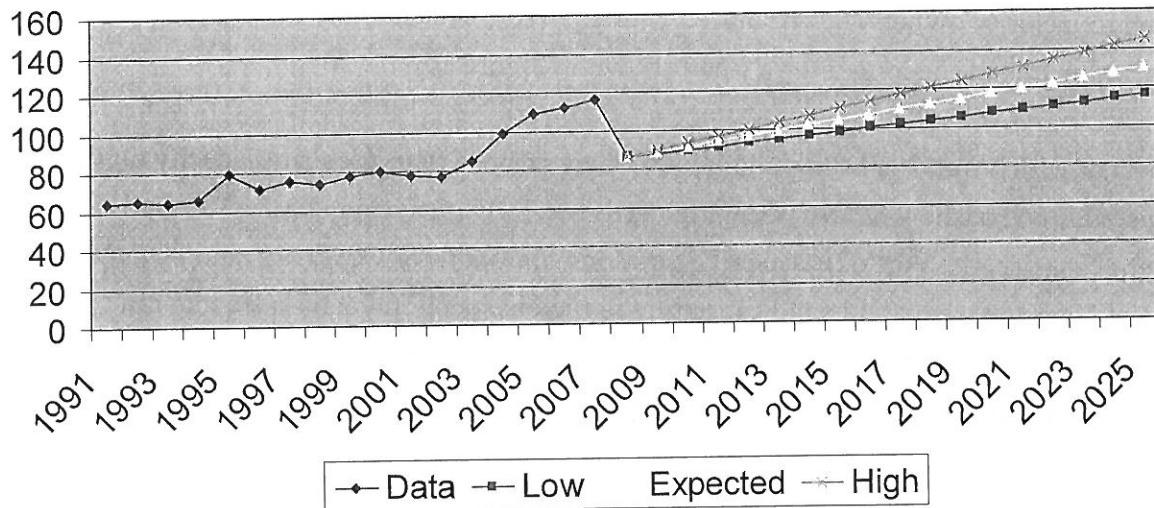


Figure 17. Rail Shipping Rebuilding from 2008 Recession

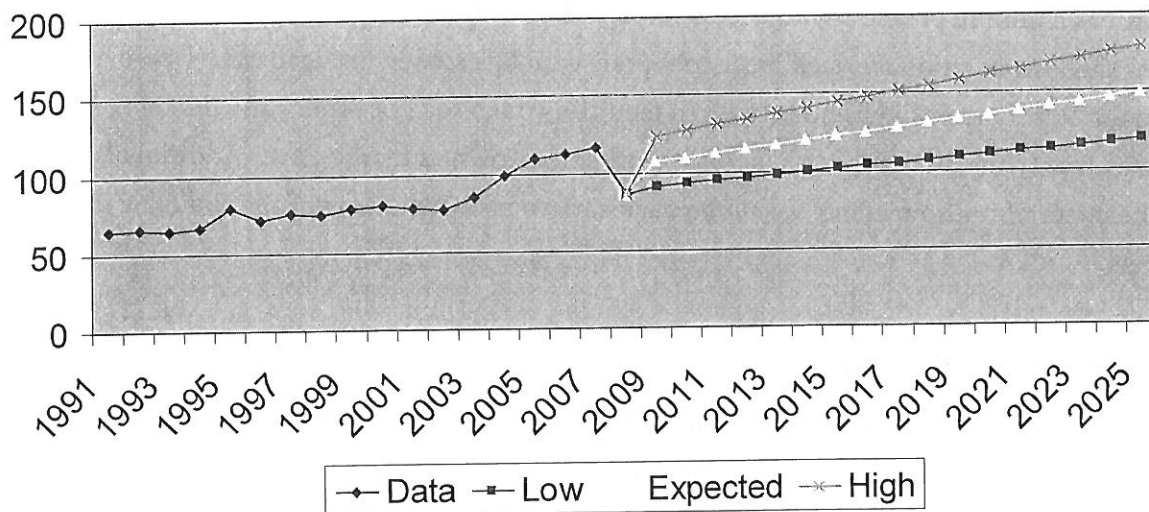


Figure 18. Long Term Trend with Rail Rebounding More Quickly to Previous Trend

In neither case is rail movement expected to increase to the point where additional capacity in the region is needed. Of the two forward looking trends (slower or more quick rebound), it is more likely that the expected value in the long-term trend line (Figure 18) will be closer

to what happens than the trend developed from just 2008 data (Figure 17). This is likely for several reasons, the largest of which is that the statistical significance of the long-term trend line is much stronger than that of the single point line. In addition, rail hauling giant BNSF is about 60 percent higher in shipping volume now than it was at the bottom of the trough, according to majority owner Warren Buffett (Buffet 2010). This number ties into the expected value line of the longer term trend shown in Figure 18.

Regardless of which trend rail shipping follows, there is more than adequate capacity on the existing system to handle whatever shipping needs the Tri-Cities region has. With Rail-Ex at 50 percent capacity, the Port of Pasco rail operations running below capacity, and plans by the Port of Morrow to expand its rail capacity, the regional economy have adequate rail capacity in the near and long term (Puzey 2010). Pursuing additional rail development would be opportunity driven only, based upon private sector commitment to invest in development to justify a capacity expansion. In this case, other factors, such as location or access to more than one rail line, would likely be the driver for growth. Absent this trigger, additional rail development is not needed to meet projected demand.

The Port has a unique position with access to both the UP line and the BNSF line. WSDOT classifies the Port as a rail-serviced industrial port, which is somewhat accurate. However, because the Port currently has no active rail facilities (trans-load or other use), deeming it as rail serviced only means there is rail access to properties owned by the Port. Additional investment in rail improvements would be necessary to take advantage of the available dual rail access.

3.9 Summary of Economic Trends

In summary, a review of the current conditions uncovers a number of trends important to the Port. These trends are discussed in the following areas:

- Overall economic trends (Section 3.9.1)
- Real estate trends and needs (Section 3.9.2)
- Growth areas and risks (Section 3.9.3)
- Shipping trends (Section 3.9.4)

3.9.1 Overall Economic Trends

Overall economic trends for the Tri-Cities region that the Port serves show that growth continues, as illustrated by both population growth and job creation. While the driving force in the region is, and will continue to be, the Hanford site along with the stability of the agriculture industry, other jobs are being created. Some of the jobs will be related to Hanford or related to the technology associated with the site; however, many jobs are being created in areas where the Port can participate.

The four fastest growing sectors in the economy are largely related to professional and technical services, and to health care. The Port can also look to manufacturing and the trade, transportation, warehousing, and utilities sector for opportunities as well. While these areas are not growing at the same rate as the economy, they are growing and some opportunities should present themselves over time.

There are also potential new jobs being created in the region related to renewable energy. A proposed energy park near the Energy Northwest Facilities in Richland could provide the Port with some opportunities to use its land and facilities to bring suppliers to the region supporting such an energy park. The reduction of the Hanford footprint also means that a significant amount of land from the site could be made available for industrial uses as the site footprint shrinks (DOE Hanford 2011). There may be opportunities for the Port in the recruitment of suppliers of wind energy components to assist in maintaining the existing wind farms in eastern Oregon and eastern Washington. This is a market opportunity that the Port of Pasco is starting to capitalize on (KEPR 2011).

In relation to the fastest growing NAICS super sectors (541, 561, 621, and 62), the Port has adequate properties to assist those sectors in growth at Spaulding Business Park, the Dickerson Industrial Site, and on Clover Island. Port properties at Vista Field, Finley, West Richland, and Spaulding could be used to support manufacturing, light industrial, transportation, and warehousing in the region.

3.9.2 Real Estate Trends and Needs

In the real estate market there is too much available Class A office and too much available retail space in the broader market. There is more than 167,000 square feet of available office space according to a survey done by Rusty Morse in April 2010 (Morse 2010). There is also a glut in the availability of commercial retail properties, though some could be developed in strategic areas that are currently underserved (Tippett 2010). In developing any more retail or office property, the Port should be aware of its private partners and work with them whenever possible to leverage capital and to avoid competing with the private sector as much as possible.

One area where the Port could look for immediate development is in the area of high bay warehouse space. According to Tippett and Stricker, the availability of that type of space is extremely limited in the area and many developers are unable or unwilling to enter the market due to the broader economic conditions. The Port could use the existing opportunity to develop those types of facilities at Vista Field, Oak Street, or West Richland properties with a good potential for a beneficial return on investment (ROI).

3.9.3 Growth Areas and Risks

In assessing the potential areas that the Port should look to for future growth, local real estate brokers and developers identified West Richland and also south of Kennewick for future opportunities. Much of the growth in the Tri-Cities region has been in the western portion of the Port District over the past several years and the Port has made moves to help drive that growth with the purchase and development of the West Richland industrial park for Pacific Rim winery, and with the purchase of the former Tri-Cities Raceway property across from the Red Mountain Estates. The Port is currently looking at locating a development building in that area, which would fit an important role in helping as a development catalyst. Purchasing and developing property near where SR 395 and I-82 meet, or where SR 397 and I-82 meet, could help spur development in those areas. Securing funding to extend water and sewer to this area could also serve as a catalyst (Morse 2010).

The risk the Port would face in pursuing development in either of these areas is largely related to the likelihood that future development will follow. The Port does not want to

own properties with significant carrying costs without being able to develop them quickly due to the constraints on budget. However, if the Port can develop properties in this area and fill them with tenants in a timely fashion, they can fulfill the role of economic development entity while creating long-term cash flow that will assist the Port in maintaining its operations.

However, some of the risk related to the purchase of properties in these areas is mitigated by the growth trends in the region. Kennewick has been expanding to the south at a steady pace over the past 20 years and there is no reason to believe that trend will not continue. The area to the west of West Richland has not been growing for as long as the south Kennewick area, but its recent growth appears to be at a faster rate. If an interchange is developed, that area is poised to be the biggest beneficiary and property in the area would be well positioned for industrial and commercial expansion.

3.9.4 Shipping Trends

The Port does not need to maintain its holdings with rail and barge access. Shipping in both areas is currently well served at other facilities in the region and significant excess capacity at various ports in the region would make it extremely difficult for the Port to develop those properties without a paying customer in hand. It will likely be 20 years before barge shipping along the Columbia returns to pre-2008 levels and even at that point there will be adequate capacity along the river. Rail transport of goods should rebound more quickly, but with underutilized capacity on the rail at several sites, as well as plans for rail expansion at the Port of Morrow, the Port holds a few of many potential rail development sites in the region. The Port properties, other than the dual rail site, hold no apparent competitive advantage, and excess capacity exists at many of the other developed or partially developed sites. There is likely to be slow growth in truck shipping from the region over the next 20 years, and while the Port has properties that could serve distribution and logistics needs, they are not well positioned in terms of their distant location from the interstate system (Finley) or the Tri-Cities region (Spaulding).

3.10 Assessment of Port Properties

In assessing the existing Port properties, it was determined that each should be assessed in relation to the economic growth opportunities related to those industries that are currently growing in the broader Tri-Cities regional economy. A matrix was developed showing how each of the properties owned by the Port fits within those growth areas (Table 9).

Table 9. Assessment of Port Properties

Sites - Existing	Characteristics	Fit with Economic Growth Trends	Strengths	Weaknesses	Improvements Needed	Recommendations
Clover Island	Mixed Use – Commercial Marina	Leisure and Hospitality Financial Professional and Business Administration and Support Services (Well-positioned)	Waterfront sites Infrastructure in place Unique location Fits with industry growth areas	Limited land Retail market overbuilt Office market overbuilt Compete with private sector	Improvements described in Clover Island Master Plan (Makers 2005), as amended Facilities Redevelopment of land side Drive more commercial activity to island	Set timelines and target growth trends for development Implement Master Plan Evaluate lease rates on existing properties
Columbia Drive Urban Revitalization Area	Commercial General – redevelopment opportunity	Leisure and Hospitality Financial Professional and Business Administration and Support Services (Moderately positioned)	Well developed infrastructure Proximity to river	Retail market overbuilt Limited lure of old downtown Uncertain timeline associated with holding costs Limited City participation Existing buildings are substandard	Removal of old facilities Effort from city to implement development plan for area Private investment in new facilities Makeover of image of area	Set timelines for development Demolish existing buildings and prepare for redevelopment Divest of property if development timelines are not met Pursue joint partnership with City on property acquisition, infrastructure improvements and zoning updates
Oak Street	Light and Heavy Industrial with development buildings	Transportation and Warehousing Light Manufacturing – particularly related to green energy generation Construction and Extraction (Well-positioned)	Fully developed with all City services Typically near full-occupancy with industrial users Good access to highway system Moderate industrial growth occurring	Heavy industrial land may become difficult to fill in current market Road improvements desirable	Periodic improvements to meet tenant needs and improve space marketability	Try to keep facilities fully occupied Make improvements as needed Try to keep lease rates close to market rates
Spaulding Business Park	Commercial zoning – professional office space	Financial Professional and Business Administration and Support Services Health Care and Social Assistance (Well-positioned)	Full services including wireless internet Ideal for medical office and Class A office	Buffer needed between park and aging residential Overbuilt Class A office market	(None at this time)	Divest to maximize revenues and reinvest elsewhere Develop buffer to residential if necessary Look at non-office options if activity level ceases
Vista Field Airport and Industrial Park	Commercial and light industrial	Transportation and Warehousing Light Manufacturing – particularly related to medical and energy generation Leisure and Hospitality (Moderately positioned)	Central location in heart of Kennewick Excellent inventory of existing buildings Opportunity to develop more buildings with land available Full city services Regional transportation system access including airport	Potential to landlock businesses in high use area with heavy traffic Competition with private sector and Kennewick Irrigation District on properties Limited acreage limits development opportunities Airport costs could limit investment opportunities	Described in 2011 Vista Field Master Plan Private sector investments Overbuilt commercial and retail market will delay development Limited ROI of mixed-use fixed-base operator (FBO) reduces revenue stream	Implement improvements, as triggered by private sector investments Develop additional light industrial capacity at site (flex space)

Final

Sites - Existing	Characteristics	Fit with Economic Growth Trends	Strengths	Weaknesses	Improvements Needed	Recommendations
Dickerson Business Park "Southridge"	Commercial and light industrial next to Southridge High School and higher end residential	Health Care and Social Assistance Leisure and Hospitality Financial Professional and Business Administration and Support Services (Well-positioned)	Gateway property to the City of Kennewick provides opportunity to make statement Development underway makes site ideal for professional office and professional medical	No city water/sewer at site at current time Topography make development difficult Competing with private sector for class A office development in overbuilt environment	Addition of water and sewer to site Commitment needed from KGH	Hold and wait for hospital and other improvements.
Finley (north and south parcels)	Industrial with rail serving some sites – no water or wastewater	Warehouse and Transportation Light manufacturing Heavy industrial Warehousing (Poorly positioned)	Heavy industrial land Natural gas available	No water or sewer services Poor access to highway system Residential infringement could impact development Lack of existing facilities stop opportunities Competes against better developed properties	Expanded and better access to highway system Protection from residential growth needed New facilities	Divest smaller parcels Set development timelines for larger parcels if timelines fail to be met divest larger parcels
Hedges	Industrial with rail and river frontage – no water or wastewater	Warehouse and Transportation Light manufacturing Heavy manufacturing (poorly positioned)	Heavy industrial land Access to well water	No city water or sewer services Poor access to highway system Residential infringement could impact development Lack of existing facilities stop opportunities Competes against better developed properties	Expanded and better access to highway system Protection from residential growth needed New facilities	Divest
Twin Tracks	Industrial with rail service to both UP and BNSF – no water or wastewater	Warehouse and transportation Light manufacturing (Moderately positioned)	Heavy industrial land Natural gas available Dual rail service	No city water or sewer services Poor access to highway system Residential infringement could impact development Lack of existing facilities stop opportunities Competes against better developed properties	Expanded and better access to highway system Protection from residential growth needed New facilities	Develop timelines for development Explore feasibility of keeping with RR maintenance agreement

Final

Sites - Existing	Characteristics	Fit with Economic Growth Trends	Strengths	Weaknesses	Improvements Needed	Recommendations
West Richland Industrial Park	Industrial with utilities proximate – opportunities to be addressed through master plan. Adjacent to Red Mountain AVA	Food Processing (wineries) Transportation and Warehousing Light manufacturing (Moderately positioned)	Proximate to Red Mountain AVA Relatively undeveloped area without residential infringement Potential private sector partners could assist in development City wants to partner with Port Existing water right Interchange planned for area proximate to location	No master plan in place yet Largest portion of park outside of Urban Growth Boundary and unable to get City services	Master plan needs completed Water & sewer services and roads need to be developed to serve site No current access to freeway	Complete Master Plan with critical path guidelines for development and ongoing activities Pursue obtaining City services on site Pursue expanded wine industry activity Pursue completion of a development building as a catalyst to growth Divest of non-served properties if necessary
Dickerson Business Park	Commercial and light industrial next to Southridge HS and higher end residential	Health Care and Social Assistance Leisure and Hospitality Financial Professional and Business Administration and Support Services (Well-positioned)	Gateway property to the City of Kennewick provides opportunity to make statement Development underway makes site ideal for professional office and professional medical	No city water/sewer at site at current time Topography make development difficult Competing with private sector for class A office development in overbuilt environment	Addition of water and sewer to site Commitment needed from KGH	Hold and wait for hospital and other improvements.
Plymouth Industrial Site	Industrial with BNSF rail line adjacent – no water or waste water	Warehousing and Transportation (poorly positioned)	Industrial site with good access to SR 14 and I-82 Potential for barge at site Access to rail (BNSF) at site Large parcel size Substantial power available Well water available Natural gas proximate	Site is isolated from populated area Topography makes site expensive to develop Glut of barge and rail options in region limit potential of site No roads or water/sewer on site Buffer required for heavy industrial development Protection of cultural resources limits potential	Master plan needs to be developed Infrastructure needs to be developed	Continue to maintain and protect cultural resources Transfer culturally sensitive island to agency acceptable to Confederated Tribes of the Umatilla Indian Reservation Divest other properties

3.11 Scenarios

In reviewing the portfolio of properties owned by the Port, three different scenarios were developed to assist the Port in evaluating and selecting an investment strategy for the next 20 years. The three scenarios evaluated were:

1. Maintain current portfolio and development plans.
2. Partial divestment and slightly adjust development plans.
3. Major divestment and refocus on new development opportunities.

Each scenario is described in more detail in Appendix C, along with associated pros, cons, and risks.

Based upon this evaluation, the Port selected Scenario 2, partial divestment and slightly adjust development plans, as the course to pursue. Under this scenario, the Port will maintain a more targeted array of development opportunities within the Port District, but also divest select properties in Finley and Hedges, and the Plymouth property, and other rail properties. The Twin Tracks property in Finley will be the only rail property that the Port will retain over the long-term. Over the next several years, resources will be focused on completing existing projects and developing existing properties. Vista Field master plan implementation will continue as triggered by private sector investments, with a planned revisit of the Vista Field closure and redevelopment question in 2022 if private sector investments as identified in the 2011 Vista Field Master Plan are not being realized.

As current projects are completed and revenue begins to be generated from these investments, the Port will evaluate and select one new investment opportunity area in the western portion of the District. Depending upon development progress, this opportunity could be identified within the next 3 to 5 years, with implementation beginning in 7 to 10 years. Potential opportunities will be solicited from development partners, be based upon market opportunities, and be evaluated through a business planning and ROI analysis process as described in Section 5.2. Section 4 summarizes future plans for each existing Port property, based upon this scenario.

4 FUTURE PLANS FOR PORT PROPERTIES

Through the planning process, the Port has refined its near- and long-term development strategies to help grow and diversify the local economy. Development strategies include:

- Continuing current development plans in growth and redevelopment areas, including Clover Island, Columbia Drive, Oak Street, Spaulding Business Park, Vista Field, and portions of the West Richland site; specific time periods are identified to reassess strategies and adjust plans as necessary.
- Holding the Dickerson Southridge property and portions of the West Richland site for future development.
- Divesting Finley, Hedges, and Plymouth industrial properties.
- Evaluate and select one new investment opportunity area in the western side of the District, in coordination with development partners.

Site-specific actions are described for each property in Sections 4.1 to 4.9.

4.1 Clover Island

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

- Improved public access areas including:
 - Completion of a 3,500-foot-long pathway system with a 1,200-foot-long structured boardwalk.
 - Creation of two viewpoints (Viewpoint East and Viewpoint West), which will be the Island's gateway feature.
 - Pedestrian improvements to Clover Island.
 - Construction of an interpretive area in the inset area in the northwest corner of the Island (also called the "Notch").

- Design a retail plaza area (named Village at Island Harbor) and prepare the area for construction; this plaza is focused on marina activities and is the connection to a transient moorage pier.
- Construct a boat launch parking lot and restrooms using grant funding.
- Pursue the removal of restrictions that USCG has on the USCG-owned corner of the island.
- Explore the feasibility of locating a riverboat with restaurant and convention space on the south side of the island.

Additionally, the Port has established and obtained all city, state, federal, and tribal approvals for a habitat restoration plan for Clover Island, including riparian and nearshore aquatic habitat enhancement to accompany new development and redevelopment. The nearshore environment enhancement includes improving substrate, large woody debris, and refugia for salmonids in designated areas around the island. Riparian enhancement consists of removing concrete along the shoreline and enhancing riparian vegetation through native plantings. These improvements will reduce predatory impacts on species such as steelhead trout and Chinook salmon, and will provide additional rearing opportunities.

4.2 Columbia Drive Urban Revitalization Area

The Port intends to support revitalization efforts as a partner with the City of Kennewick and other stakeholders. Part of this effort has included purchasing mobile homes and assisting tenants with relocation, and demolishing vacant homes. The Port also plans to improve its Columbia Drive properties by removing undesirable buildings, making limited infrastructure improvements, grading sites, and establishing development conditions and covenants. Once these steps are completed, properties would be sold for development. Funding for this redevelopment will be pursued through the City of Kennewick's Housing and Urban Development Section 108. Lastly, the Port intends to work with USACE to discuss improvements (including a lookout) and dredging at Duffy's Pond. The Port will not use condemnation authority to further redevelopment efforts.

4.3 Oak Street

The Port intends to enhance the Oak Street properties as appropriate, including building improvements, removing residential structures, and extending road and utilities to the 12 acres in the southeast portion of the site. The Port also has contemplated land acquisitions adjacent to current holdings to potentially build additional development buildings to encourage business growth and expansion.

4.4 Spaulding Business Park

This property is ideally suited for professional, medical, office, and retail businesses and substantial development has already occurred. Challenges to this development include the need for a buffer between aging residential properties, transition properties, and new professional businesses. Also, the surrounding properties have been subject to inconsistent development standards.

Georgia Street improvements, upgraded landscaping and signage improvements on the property have recently been completed; all that remains is review and revision of Spaulding and Island View street lighting. The Port will continue to market available properties and will revise covenants to ensure the Park maintains a focus on medical, professional, and office uses. The Port has contemplated acquisitions adjacent to or in close proximity to the Spaulding Business Park to continue building upon the successes of the past decade.

4.5 Vista Field Airport and Industrial Area

The Port has many plans for Vista Field Airport and surrounding industrial area as described in the recently adopted 2011 Master Plan (JUB 2011). This development is contingent on private sector investment of at least \$10 million in the next several years. With limited Port funding available for improvements, the Airport must depend heavily on available State airport grant funding and significant local private and public partnerships that will also be important to implement this plan and complete the projects identified.

Market the Verizon industrial parcel as a 10-acre development site. Maintain Vista Field Development Buildings A (30,250 square feet) and B (14,400 square feet), and based upon market conditions, increase building B square footage.

On the airport is the Fixed Base Operations building (6,600 square feet) and two corporate hangars (4,500 square feet each). The Airport Master Plan calls for removal and reconstruction of three older hangars and construction of new hangars farther away from the runway centerline, as private sector investments in new hangars occur.

In addition to these plans, the Port has outlined the following management plan for the airport and industrial area:

- Continue to solicit leads for available hangar space.
- Provide infrastructure improvements in conjunction with private sector development as identified in the 2011 Vista Field Master Plan.
- Develop contract with FBO operator and complete FBO improvements.
- Apply for state aviation grants as appropriate.
- Continue cooperative development efforts with the City of Kennewick to support the surrounding Three Rivers Entertainment District.
- Market the available parcels, and the 10-acre Verizon industrial site.
- Construct additional development building space based upon market conditions.
- Revisit Vista Field closure and redevelopment question by 2022 if private sector investments outlined in the 2011 Vista Field Master Plan are not being realized.

4.6 Dickerson “Southridge” Property

The Port recently sold 154 acres to a developer. In light of the property’s adjacency to Southridge High School, and existing and planned higher-end residential and commercial development, land use and zoning in this area could be modified. The Port intends to hold the 8.5 acres for up to ten years to allow additional development to occur, and then plans to divest to further support development in the area. Market conditions will be assessed approximately every three years.

4.7 Finley, Hedges, and Twin Tracks

Based on the evaluation in this Comprehensive Scheme Update, the Port plans to sell all the properties in this area, except for the Twin Tracks property where Gunderson Rail is located. The Twin Tracks property will be held for at least the next 10 years. For the Finley North, South and Hedges parcels, these properties will be made available for sale in the near future,

with the potential of some larger parcels being held up to five years before divesting. The Port will continue partnering with Benton County for Piert Road Extension, if this road project moves forward.

The current economic trends for industrial development, parcel configurations, and lack of utilities and infrastructure put these properties at a substantial disadvantage compared to other industrial properties in the region. Extensive and costly capital improvements would be necessary to make these properties competitive with other local properties.

4.8 Plymouth

The Port will divest of the Plymouth area properties. The Port will pursue divesting of the Plymouth Island property to an organization acceptable to Native American tribes for permanent protection of cultural and natural resources, and to provide for continued public recreation opportunities.

4.9 West Richland

The Port will continue development of the Red Mountain Center. Lot 3 (a 1-acre middle parcel) will be marketed and Lot 4 (a rear 1-acre parcel) will be held as a future development building site. For one of these two 1-acre sites, the Port is considering constructing an approximately 12,000-square-foot business development building with three or four bays of flexible space for location, relocation, and the start-up of businesses in West Richland, with a strong emphasis on businesses supporting the wine industry. The interior parcel could be jointly marketed by the Port and the City of Kennewick to attract uses complementary to the existing winery and distiller and the adjacent Red Mountain AVA.

The Port will continue to hold the “Tri-Cities Racetrack” 92-acre parcel for up to ten years, with a re-evaluation of conditions approximately every 3 years. If expansion of the UGA and provision of water and sewer services proves untenable, then the Port will sell the property and look for other development opportunities in the western part of the District.

5 CAPITAL IMPROVEMENTS AND EVALUATING FUTURE OPPORTUNITIES

Section 5.1 includes a summary of capital improvements and anticipated timing, and Section 5.2 contains best practices for evaluating future investment opportunities.

5.1 Capital Improvement Plans

Table 11 is a brief summary of currently planned capital improvements at the various Port-owned properties. This should not be considered a comprehensive list of improvements. The extent of funding available for capital improvements varies substantially from year to year and depends upon multiple sources of funds for implementation. The outside sources of revenue include grant funds from the state and federal government, local partnering agencies' contributions for economic development, and private contributions. These outside revenues, when combined with the annual revenue available to the Port from property tax collections for Port purposes, lease and sales revenue of Port properties, and interest on investments less Port annual operating expenses, provide the funds for capital improvements.

Specific improvements at all sites are evaluated annually. The evaluation process includes but is not limited to the following:

- The extent of available funding.
- Port priorities based upon public input and goals.
- Interest expressed and extent of partnering offered by others.
- Economic development potential the improvements may provide.

Table 10. Capital Improvements at Port Property

Property	Description of Capital Improvement & Outlay Plan (Existing Port Properties)	Timing (years)		
		0 – 5	6 – 10	10 – 20
Clover Island ¹	3,500-foot-long Pathway with 1,200-foot-long structured boardwalk	X		
	Viewpoints (east and west)	X		
	Pedestrian improvements	X		
	Interpretive center (in the “Notch”)	X		
	Retail area (design and site preparation only)	X		
	Boat launch parking lot and restrooms	X		
	Riverboat feasibility study	X		
Columbia Drive Urban Revitalization Area	Removal of buildings	X		
	Site grading and infrastructure improvements	X		
	Duffy’s Pond dredging and lookout	X		
Oak Street	Former Joe Schmidt Building improvements	X		
	Remove structures and extend road and utilities to southeast 12 acres of site		X	
	Additional land acquisitions		X	
Spaulding Business Park	Revise Spaulding and Island View street lighting	X		
	Additional land acquisitions	X		
Vista Field Airport ² (in conjunction with private development)	Fence relocation	X		
	FBO building rehab	X		
	Infrastructure improvements (related to potential land sales)	X		
	Remove hangars		X ³	
Dickerson Industrial Park “Southridge”	No improvements planned. Property to be held for future development opportunity.	N/A	N/A	N/A
Finley, Hedges, and Twin Tracks	No improvements planned.	N/A	N/A	N/A
Plymouth	No improvements planned.	N/A	N/A	N/A
West Richland	Construct 15,000-square foot business development building	X		
	Improve access into former racetrack property	X		

Notes:

- 1 The source of capital improvement projects listed above for Clover Island is the 2005 Master Plan (Makers 2005) and associated updates.
 - 2 The source of the capital improvement projects listed above for the Vista Field Airport is the 2011 Vista Field Master Plan (JUB Engineers 2011). The list above does not include projects related specifically to the maintenance and improvement of the runway and taxi-lanes. Refer to Table 7.1 in the 2011 Vista Field Master Plan for a complete list of projects.
 - 3 Contingent on private sector investment in new hangars.
- N/A Not Applicable

5.2 Best Practices for Evaluating Future Investment Opportunities

As the Port considers future investment opportunities, it should look to perform the following activities prior to making a decision. Completing the following steps can help inform deliberations for potential investment decisions:

- Evaluate fit of the potential acquisition with the Port's overall business lines and mission.
- Perform a market evaluation.
- Develop ROI analysis.

Each of these topics is explored in more detail in subsections 5.2.1 through 5.2.3.

5.2.1 Acquisition Fit with Port Mission

The Port should evaluate the potential acquisition's fit with the Port's overall mission and business lines. Project expected performance in terms of job creation, leveraging additional public and private sector investments, addressing identified economic development needs that might not otherwise be provided by the private sector, and improvements to quality of life will be important considerations.

Each potential investment should also be evaluated in light of existing market conditions, and analysis should be conducted related to return on investment and cash flow, as discussed further below. Acquiring a property without an identified investment and revenue plan can lead to overextension of debt or a significant reduction in reserves. If too many high investment, low revenue return opportunities are pursued, this can lead to cash flow shortfalls and an inability to invest when other opportunities arise.

5.2.2 Perform Market Evaluation

The Port should evaluate market conditions associated with a proposal before moving forward. This evaluation should be done discretely, with assistance from the local brokerage community. The Port should consider the following items as part of the market evaluation:

- Property location – The property should be located within an area where growth is occurring, or will soon occur, so that the Port may take advantage of the market demand to maximize its revenue stream.
- Purpose – The property should have a specific purpose, either short-term or long-term (e.g., for a specific customer [short-term], or for future development [long term]).
- The property should be affordable to hold for the long term, if applicable.
- Are there other properties the Port can divest itself of (if necessary) in order to acquire the property, so that the cost nets out as a zero cost purchase?
- Is there opportunity for a partnership in the property acquisition? (e.g., the Port acquires the property and one of its partners, either public or private, funds the infrastructure development necessary to make the property of higher value in the short term).
- Are grant dollars available to the Port to assist in the development of the property? The Port has limited resources and availability of grant funding for development is paramount if other partners cannot be secured.

5.2.3 Conduct Return on Investment Analysis on Potential Purchases

The Port should plan on conducting ROI analysis prior to making major investments. This analysis can help the Port determine revenues needed to pay for acquisition and development costs. Risks associated with property acquisition can also be identified and evaluated. This analysis should include the following:

The capital costs associated with the property, including:

- Acquisition costs.
- Non-building improvement costs.
- Construction costs for building(s).
- Interest rate on borrowed capital.

Potential revenues generated from the property, including:

- Rent of facilities.
- Any other revenues generated (e.g., lease of water rights, grants, or partnership revenues).

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APPENDIX A
MEETING SUMMARY FROM CITY AND
COUNTIES

MEMORANDUM

To:	Larry Peterson, Port of Kennewick	Date:	July 27, 2010
From:	Ben Floyd, Anchor QEA	Project:	100691-01.01
Cc:	Jim Hagar and Mike Murray, HDR		
Re:	Comprehensive Scheme Update – Summary Notes from Meetings with Public Partners		

The Port is in the process of updating its comprehensive scheme, which will guide Port investment and development activities for the next 20 years. As an early step in this process, Port staff (Larry Peterson) and consultant team members (Anchor QEA – Ben Floyd and HDR – Jim Hagar) met with City and County representatives. The purpose for these meetings was to obtain input on potential Port development goals and opportunities in the Port service area within each jurisdiction (Benton City, Benton County, Kennewick, Richland and West Richland).

In preparing for the meetings held on July 20, the Port requested each jurisdiction be prepared to address:

1. What near-term (within next 5 years) and long-term (more than 6 years) development opportunities do you believe are present in the Port's service area within your jurisdiction that the Port could support as a potential partner? What market indicators or evidence support these opportunities, including private development support?
2. What roles do you think the Port could play in supporting development opportunities? Some potential roles include letters of support, in-kind support, business recruitment assistance, minor funding partner or major funding partner.

As background information, the Port also provided its 2010 Work Plan approved by the Port Commission in March. This document identifies the Port District boundary, recent accomplishments, and an assessment for each existing port property. At the meetings the Port also shared a revenue and expense summary (Attachment A to this memorandum).

The summary matrix provided below (Table 1) captures the input provided by each jurisdiction.

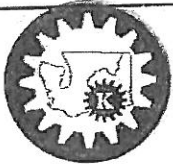
Table 1. Public Partners Meeting Summaries

Discussion Items	Jurisdiction				
	Benton City (Mayor Carnahan and I-82 Southeast Development Area. Potential for commercial and light industrial. Land ownership is KID and DNR. City has \$400K financial investment in infrastructure and site ownership.	Benton County (Adam Fyall)	Kennewick (Jeff Kossow)	Richland (Gary Ballew)	West Richland (Ruth Swain) -
#1 Development Opportunity		No specific #1 development opportunity. Focus on preserving assets and industrial lands in the County. Maintain a diverse portfolio.	No specific #1 development opportunity. The City would like to continue to see emphasis on development opportunities that provide family wage jobs in the Port service area. Kennewick retail benefits from regional development.	Badger Mtn South <ul style="list-style-type: none"> City providing financial support Long-term investment Needs infrastructure to develop 	SR 224 and Keene Road (Four Corners – Red Mtn. Center) <ul style="list-style-type: none"> Acquire Property Construct 20,000 Sq. Ft. Incubator (Hasn't been formally approved yet by council. Financial commitment by City uncertain)
Other Development Priorities	None within Port District	<ul style="list-style-type: none"> Vista Field – support it and current development plans Continue to implement plans for other properties such as Bridge to bridge, river to rail project Finley – maintain assets and most promising industrial lands Plymouth – community would like a park 	<p>Discuss several ongoing and also one future potential development opportunity:</p> <ul style="list-style-type: none"> Bridge to bridge, river to rail project, including Clover Island Vista Field Potential for new warehousing and distribution center on lands south of I-82/SR 395 Interchange or by Locust Grove I-82 Interchange that 	<p>2. Island View</p> <p>3. Orchard property (currently owned by DNR)</p> <p>4. Columbia Park west</p>	<p>2. Riverfront north of Van Giesen (East)</p> <p>3. Race track (if comes into UGA) and Belmont properties</p>

		• Red Mtn. -	could service PNW large cities		
Assistance Port Could Potentially Provide	<ul style="list-style-type: none"> Assistance with master planning and marketing for the I-82 site Possible intermediary for purchasing land from DNR if city finds private buyer 	Port is a good partner and doing good work!	Nothing additional specified	<ul style="list-style-type: none"> Take ownership of land in Wine Village area Develop business development facility to support winery related businesses Participate in extending infrastructure to serve development areas 	<ul style="list-style-type: none"> Support master planning for proposed UGA expansion along corridor to desired new I-82 Interchange Planning support for Van Giesen Support in recruitment of wine/tourism industry, marketing materials and implementing development plans
Other	<p>City provided:</p> <ul style="list-style-type: none"> 1 pg handout of 82 Economic Impact Copy of I-82 Interchange Economic Impact Analysis Copy of Economic Development Strategic Plan 	Rural County Capital Fund – resources in fund may be held in reserve for a time	Jeff may follow up with additional information	City has substantial industrial land available at \$.50 – \$1/sq.ft. Land includes road, rail and all utilities. Selling 25 – 50 acres per year. Long-term marketing focus and commitment to develop industrial lands.	<p>City provided:</p> <ul style="list-style-type: none"> 1 pg handout of priorities Economic Development Plan Map of Red Mtn Center and pending UGA expansion

APPENDIX B

PUBLIC MEETING SUMMARY



AGENDA REPORT

TO: Port Commission

FROM: Larry Peterson, Director of Planning & Development

MEETING DATE: November 8, 2011

AGENDA ITEM: Comprehensive Scheme of Development - Public Hearing

I. REFERENCES:
Public Open House comments from October 25, 2011 and November 1, 2011

II. FISCAL IMPACT: None.

III. DISCUSSION: State Law (RCW 53.20) requires port districts to have a Comprehensive Scheme of Development and Harbor Improvements (Comp Scheme) and capital expenditures must be consistent with the Comp Scheme. The Port of Kennewick's Comp Scheme dates to 1955 with a series of updates to grant additional authority to undertake a variety of actions. Although legally sufficient, these series of documents provide authority but little direction.

The Port engaged the services of Anchor QEA & HDR Engineering to assist with updating the Comp Scheme. Input from our jurisdiction partners (Benton County, Cities of Benton City, Kennewick, Richland & West Richland) was received in the early stage of the process. Jim Hagar of HDR (Vista Field Economic Impacts & Wine Incubator Study) was in charge of preparing the economic elements of the Comp Scheme, which is the foundation of the document.

This draft document was presented to the Commission on October 11, 2011, at which time the Commission directed staff to route the Comp Scheme for comment. The document was posted on the Port's website, emailed to our development partners (Benton County, Cities of Benton City, Kennewick, Richland, West Richland & TRIDEC) and two well advertised nighttime Public Open Houses (10/25 @ TRIDEC & 11/1 @ Port office) were held to gather public input.

The public hearing provides a formal opportunity to receive input on the draft Comp Scheme. It is anticipated that following closure of the hearing the Commission will have questions for staff or the consultant. Desired outcome following the hearing would be Commission direction to staff on desired changes to the document and the Commission selecting one of the three draft scenarios as the Preferred Scenario. This selection could be accomplished by either vote or consensus. On November 22, 2011 the Comp Scheme, revised as directed, will be presented to the Commission for formal consideration and adoption via Resolution.

V. ACTION REQUESTED OF COMMISSION:
Conduct the Public Hearing and upon closure of the hearing, select one of the three draft scenarios as the Preferred Scenario.

Comp Scheme of Development and Harbor Improvements
Open House 10.25.11
Public Comments/Notes

Two people attended the first open house and were interested in learning more about the Plymouth area and the island, and the Port's ownership in that area. Discussed island's potential as for mitigation banking or tribal interest/partnerships for protection.

Larry discussed Comp Scheme options: Do nothing; middle of the road with some divesting, and stay the course on most; or radically divest and find 'new opportunities' for the port's focus.

Participant mentioned City Kennewick Mayor Steve Young campaigning on urban growth boundary expansion to allow Kennewick to grow and cover the flatland area to the south.

Participants agreed that Larry's analysis was correct on Finley, residential has moved in and industrial use envisioned in 50s/60s is no longer the focus or potential for the port.

However, participant mentioned that with the new interstate creating access for that area, on page 51 of the Comp Scheme he felt that needed to be changed since Finley does have transportation access. Hedges property is still remote so that is a negative for that area. Larry agreed and port will adjust that page.

Discussion ensued about issues with barging and rail and over-built/under-utilized capacities that already exist in the region.

Participant asked if the property was divested by the Port, who would it go to, who would be interested? Larry discussed ag/farm use and buffer to industrial property. Participant suggested offering to other economic development entities, e.g., PUDs for substations as one possibility.

Discussed Clover Island, Duffy's Pond/Columbia Drive areas, participants felt that those areas should remain an emphasis for the Port; good job on work being done there; high potential areas so shouldn't give up on those in the Comp Plan.

Participants and staff discussed affordable housing in the region.

Participants discussed the West Richland properties and Red Mountain/wine region; felt that the port should hold the raceway for future development.

Participant suggested that the Vista Field section, on page 5 where it talks about the widening of runways, should be changed to lengthening of runways. Larry agreed and this will be changed.

Open House 10.25.11

Page 2

Participant felt that in reading the comp scheme document, that the tone was different in the Vista Field section than other parts of the document. Stated that it may be his sensitivity, but thought it was bordering on "we don't know if this will work or not."

Participant asked regarding page 59, and the Vista Field Long Term box, regarding the "revisit closure and divest if private sector investment not met by 2021" that should read 2022 instead of 2021 for the 10 year plan since this is being adopted so late in 2011. And on that page also 2016 should read 2017 in the far right long-term box. Discussion ensued regarding: potential build out of T-hangars and anticipated use/demand, building as a group of six at a time; future and potential tenants/tenant needs; replacement of historic hangars/timing; moving of the fence/trying to change as demand not 'guessing' and having to redo investments; AWOS system and other items that are contained within the Vista Field master plan. Participants felt an AWOS system would assist with tenant use and attract new users/businesses to airport; AWOS System likely would cost \$80,000 to purchase/install, that doesn't consider ongoing maintenance costs.

One participant felt that an airport is an essential, basic transportation infrastructure; that it would likely always, and most do require some cash infusion, but they are a direct and indirect benefit to the public.

Participant asked if on page 61, the yellow paragraph be changed to title 2012 Comp Scheme. Larry responded that since it is anticipated to be adopted in 2011 are using 2011 Comp Scheme as title; if Commission receives feedback and wants a major rewrite, it could be delayed and would consider changing at that time, but for now 2011 is correct.

Open House concluded at 8:30 p.m.

Comp Scheme of Development and Harbor Improvements

Open House 11.1.11

Public Comments/Notes

Open House began at 6:30p.m. Five people attended the second open house and were interested in learning more about the Port's ownership throughout the district, as well as the options being considered for the Comp Plan.

Larry gave some background on the history of the Port and the Comp Plan and the where/why/how we've gotten to this point with Port ownership of assets and the diverse numbers of business lines the Port is now engaged with: Marina; Waterfront Redevelopment; Heavy Industrial/Rail; Business Incubator Buildings; Land Development; Aviation (Vista Field); Wine Industry; Holding property long term/Green Spaces/Green Fields. Larry discussed Comp Scheme options: Do nothing; middle of the road with some divesting, and stay the course on most; or radically divest and find 'new opportunities' for the port's focus.

Port is looking at its capacity and overall objectives and market conditions. The Comp Plan does incorporate the new Vista Field Master Plan and the Clover Island Master Plan with updates.

Larry explained there are about 125,000 people in the Ports District (124,722).

One Participant indicated that she was pleased with what's been happening on the island and the Port's work to develop the trail and artwork and other properties on Clover Island and the near shore area—the old trailer park.

Larry explained that the island improvements are continuing, with the Cedars parking lot improvements underway now; a stainless steel propeller (salvaged from west-side ship yard) is going in with the landscaping out front of the restaurant, and the paving and new lighting and landscaping will be done by end of the month. Bits were salvaged too, and installed last year along the south side of the island/marina cove parking lot. Larry also shared that the Port had recently applied a milfoil treatment in the marina harbor and boat launch areas and asked one participant to share that information with the Clover Island Yacht Club at their board meeting later that evening; she said she would.

Participant said that while she didn't know if the proposed parking, and rest room improvements at the boat launch were the best use of that area, she felt it was a good idea in that it would keep the area clean and better used. She'll also share these plans with the Clover Island Yacht Club board and ask for their input on the proposed boat launch improvements.

Larry asked about Columbia Drive: participants felt the Port is on the right track with that area; and commented that they appreciated the Port's leadership; all positive, lots more people using Clover Island and the walkway is gorgeous; would like to see that kind of development extend into the Columbia Drive/Duffy's Pond/downtown area.

One Participant asked if there have been any studies done to indicate how many people are using the island. Any traffic studies or physical counts? Larry said no, and that might be kind of hard to get an accurate count, but it could be done. Participant said really his question was to get at that, given then size of the Port's staff and budget and resources, he feels there are too many competing projects; and he wonders how many citizens are using the island vs. how many people use the Vista Field Airport each day.

Participant also asked about the riverboat and what is the Port doing on that project. Larry answered the Port is working on the design and permitting for the over-water shading and negotiating acceptable mitigation conditions. Feasibility study was backed away from; Port didn't have the funding to buy and rehab and operate and maintain the vessel at the price the Tribe was asking for the Tacoma riverboat. Port is focused on the walkway and dock and the mitigation for shading, and trying to get permitting/permission for the dock/walkway as a necessity for any future Port or private investment in a riverboat.

Participants all agreed that the plans and undertakings for Clover Island were worth pursuing.

Larry talked about the work window for salmon and the new requirements and shade ratios for mitigation.

Participant then asked about the Ice Harbor outdoor floating restaurant dock. Larry indicated that this is in the draft budget at \$135,000 and is awaiting Commission adoption; there are companies that can build it, but it requires working through insurance and permitting issues too. Participants liked this option and felt it was worth continued focus.

Participant said it is troublesome sometimes to think that the ports locally are competing for the same business; asked if our plan is coordinated with Port of Pasco and Port of Benton. Larry stated that yes, our comp plan considers Ports of Pasco, Benton and Walla Walla too since they are very close to our area. We looked at all three other ports to see what their strengths and weaknesses are and where the Port of Kennewick might have an advantage; looked at market capacities and the individual ports' capabilities—there are only finite number of dollars to invest, and that maybe it is best to focus on areas that don't duplicate other existing investments when those capacities are idle (e.g. barging and rail). Participant asked specifically about the rail and if rail use is down as stated in our comp plan, Larry explained the extensive rail capacities at other ports, and

those within the Port of Kennewick's holdings; some make sense to continue, other rails areas it may make more sense to divest. Larry also discussed barge capacities at other regional ports.

Participant asked for clarification about the Financials on page 7 & 8, does that mean the \$1.3 million is profit? Larry indicated that yes, \$1.3m is the amount the Port has to 'play with'.

Participant said he is supportive of Scenario #2 option. His reasons are there is a really broad spectrum of activities the Port is now involved with, and the Port has limited staff and limited budget; by shrinking the focus and getting rid of some stuff allows Port to put energies on those activities where it can best put resources for the benefit of the public. The Columbia Drive and Clover Island project areas are the ones that are near and dear to his heart; he's hoping the city will get more involved.

Participant then asked regarding the City's of Kennewick's Bridge to Bridge, River to Railroad plan, the updated one. Larry said that the Port asked the City to put that plan on hold, until the Port could, in cooperation with City, complete the Willows Pattern Language and determine what the zoning and other use requirements would be, so that the final B2B,R2R plan presented to city for adoption would incorporate those things necessary to enable the success of the Willows and Columbia Drive development. The City is waiting for the Port's input so it can adopt what will work for both City and Port. Participant stated he doesn't want this to take so long that it is dated and no longer relevant/of any use. Also, asked if the B2B,R2R plan will incorporate the Port's Arculus conceptual plan. Larry said yes.

Participant asked about the City's HUD Section 108 funding and if those funds are available or will be used for Columbia Drive. Larry said that has been an ongoing discussion with the City and there may be an opportunity to assist the Columbia Drive/Willows area through that funding process, but that hasn't been determined just yet; looking at all the ways the City could support/assist with redevelopment of that area.

Participant referred to Page 16 of the draft plan and the statement regarding the Vista Field property; wants to reinforce the last sentence—"therefore Port would not be called to fund significant capital improvements at the Airport." Asked is that still the case. Larry answered yes, the Comp Plan includes the Vista Field Master Plan as it was recently adopted by the Commission, and that language remains; with the exception that there was some early, front-loading of investment by the Port for capital projects at the Airport related to land sales; then after that, it drops to \$50/\$60k per year and port is sticking to that plan as adopted by Commission.

Participant stated that walking around Clover Island, if the Port plays its cards right, this could be one of the most valuable properties in the region as the Port continues the planned improvements; Port needs to think about parking—lots of parking lots now, look at shuttle parking or stacked parking; understands that development needs some parking, but wants Port to think about how to do that—too much parking already in his mind.

Larry stated that the Port is aware of the parking issue, and already looking at options. Looked at “dressing up” a parking garage, or stacking the parking, or digging down to allow underground parking, with the dirt removed, being used to gradually incline to a raised “ground floor.” With a three-story parking garage we’d likely lose some of the island’s ‘scale’. We need some parking, but looking at valet options, shuttles lots, requiring ‘workers’ to park offsite (right now about 1/4 or 1/3 of island parking taken up by one-per-vehicle workers’ cars). Looked at idea of multiple trolleys mid-May to September, not just to downtown, maybe to other areas of Tri-Cities from Clover Island; Port is open to suggestions. Participant suggested maybe could look at Peddle Cabs like you see in Seattle/big cities.

Participant strongly endorsed Scenario #2; redouble efforts on those items in #2, handle what we can and release others; get city more involved.

Larry asked about the West Richland Race Track. Participants felt this was worth holding long-term; understand this is a strange situation with the City’s UGA.

Larry asked about the Plymouth area. Participants discussed if the Port could sell or develop this area. Larry explained the cultural resources issues, and Tribal relationship Port is working to foster/strengthen; that perhaps this could be a mitigation area; that the holding costs area low. Participants felt this made sense for this area, and maybe divesting the upland area is best.

Larry asked for final statements. Participant stated he is still concerned regarding Vista Field being “all hat and no cattle;” lots of talk and investment, but no results; feels strongly that the Port should have deadlines and continually revisiting those deadlines in the planning process is good for public assurance.

Participants continued with general questions regarding the Vista Field Master Plan, and other elements of the Port’s proposed Comp Plan options, and asked if the Commission would adopt one of these Scenarios as suggested, or if they will mix and match them to come up with something else. Larry said that remains to be seen.

Consensus of those present was that the Scenario #2 was the favored option as presented.

Participants done with comments and feedback regarding Comp Plan scenarios. However, general visiting and review of the boards and photos continued until 8:40p.m, including a question regarding aviation grant, a statement regarding the importance of an FBO, and a question regarding where Port staff were at with the FBO contract.

Open House concluded at 8:45 p.m.

APPENDIX C

SCENARIOS SUMMARY

Scenario 1 – Maintain Current Portfolio and Development Plans

Under this scenario, the Port would maintain its current portfolio and broad array of development opportunities geographically dispersed within the Port District including heavy industry with and without rail, light industry business development (east and west Kennewick, and West Richland), mixed use commercial on Clover Island, Spaulding Business Park and Columbia Drive in downtown Kennewick (redevelopment), and continued operation of the Vista Field Airport and rail lines in the Kennewick downtown area.

The Port would implement existing development plans for Port-owned properties. The Port would make investments at Oak Street to improve Port-owned land for future development. The Port would complete build-out at the Spaulding Business Park. Also, the Port would build a development building at its West Richland site and establish a development strategy for the racetrack property, and wait for UGA issues to be resolved. Work would continue on the Clover Island development plan consistent with the 2005 master plan and associated updates, including improving public access, designing a retail area, and pursuing other feasible near-term development opportunities. At Vista Field, the Port would implement the 2011 Vista Field Master Plan, implementing projects as triggered by private sector investments. For Columbia Drive, the Port would demolish buildings that would not be redeveloped, establish redevelopment covenants for these properties, and begin constructing development buildings to lease out to commercial users. The Port would also continue to hold its heavy industrial properties for development opportunities; the Port would continue its current practice of not investing in improvements on heavy industrial properties without a tenant-in-hand.

Pros

- Having a diverse range of property types allows the Port to serve a wider range of potential users. Multiple property types, ranging from heavy industrial to commercial, provide the Port flexibility in fielding potential offers from a variety of potential developments.
- The Port is acting as a catalyst for encouraging redevelopment of areas.
- The Port has ongoing efforts in most of the geographic areas within the district.
- Some Port properties are within the stronger growing geographic areas within the district, allowing the Port to support growth and development in these areas.

- Holding costs are low on many properties (e.g., the Plymouth site).

Cons

- Having a wide range of properties limits the Port's ability to focus on and invest in targeted growth opportunities. Resources are spread thin.
- Having significant operations and maintenance resources dedicated to so many different types of properties that provide limited cash flow inhibits the Port's ability to make investments in existing properties and/or future opportunities.
- Isolated industrial properties require stand-alone systems to support development, resulting in higher development costs per site, and reduced opportunity for economies of scale. The industrial land the Port owns in Finley and Plymouth is at a significant market disadvantage when compared to other industrial properties in the region. Industrial land within cities and Burbank are served by water and sewer (except Burbank) and rail is plentiful (several hundred acres available), and prices range from \$0.50 to 1.00 per square foot for superior property (Appendix A). Development costs are expected to be an additional \$6 to 8 per square foot in building costs in the unincorporated area when compared to similar development costs within cities (HDR 2011). The costs are high to prepare rail served properties to capitalize on potential rail development opportunities. For example, to prepare the Twin Tracks site for a potential rail loop or trans-load facility would require an estimated \$5 to 10 million on grade crossings, and adjustments to the rail lines to comply with current UP or BNSF rail loop standards and associated market opportunities. Plymouth would require a similar investment, and costs would likely be in the range of \$3 to 5 million.

Risks

- Too many business lines can limit operating revenues and the Port's ability to focus on promising market opportunities.
 - Development expectations may not be met, tying up Port resources for an indefinite period with existing initiatives (e.g., Columbia Drive redevelopment could take longer to materialize than may be anticipated).
 - May require tax increase in future to maintain existing service levels and achieve
-

property-specific development goals.

Scenario 2 – Partial Divestment and Slightly Adjust Development Plans

Under this scenario, the Port would maintain a broad array of development opportunities within the Port District, but also divest select properties in Finley and Hedges, and the Plymouth property, and other rail properties. The Twin Tracks property in Finley would be the only rail property that the Port would retain. Over the next several years, resources would be focused on completing existing projects and developing existing properties, as described in Scenario 1. Vista Field master plan implementation would continue as triggered by private sector investments. Revisit Vista Field closure and divestiture question in 2021 if private sector investments are not being realized.

As current projects are completed and revenue begins to be generated from these investments, the Port would evaluate and select one new investment opportunity area in the western side of the District. Depending upon development progress, this opportunity could be identified within the next 3 to 5 years, with implementation beginning in 7 to 10 years. Potential opportunities would be solicited from development partners, be based upon market opportunities, and be evaluated through a business planning and ROI analysis process as described in Section 5.2 of the scheme document.

Pros

- The Port would continue with many of its current initiatives, but also potentially transition out of certain properties with limited near-term development potential.
- Divestment of large industrial properties would provide the Port with additional capital for other development opportunities at both existing sites and one potential future site.
- Divestment may also alleviate Port cash flow issues and allow for additional investment, which presents an opportunity to improve long-term cash flow through new leases.
- Maintaining a presence with at least one major heavy industrial site allows the Port to pursue potential development opportunities that may occur in the region related to alternative energy development or other types of heavy industrial development.
- Maintaining ownership of at least one rail served property would allow the Port to

pursue development of rail at a future time if desired.

- Service would continue to existing geographic areas in the District, with an emphasis for a new opportunity in the western part of the Port boundary.

Cons

- The Port would not be relieved of all rail operations and maintenance costs.
- Selling properties reduces existing development options.
- Development costs associated with new opportunities could be substantial. Costs could include land acquisition, infrastructure development, facilities development, marketing, and holding costs.

Risks

- Existing properties that would be put up for sale may not sell in the desired timeframe.
- Light industrial market opportunities may not materialize as quickly as planned, development costs may be higher than planned, and ROI may not be realized as projected in a business plan.
- The West Richland racetrack may not come into the UGA, and therefore sewer and water system development costs would be higher.
- This option could potentially lead to revisiting the 2010 decision to keep Vista Field Airfield open.

Scenario 3 – Major Divestment and Refocus on New Development Opportunities

Under this scenario, the Port would aggressively rebalance its existing properties portfolio and increase the focus on light industrial development. The Port would divest itself of all properties Finley, Hedges, Plymouth, downtown Kennewick and Columbia Drive, and its vacant Clover Island properties over the next several years. As properties are sold, the Port would refocus its efforts for the future on light industrial business development at Oak Street and West Richland. Vista Field master plan implementation would continue as triggered by private sector investments. Revisit Vista Field closure and divestiture question in 2016 if status if private sector investments are not being made.

Depending upon divestment progress, identify two new opportunity areas: one in the western and the other in the eastern portion of the Port District boundary. Opportunities could be identified within the next 2 to 5 years, with implementation potentially beginning in 5 to 10 years. Potential opportunities would be solicited from development partners, be based upon market opportunities, and be evaluated through a business planning and ROI analysis process as described in Section 5.2.

Pros

- The Port would reduce its overall number of business lines and provide opportunity to increase focus on existing and emerging market opportunities.
- Divestment of large industrial properties would provide the Port with additional capital for other development opportunities at both existing sites and potential future sites, and avoid excess capital outlay to improve industrial properties with limited marketability.
- Divestment would help alleviate Port cash flow issues and allow for additional investment, which presents an opportunity to improve long-term cash flow through new leases more focused on ROI.
- The Port would be relieved of expensive rail operations and maintenance expenses once properties were sold, and avoid future capital expenditures.

Cons

- Selling properties reduces existing development options. The Port would no longer offer multiple rail or potentially rail-served properties, and the Port could potentially also transition out of the mixed-use commercial market.
 - The Port would not complete some of its current projects, such as Columbia Drive and Clover Island; or these developments may take longer to be completed.
 - Development costs associated with new opportunities could be substantial. Costs would include land acquisition, infrastructure development, facilities development, marketing, and holding costs.
 - If light industrial opportunities are pursued, the Tri-Cities region already has several hundred acres of “shovel-ready” light industrial land served with rail and infrastructure.
-

- The Port would no longer be able to offer heavy industrial land to potential users.

Risks

- Existing properties that would be divested may not sell in the desired timeframe, and sale prices may be less than expected.
 - Partners involved with existing developments that the Port would transition out of may be less willing to partner in the future.
 - Light industrial or other market opportunities may not materialize as quickly as planned, development costs may be higher than planned, and ROI may not be realized as projected in a business plan.
 - The West Richland racetrack may not come into the UGA, and therefore sewer and water system development costs would be higher.
 - This option could potentially lead to revisiting the 2010 decision to keep Vista Field Airfield open.
-

Table 10. Scenarios Summary

Property	Market Focus	Scenario 1 – Maintain Current Portfolio and Development Plans			Scenario 2 – Partial Divestment and Slightly Adjust Development Plans			Scenario 3 – Major Divestment and Refocus on New Development Opportunities		
		Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Long Term
Clover Island Parcels: 38 Acres: 17	Mixed Use Commercial, Marina	Continue to develop property per plan and pursue near-term opportunities	Complete development of the island per Clover Island Development Plan, build properties and lease to new tenants	Continue to develop property per plan and pursue near-term opportunities	Complete development of the island per Clover Island Master Plan, build properties and lease to new tenants	Complete development of the island per Clover Island Master Plan, build properties and lease to new tenants	Sell or lease island properties and use funds to invest in new properties	Complete development of the island per Clover Island Master Plan, build properties and lease to new tenants	Sell or lease island properties and use funds to invest in new properties	
Columbia Drive Parcels: 10 Acres: 13.17	Mixed Use Commercial, Redevelopment	Demolish or rehabilitate existing buildings and lease out to commercial users	Construct development buildings and lease out to commercial users	Demolish existing buildings and create development standards for new buildings	Divest properties, assist private sector in PPP to spur development of new facilities	Demolish existing buildings and create development standards for new buildings	Divest properties	Demolish existing buildings and create development standards for new buildings	Divest properties	
Oak Street Industrial Parcels: 18 Acres: 64.53	Light and Heavy Industrial	Enhance existing properties as necessary and market to potential users	Strategic, limited property acquisitions, build new infrastructure and expand industrial park to full build-out	Enhance existing properties as necessary and market to potential users	Strategic, limited property acquisitions, build new infrastructure and expand industrial park to full build-out	Enhance existing properties as necessary and market to potential users	Lease existing properties once enhancements are made to industrial users and use revenue to purchase additional properties	Enhance existing properties as necessary and market to potential users	Lease existing properties once enhancements are made to industrial users and use revenue to purchase additional properties	
Spaulding Business Park Parcels: 5 Acres: 8.53	Commercial and Professional Office	Complete development as planned								
Vista Field Airport Parcels: 13 Acres: 125.29	Commercial and Light Industrial	Implement early actions in 2011 Vista Field Master Plan, as triggered by private sector investments	Implement 2011 Vista Field Master Plan projects, as triggered by private sector investments; Revisit closure and divesting question if private sector investments are not met by 2022.	Implement early actions in 2011 Vista Field Master Plan, as triggered by private sector investments	Implement 2011 Vista Field Master Plan projects, as triggered by private sector investments; Revisit closure and divesting question if private sector investments are not met by 2022.	Implement early actions in 2011 Vista Field Master Plan projects, as triggered by private sector investments	Implement 2011 Vista Field Master Plan projects, as triggered by private sector investments; Revisit closure and divesting question if private sector investments are not met by 2022.	Implement early actions in 2011 Vista Field Master Plan projects, as triggered by private sector investments	Implement 2011 Vista Field Master Plan projects, as triggered by private sector investments; Revisit closure and divesting question if private sector investments are not met by 2022.	
Dickerson "Southridge" Parcels: 4 Acres: 8.5	Commercial and Light Industrial - particularly medical focused industrial	Hold for development opportunities in commercial or light industrial arena	Hold property until after hospital built	Reevaluate market conditions every 3 years	Hold up to 10 years while development occurs at Southridge	Divest property and use revenues to fund other projects	Reclaim land previously sold by the Port, if necessary, and hold for proper development in commercial or light industrial with a medical focus	Divest property and use revenues to fund other projects	Reclaim land previously sold by the Port, if necessary, and hold for proper development in commercial or light industrial with a medical focus	
Finley (north and south parcels) Parcels: 15 Acres: 143.8	Warehousing and Industrial - Rail served	Maintain property and work with Benton County to extend Pier Road	Hold and market to heavy industrial users needing rail access	Maintain property and work with Benton County to extend Pier Road	Divest smaller parcels and hold large parcels no longer than 5 years before divesting if no users appear	Maintain property and work with Benton County to extend Pier Road	Divest properties and use revenues to fund other projects	Maintain property and work with Benton County to extend Pier Road	Divest properties and use revenues to fund other projects	
Hedges Parcels: 6 Acres: 70.3 developable acres	Industrial and Warehousing - Rail served and river access	Maintain property and market to heavy industrial users needing river access	Hold and market to heavy industrial users needing river access	Hold and market to heavy industrial users needing river access	Hold property no longer than 5 years for future heavy industrial uses needing river access	Maintain property	Divest properties and use revenues to fund other projects	Maintain property	Divest properties and use revenues to fund other projects	

Appendix C

Property	Market Focus	Scenario 1 – Maintain Current Portfolio and Development Plans		Scenario 2 – Partial Divestment and Slightly Adjust Development Plans		Scenario 3 – Major Divestment and Refocus on New Development Opportunities	
		Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
Twin Tracks Parcels: 10 Acres: 160	Industrial and Warehousing - Dual Rail served	Maintain property and work with Benton County to extend Piert Road	Hold and market to heavy industrial users needing dual rail access	Maintain property and work with Benton County to extend Piert Road	Hold property for at least 10 years for future heavy industrial uses needing dual rail access	Maintain property and work with Benton County to extend Piert Road	Divest properties within 5 to 10 years and use revenues to fund other projects
Plymouth Parcels: 3 Acres: 165.32 developable acres	Heavy and Light Industrial and Warehousing	Hold and market to heavy industrial users needing rail access	Hold and market to heavy industrial users needing rail access	Divest of island property to Native American tribes	Divest properties and use revenues to fund other projects	Divest of island property to Native American tribes	Divest properties and use revenues to fund other projects
West Richland Parcels: 4 Acres: 106.61	Wine Industry, Warehousing and Light Manufacturing	Continue developing Red Mountain Center	Hold pending efforts to include property in West Richland UGA	Continue developing Red Mountain Center	If expansion of UGA or provision of water/sewer proves untenable within 10 years divest and refocus elsewhere. Reevaluate action plan every 3 years	Continue developing Red Mountain Center	Divest of racetrack property if it cannot be included in UGA within next 5 years, and use revenues to fund other projects
New Opportunity	To be determined (TBD) based upon updated market analysis	Do not pursue new opportunities. Periodically re-evaluate position based upon development progress, revenues and opportunities.		Identify opportunity in western portion of the Port District in next 3 – 5 years, in cooperation with development partners, and as revenues from existing projects begin providing resources to pursue new opportunity. Implement in next 7 – 10 years.		Identify opportunities in western and eastern portions of the Port District in next 2 – 5 years, in cooperation with development partners, and as revenues from existing projects begin providing resources to pursue new opportunity. Implement in next 5 – 10 years.	

PORT OF KENNEWICK
Resolution No. 2011-47

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

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

WHEREAS, the Port adopted a Comprehensive Scheme of Development in 1955 which has been substantially amended and altered over the decades to suit the changing economic conditions; and

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

WHEREAS, as required by law, the Board of Commissioners conducted a public hearing on the question of whether or not its Comprehensive Scheme of Development should be updated at a meeting of the Board of Commissioners held in the Commission Chambers of the Port Offices located at 350 Clover Island Drive, Kennewick, WA at 2:00 pm on November 8, 2011; and

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

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

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Commissioners of the Port of Kennewick that after and pursuant to a public hearing held on the 8th day of November 2011, after notice thereof duly given in the manner required by law, the Board of Commissioners of the Port of Kennewick does hereby adopt the Update to the Comprehensive Scheme of Development as identified as "Exhibit 3".

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

ADOPTED by the Board of Commissioners of Port of Kennewick on the 22nd day of November, 2011.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By:


SKIP NOVAKOVICH, President

By:


DAVID HANSON, Vice President

By:


GENE WAGNER, Secretary

LEGAL ADVERTISING INVOICE

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tricityherald.com

VOICE OF THE MID-COLUMBIA
333 W Canal Dr
Kennewick, Washington 99336
PHONE: (509) 582-1500

DATE: 10/30/2011 LEGAL NO. 11-2958

ACCOUNT NO: 1698

DESCRIPTION: 11-2958 COMP S

TIMES: 3 INCHES: 5.66

SOLD TO:

KENNEWICK PORT OF/LEGALS
350 CLOVER ISLAND DR
KENNEWICK WA 99336

PORT OF KENNEWICK

Comp Scheme
Open House &
Public Hearing

PUBLIC NOTICE IS
HEREBY GIVEN that: the
Port will hold two 'Open
House' sessions to discuss
the Comprehensive
Scheme of Development
and Harbor Improvements
(commonly known as the
Comp Scheme) and gain
public input on the ports
existing and future capital
improvement plans; follow-
ing the Open House Ses-
sions, the Port of Ken-
newick Board of Com-
missioners will hold a
Public Hearing to consider
proposed amendments to
its Comprehensive
Scheme.

OPEN HOUSE:

Tuesday,
October 25, 2011 from
7:00 p.m. to 8:30 p.m.
@ Tri-Cities Business &
Visitor Center,
7130 W. Grandridge Blvd.,
Kennewick.

Tuesday,
November 1, 2011 from
6:30 p.m. to 8:00 p.m.
@ Port of Kennewick
Commission Chambers,
350 Clover Island Drive,
Kennewick.

PUBLIC HEARING:

Tuesday,
November 8, 2011,
@ 2:00 p.m.

@ Port of Kennewick
Commission Chambers,
350 Clover Island Drive,
Kennewick.

The public is welcome and
encouraged to attend. A
draft Port of Kennewick
Comprehensive Scheme of
Development and Harbor
Improvements document
can be viewed on the port's
website: www.portofkennewick.org. For
more information, please
call Larry Peterson, Port
Director of Planning and
Development: (509)
586-1186 extension 2.

Notice Dated:
October 12, 2011.
#11-2958, 10/16, 10/23,
10/30/2011

TOTAL \$ 327.07

NOTICE: This is an invoice for legal advertising.

This invoice as no statement will be rendered. Please detach at performance and return

AFFIDAVIT OF PUBLICATION

COUNTY OF BENTON

SS.

STATE OF WASHINGTON

Parker Hodge, being duly sworn, deposes and
says, I am the Legal Clerk of the Tri-City Herald, a daily
newspaper. That said newspaper is a local newspaper and
has been approved as a legal newspaper by order of the
superior court in the county in which it is published and it is
now and has been for more than six months prior to the
date of the publication hereinafter referred to, published
continually as a daily newspaper in Benton County,
Washington. That the attached is a true copy of a/an

11-2958 COMP SCHEME OPEN HO

as it was printed in the regular and entire issue of
the Tri-city Herald and not in a supplement
thereof, ran 3 time(s) commencing
on 10/16/2011, and ending on 10/30/2011,
and that said newspaper was regularly distributed
to its subscribers during all of this period.

Parker Hodge

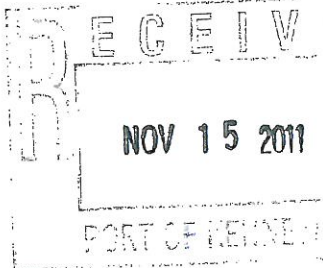
SUBSCRIBED AND SWORN BEFORE ME

THIS 10 Day Of Nov, 2011

Lisa Kathleen Toms

Notary public in and for the State of Washington
residing at Kennewick

COMMISSION EXPIRES 08/27/2012



LEGAL ADVERTISING INVOICE

Tri-City Herald
tricityherald.com

VOICE OF THE MID-COLUMBIA
333 W Canal Dr
Kennewick, Washington 99336
PHONE: (509) 582-1500

DATE: 11/06/2011 LEGAL NO. 11-3026

ACCOUNT NO: 1698

DESCRIPTION: 11-3026 Public

TIMES: 1 INCHES: 1.92

SOLD TO:

KENNEWICK PORT OF/LEGAL
350 CLOVER ISLAND DR
KENNEWICK WA 99336

TOTAL \$ 39.35

NOTICE: This is an invoice for legal advertising space. Please pay from this invoice as no statement will be rendered. Please detach at performance and return.

**PORT OF KENNEWICK
PUBLIC HEARING
NOTICE**

NOTICE IS HEREBY GIVEN that a Public Hearing will be held on Tuesday, November 8, 2011 at 2:00 p.m., or as soon thereafter as possible, in the Commission Chambers at the Port of Kennewick, 350 Clover Island Drive, Kennewick, Washington, to receive statements for and against the port's Comprehensive Scheme of Development and Harbor Improvements (commonly known as Comp Scheme). The public is welcome and encouraged to attend.
#11-3026, 11/06/2011

AFFIDAVIT OF PUBLICATION

COUNTY OF BENTON

SS.

STATE OF WASHINGTON

Parker Hodge, being duly sworn, deposes and says, I am the Legal Clerk of the Tri-City Herald, a daily newspaper. That said newspaper is a local newspaper and has been approved as a legal newspaper by order of the superior court in the county in which it is published and it is now and has been for more than six months prior to the date of the publication hereinafter referred to, published continually as a daily newspaper in Benton County, Washington. That the attached is a true copy of a/an

11-3026 Public Hearing Noti

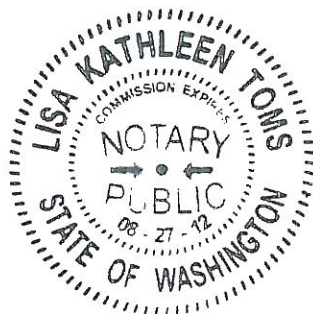
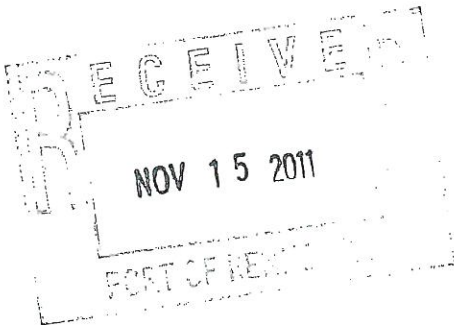
as it was printed in the regular and entire issue of the Tri-city Herald and not in a supplement thereof, ran 1 time(s) commencing on 11/06/2011, and ending on 11/06/2011, and that said newspaper was regularly distributed to its subscribers during all of this period.

Parker Hodge

SUBSCRIBED AND SWORN BEFORE ME
THIS 10 Day Of Nov, 2011

Lisa Kathleen Toms

Notary public in and for the State of Washington
residing at Kennewick
COMMISSION EXPIRES 08/27/2012



PORT OF KENNEWICK COMPREHENSIVE SCHEME UPDATE

Prepared for

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

Prepared by

Anchor QEA, LLC
1060 Jadwin Avenue, Suite 275
Richland, Washington 99352

HDR Engineering, Inc.
2805 Street Andrews Loop, Suite A
Pasco, Washington 99301

November 22, 2011

PORT OF KENNEWICK

Resolution No. 2011-48

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH PACLAND INDUSTRIAL ASSOCIATES, LLC

WHEREAS, Pacland Industrial Associates, LLC (Purchaser), has offered to purchase 37.43 acres for the area graphically depicted on "Exhibit 1" located at the Hedges Peninsula, Benton County, Washington from the Port of Kennewick (Seller) for the of sum of \$220,000.00; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Purchase and Sale Agreement and find it is in proper form and is in the Port's best interest; and

WHEREAS, the Port Commission finds that said property is surplus to the Port's needs and the proposed sale is consistent with all previous Port policies, including its comprehensive scheme of development.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorizes the Port's Executive Director to execute a Purchase and Sale Agreement with Pacland Industrial Associates, LLC in the sum of \$220,000.00 and hereby authorizes the Port's Executive Director to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

BE IT FURTHER RESOLVED that the Port Commission declares that said property is surplus to the Port's needs and the proposed sale as referenced above are consistent with all previous Port policies, including its Comprehensive Scheme of Development.

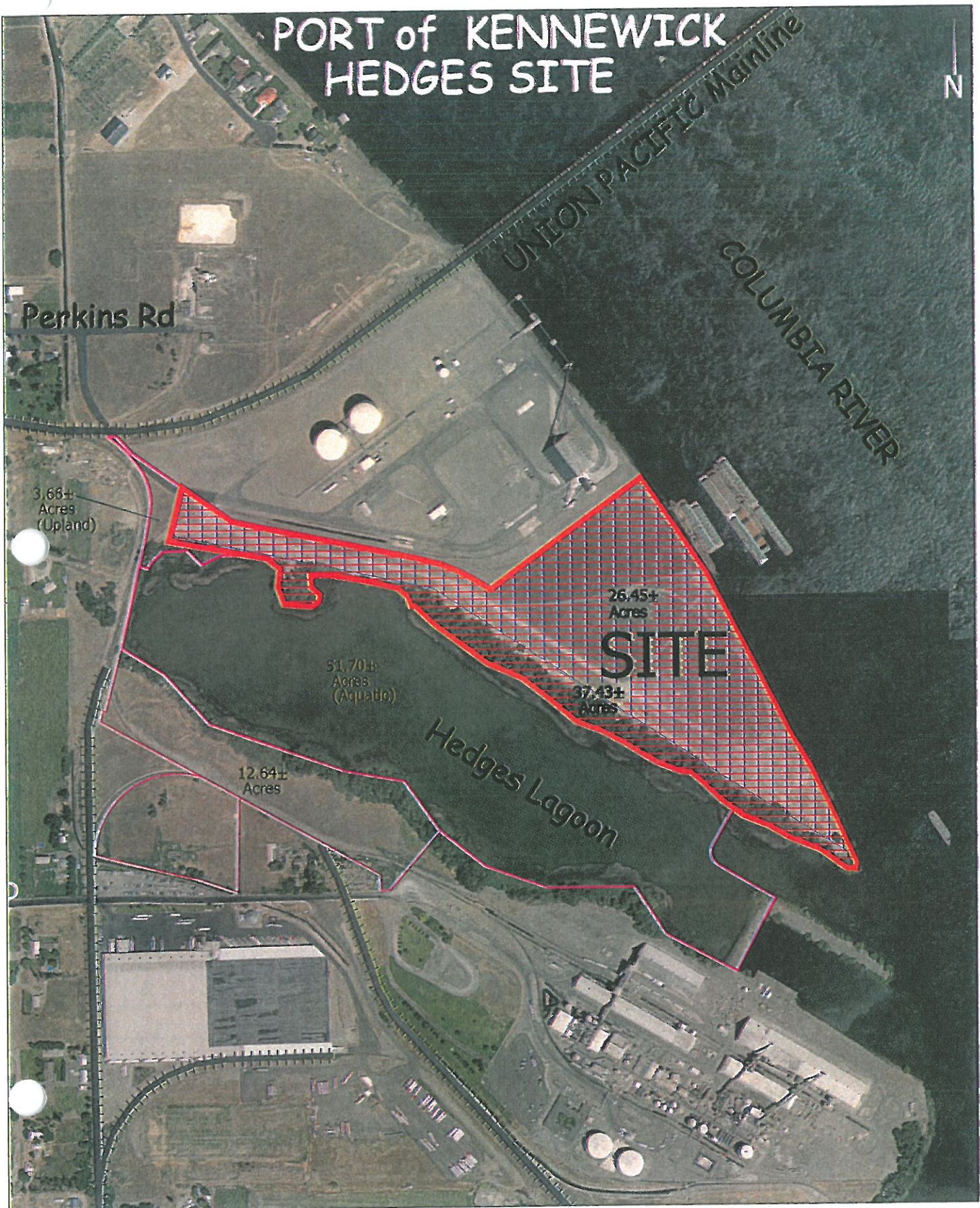
ADOPTED by the Board of Commissioners of the Port of Kennewick on the 22nd day of November, 2011.

PORT of KENNEWICK BOARD of COMMISSIONERS

By: 
SKIP NOVAKOVICH, President

By: 
DAVID HANSON, Vice President

By: 
GENE WAGNER, Secretary



PORT OF KENNEWICK

Resolution No. 2011-49

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A PROPOSAL BY JF ENGINEERING, PLLC, TO PERFORM ENGINEERING DESIGN WORK FOR THE RESTORATION AND ENHANCEMENT OF THE CLOVER ISLAND SHORELINE

WHEREAS, the accepted Clover Island Master Plan identifies shoreline restoration and pathway improvements as activities crucial to the redevelopment of Clover Island; and

WHEREAS, shoreline restoration and bank stabilization activities should proceed upland development projects to realize cost and construction efficiencies; and

WHEREAS, shoreline design and construction activities to date have resulted in the completion of the Clover Island Lighthouse, Gateway and West Causeway improvements; and

WHEREAS, efforts to obtain biddable construction documents for enhancement of the northern and western shoreline of Clover Island, with the intent to construct these improvements is consistent with the Port's Comprehensive Scheme of Development and Harbor Improvements direction to complete planned projects on Clover Island; and

WHEREAS, the JF Engineering PLLC proposal indicates the cost of services will be on a time and expense basis not to exceed \$342,000.00 without further authorization.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick does hereby approve the proposal by JF Engineering, PLLC to perform engineering design work for the Clover Island shoreline restoration and bank stabilization activities in an amount not to exceed \$342,000.00.

BE IT FURTHER RESOLVED that the Executive Director is authorized to sign any contract documents necessary to implement the work of JF Engineering, PLLC.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 22nd day of November, 2011.

PORT OF KENNEWICK BOARD OF COMMISSIONERS

By:


SKIP NOVAKOVICH, President

By:


DAVID HANSON, Vice President

By:


GENE WAGNER, Secretary