

The Governor's proclamation 20-28 regarding the Open Public Meetings Act and Public Records Act temporarily prohibits in-person public attendance at meetings subject to the OPMA.

A GoToMeeting has been arranged to enable the public to listen and make public comments remotely.

To participate remotely, please call-in at: [1-866-899-4679](tel:1-866-899-4679), Access Code: 261-668-493
Or, join on-line at the following link: <https://meet.goto.com/261668493>

AGENDA

Port of Kennewick

Regular Commission Business Meeting

*Port of Kennewick Commission Chambers (via GoToMeeting)
350 Clover Island Drive, Suite 200, Kennewick Washington*

March 22, 2022

2:00 p.m.

I. CALL TO ORDER

II. ANNOUNCEMENTS AND ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. APPROVAL OF AGENDA

V. PUBLIC COMMENT *(Please state your name for the public record)*

VI. CONSENT AGENDA

- A. Approval of Direct Deposit and ePayments Dated March 17, 2022
- B. Approval of Warrant Register Dated March 22, 2022
- C. Approval of Regular Commission Meeting Minutes March 8, 2022

VII. PRESENTATIONS

- A. TRIDEC / Port Partnership, Karl Dye (**TIM**)
- B. COVID Economic Analysis, Professor Kelley Cullen and Dr. Patrick Jones from Eastern Washington University (**TIM**)

VIII. REPORTS, COMMENTS AND DISCUSSION ITEMS

- A. Port Projects and Priorities Briefing Memo (**TIM**)
- B. Commission meetings (formal and informal meetings with groups or individuals)
- C. Non-Scheduled Items
(**LISA/BRIDGETTE/TANA/NICK/LARRY/AMBER/LUCINDA/TIM/KEN/TOM/SKIP**)

IX. PUBLIC COMMENT *(Please state your name for the public record)*

X. EXECUTIVE SESSION *(Ask public if they are staying, and if not, where they can be located if the Executive Session ends early.)*

- A. Potential Litigation, per RCW 42.30.110(1)(i) (**LUCINDA**)

XI. ADJOURNMENT

PLEASE SILENCE ALL NOISE MAKING DEVICES



PORT OF KENNEWICK

REGULAR COMMISSION MEETING

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MARCH 8, 2022 MINUTES

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

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

ANNOUNCEMENTS AND ROLL CALL

The following were present:

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

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

PLEDGE OF ALLEGIANCE

Lisa Schumacher led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

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

PUBLIC COMMENT

Ziad Elshahili, Fortify Holdings. Mr. Elshahili stated Fortify Holdings sent a letter to the Port seeking assignment of the lease and extension, similar to the terms the Port reached with Cedars Restaurant. In return, Fortify Holdings has received a due diligence request from the Port's attorney. Fortify Holdings learned that this is a fairly new Port process that is very extensive. We are working to compile the information and it will take some time to work through. Fortify Holdings has requested to meet with Port staff or the Commission on numerous occasions and have been turned down by all parties. Fortify is looking for guidance or feedback from staff regarding the assignment and requested extension and hope to get something scheduled soon. The Port is requesting a site improvement plan, which outlines how much money will be invested in the building. After discussions with the Port attorney, we learned the current process was an assignment and not an extension. Mr. Elshahili stated it would be impossible to determine the length and money Fortify would invest until we know how long lease can be extended and under what terms. Fortify will continue down the path and gather the requested information and would

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like to meet staff and/or the Commission about the process and understand the angle. Mr. Elsayhili stated full disclosure, Fortify is planning on purchasing the building and keeping it as a hotel. Mr. Elsayhili encouraged the Commission not to pass the proposed Resolution regarding apartments on the island because the Commission has the authority over the uses for the Clover Island Inn as outlined in the lease terms; however, the Resolution would shut the door on future development ideas and investments on the island. Mr. Elsayhili stated Fortify is contemplating offering extended stay or long-term units, and a ban could have an impact on the viability of that and/or any changes in the lease terms, could close the door unnecessarily.

No further comments were made.

CONSENT AGENDA

A. Approval of Direct Deposit and E-Payments Dated March 2, 2022

Direct Deposit and E-Payments totaling \$101,528.72

B. Approval of Warrant Register Dated February 22, 2022

Expense Fund Voucher Number 103581 through 103614 for a grand total of \$76,9340.37

C. Approval of Regular Commission Meeting Minutes February 22, 2022

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

NEW BUSINESS

A. Port and City of Kennewick Memorandum of Understanding

Mr. Arntzen and Marie Mosley, City Manager for the City of Kennewick have met with the Port Commission and the Kennewick City Council to highlight past Port and City projects and discuss the potential of entering into a Memorandum of Understanding (MOU) on a new joint project. Mr. Arntzen and Ms. Mosley would work on a draft MOU outlining potential projects for each elected body to review.

Ms. Mosley and Mr. Arntzen met with City Council on February 22, 2022 and provided background information and history of Vista Field and partnership. Ms. Mosley stated there are several new members on the City Council and she would like to present additional history about the stakeholder input, and the process that led to the City Council adopting the Vista Field Master Plan as well as the development agreement. Ms. Mosley and Mr. Arntzen would like to come up with a priority partnership project that spurs economic development and private development. The Council is very interested in seeing Vista Field move forward and the next step for Ms. Mosley and Mr. Arntzen is to help the Council understand the process and history, such as previous Interlocal Agreements and then help prioritize some of the potential projects to spur private development. Ms. Mosley thanked the Commission for the past partnership and the City is looking forward to a future partnership and the potential utilization of Rural County Capital Funding (RCCF) together, to leverage those dollars in our community.

Mr. Arntzen stated drafting the MOU will be a process and will need to be synthesized with the current Work Plan and current Commission goals and objectives. Mr. Arntzen inquired if the Commission moves forward, do the Work Plan and/or goals and objectives need to be modified

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to incorporate the MOU.

Commissioner Novakovich summarized Mr. Arntzen's comments and stated the Commission needs to look at the following:

- How does the MOU fit into the current Work Plan;
- Should this be considered a goal and objective of the CEO.

Commissioner Hohenberg thanked Mr. Arntzen and Ms. Mosley for the presentation and believes we have several projects that the Port could adapt, which would fit within the current Work Plan and be mutually beneficial to City as well.

Commissioner Moak stated until he sees the proposed projects, he would not be able to decide if it was a higher priority than what is outlined in the Work Plan. Commissioner Moak would like Ms. Mosley and Mr. Arntzen to come up with ideas, cognizant of what the Council and Commission are interested in and see if the projects align.

Commissioner Novakovich inquired how much time will vetting a project and developing an MOU take, and will it take away from current projects in the Work Plan. Commissioner Novakovich reiterated that the Port has limited resources and working on the MOU that benefits the Port and City constituents may take time away from other projects.

Mr. Arntzen stated he is uncertain of how long the process of developing an MOU and vetting projects will take; however, he believes the process itself will take some time and resources away from other projects.

Commissioner Moak thought Ms. Mosley and Mr. Arntzen had some projects in mind when this was presented to the Commission. The Port has a few ideas, such as the Vista Field hangar project and inquired how many more projects do we need to add. Commissioner Moak did not envision spending a lot of time on this if the Commission and Council agreed on a project.

Further discussion commenced between Mr. Arntzen and the Commission regarding the MOU.

Ms. Mosley is happy to work with Mr. Arntzen to come up with some projects and knows the Council is very interested in projects that would help spur private development in Vista Field. Additionally, the Council is interested in an update from Mr. Arntzen or other staff to provide the background on Vista Field for the new members.

The Commission concluded that Mr. Arntzen and Ms. Mosley should move forward on the MOU and focus on a partnership project in Vista Field. If the MOU takes time away from other projects in the Work Plan, the Commission will reshuffle the priorities and reallocate resources and not penalize anyone for not meeting certain requirements.

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PRESENTATION

A. Mid-Biennial Review

Mr. Kooiker presented the 2021-2022 mid-biennial budget review (*Exhibit A*).

Adam Fyall, the sustainable development manager for Benton County, briefed the Commission on the status of the RCCF program.

Commissioner Hohenberg thanked Mr. Kooiker for the great overview and appreciates the fact Mr. Kooiker and Mr. Arntzen are always cognizant of the Port's bottom line and manage the resources that are entrusted to them.

Commission Moak inquired when the Vista Field loan might be paid off.

Mr. Kooiker believes it could be the next biennial budget and would prepare an analysis for the Commission.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Kennewick Waterfront

1. Clover Island Inn Proposal Update

Mr. Arntzen gave a brief history of the Fortify Holdings proposal to purchase the Clover Island Inn and convert the property to micro-apartments. The Port contracted with attorney Taud Hume to complete the due diligence. Mr. Hume has previously assisted the Port with other projects on Clover Island. The Port received a letter from Fortify Holdings representatives, dated February 28, 2022 which indicated new plans to continue to operate as a hotel and not pursue the micro-apartment proposal. Fortify Holdings requested approval of the assignment of the lease from Clover Island Inn hotel group and an extension of the lease for an additional 40-year period. The Port has asked Mr. Hume to work with hotel group to formally start the lease assignment process and to follow up on the due diligence background process with Fortify Holdings.

Mr. Hume outlined the process of assigning the current lease and stated a letter was sent to Fortify Holdings on March 1, 2022 requesting certain due diligence information and he has communicated with their counsel regarding the assignment. Mr. Hume highlighted key provisions of the lease and stated the current lease term, which expires in 2035 is currently in a five-year option term which ends in 2025. Section 34 of the lease outlines the use for the property "to be conducted for business for a hotel and restaurant and for other such lawful activities related to its business activities so long as it is consistent with the Clover Island Master Plan." Section 12 regarding the assignment gives the Port discretion as to whom it assigns the lease to. The Port needs to assess and understand who Fortify Holdings is as an operator, for any extension, prior to assignment. We have not received any information from Fortify Holdings as of today, but once the information is provided, we will analyze the information. Mr. Hume believes Fortify Holdings will be requesting an extension on their closing; however, he relayed that the Port would need an additional 45-60 days to analyze the information once it is received.

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Commissioner Hohenberg appreciates the presentation and concurs with Mr. Hume's comment about what is prudent to do at this point and he is good with that.

Commissioner Moak stated the CEO of Fortify Holdings indicated that they were not able to meet in person with staff and Commission and inquired if that is at Mr. Hume's direction.

Mr. Arntzen stated Port procedure regarding real estate transactions are handled by Ms. Hanchette and he has asked Fortify Holdings to follow the process. Mr. Arntzen would like to avoid the same issue that the City of Richland ran into, where Fortify Holdings contacted several Richland City Council members and staff which it resulted in uncomfortable exchanges and records requests.

Commissioner Moak stated for the record, he has had no contact with Fortify Holdings, nor have they contacted him.

Commissioner Novakovich stated at the January 25, 2022 Commission Meeting, the Commission asked Fortify Holdings to come back today with a plan or concept about how they were going to alleviate the public's concerns and match the parameters given in the master plan for Clover Island. Commissioner Novakovich inquired if Mr. Arntzen, Mr. Hume, or Mr. Elshahili had any comments or questions.

Mr. Arntzen stated the team and Mr. Hume are working expeditiously as possible.

Mr. Elshahili stated Fortify Holdings is moving forward with the due diligence package and indicated our counsel has communicated with Mr. Hume. Fortify Holdings communicated via letter requesting the lease assignment and outlined some specifics about their plan to operate the hotel. Mr. Elshahili inquired if the Port received that communication.

Commissioner Novakovich believes the Port received that communication.

Mr. Hume reviewed an undated letter from Fortify Holdings, iterating that they had a desire to run the property as a hotel; however, that communication was not entirely clear. Fortify Holdings conveyed some possible plans for short term and long-term stays. There are several details to work through about whether they are operating as a hotel or this somehow falls back into a possible micro-apartment use.

B. Vista Field

1. Progress and Website Update

Mr. Peterson outlined the previous decisions made by the Commission and summarized the remaining tasks. Mr. Peterson continues to work with the consultant and the City on the legal lots of record and the binding site plan.

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Ms. Hanchette stated the marketing strategy is a multi-faceted affair, which features Vista Field as a centrally located development in heart of Tri-Cities shopping and entertainment core with an Urban Mixed-Use zoning. Ms. Hanchette stated the Port is building a lifestyle brand for people who live in Vista Field, work in Vista Field, and for those who visit Vista Field for the open spaces and amenities. Ms. Hanchette outlined the current methods for marketing Vista Field.

Ms. Bader Inglima stated the Port developed branding for Vista Field and has been incorporating the brand into all the marketing materials. Additionally, the renderings by Chris Ritter are included to help paint the vision for the development. Ms. Bader Inglima is working on the website design for VistaField.com which will be a standalone website featuring the development, the amenities, and the new urbanism concept. The website will eventually transition to a lifestyle site that will be owned by the property owners association. The website will also feature builder information, available parcels, development progress, and all relevant documents such as the master plan, the pattern language, and covenants and restrictions.

C. Approval of Chief Executive Officer's Completed Goals and Objectives

Mr. Kooiker stated for Commission consideration, Resolution 2022-10 outlines four completed CEO goals and objectives:

- 2019/2020 Goal: Vista Field phase 1A construction completed;
- 2021/2022 Goal: Vista Field team implementation completed;
- 2021/2022 Goal: Columbia Gardens Wine and Artisan Village wayfinding signage report and children's playground partnership completed;
- 2021/2022 Goal: Governance Audit project completed.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Moak moved to approve Resolution 2022-10, approving goal #1 of the CEO's 2019/20 Goals and Objectives and goals #3, #6, and #10 of the CEO's 2021/22 Goals and Objectives; Commissioner Hohenberg seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

D. Miscellaneous Project Update

Mr. Arntzen outlined projects that the Port team is working on for future Commission Meetings:

- Ms. Bader Inglima and Rochelle Olsen are working on a project update;
- Dr. Patrick Jones of Eastern Washington University will be providing a COVID economic impact analysis;
- Ann Allen, Port Human Resources consultant continues to update the COVID return to work policy;
- Ms. Scott will present the new contract routing process with Laserfiche;
- Mr. Kooiker and Mr. Arntzen are working on a cost savings analysis.

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Commissioner Hohenberg thanked staff and stated the Port has not missed a beat with the COVID restrictions over the past two years. Staff is very responsive and at the end of the day, Commissioners are not getting complaints and we are getting a lot of great work done.

Commissioner Novakovich echoes Commissioner Hohenberg's comments and stated Mr. Arntzen's report says a lot about what is going on behind the scenes. In relation to the MOU with the City and the Port, it is one more item to take care of. And as Commissioner Hohenberg stated, we don't want to hold staff or anyone accountable if something manages to fall behind because the Commission had added extra projects, for the record.

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

Commissioners reported on their respective committee meetings.

F. Non-Scheduled Items

Ms. Bader Inglima reported the Tri-City Regional Chamber of Commerce held their annual State of the Ports luncheon in February. The luncheon was well attended, and the Port provided a handout and PS Media put together a video presentation, which is available on the Port's YouTube page and website.

Mr. Arntzen recently met with James Thompson, Executive Director of the Washington Public Ports Association for a tour of Vista Field and invited him to a future meeting to talk about the WPPA.

Mr. Arntzen congratulated Chief Hohenberg on his retirement from the Kennewick Police Department.

Commissioner Hohenberg thanked everyone that has been so kind and gracious and stated he was lucky to have a great career with City of Kennewick. Commissioner Hohenberg is excited about this transition and that he can continue to serve the citizens throughout the Port district and work with Port staff and Commission.

PUBLIC COMMENTS

No comments were made.

Commissioner Novakovich anticipates the Executive Session will last approximately 30 minutes, Potential Litigation, per RCW 43.30.110(1)(i) with no action expected. Commissioner Novakovich asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

RECESS FOR EXECUTIVE SESSION

Commissioner Novakovich recessed the Regular Commission Meeting at 3:52 p.m. for a 30-minute Executive Session. The Regular Meeting will reconvene, or the public will receive an update at 4:20 p.m.

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MARCH 8, 2022 MINUTES

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EXECUTIVE SESSION

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

At the direction of the Commission President, Ms. Schumacher extended the Executive Session for 10 minutes at 4:20 p.m.

Commissioner Novakovich adjourned the Executive Session at 4:27 p.m. with no action.

Commissioner Novakovich reconvened the Regular Commission Meeting at 4:27 p.m.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

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

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Skip Novakovich, President

Kenneth Hohenberg, Vice President

Thomas Moak, Secretary

PORT OF KENNEWICK

Resolution No. 2022-10

***A RESOLUTION OF THE PORT OF KENNEWICK
BOARD OF COMMISSIONERS FORMALIZING COMPLETION OF
GOAL #1 OF CEO'S 2019/20 GOALS AND OBJECTIVES and
GOALS #3, 6 & 10 OF CEO'S 2021/22 GOALS AND OBJECTIVES***

WHEREAS, the Commission approved goals and objectives for the Port CEO, attached as Exhibit "A" and last modified on March 9, 2021; and

WHEREAS, the Commission approved Resolution 2021-27 accepting Vista Field phase 1A construction on December 14, 2021, thus completing Goal #1 of the CEO's 2019/20 Goals and Objectives; and

WHEREAS, the CEO presented the Vista Field team approach on February 22, 2022, thus completing Goal #3 of the CEO's 2021/22 Goals and Objectives; and

WHEREAS, the CEO presented the playground partnership on December 14, 2021; and the Columbia Gardens wayfinding on February 8, 2022, thus completing Goal #6 of the CEO's 2021/22 Goals and Objectives; and


WHEREAS, the Commission approved Resolution 2022-01 rejecting completion of the governance audit, thus completing Goal #10 of the CEO's 2021/22 Goals and Objectives; and

WHEREAS, the Commission desires to formally accept as complete Goal #1 of the CEO's 2019/20 Goals and Objectives, and Goals #3, 6 and 10 of the CEO's 2021/22 Goals and Objectives related to these items.

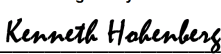
NOW, THEREFORE, BE IT HEREBY RESOLVED the Board of Commissioners of the Port of Kennewick hereby accepts as complete Goal #1 of the CEO's 2019/20 Goals and Objectives, and Goals #3, 6 and 10 of the CEO's 2021/22 Goals and Objectives.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 8th day of March, 2022.

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

By: 
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SKIP NOVAKOVICH, *President*

By: 
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KENNETH HOHENBERG, *Vice President*

By: 
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THOMAS MOAK, *Secretary*

Exhibit "A"

<i>EXHIBIT A</i>		CEO 2021/22 Goals & Objectives (including update on 2019/20 ongoing goals)			
<i>DATE:</i>		March 8, 2022			
<i>GOAL & OBJECTIVE</i>		TACTICAL STEPS	ACTION	STATUS (checkmark = Completed)	COMMENTS
<i>2019/2020 Goals and Objectives Carryover</i>					
Vista Field	2019/20 GOAL	Completion of Phase 1A construction.	Considered complete when presented to Commission for substantial completion	100% Complete	Projected accepted by Commission on 12/14/21 via resolution 2021-27.
	1				
Vista Field	2019/20 GOAL	Sell one parcel or obtain one ground lease (does not include Arts Center Task Force).	Considered complete when presented to Commission.	25% complete	Unattainable until the Port has recorded lots to sell. This is scheduled for summer 2022.
	2				
<i>2021/2022 Goals and Objectives</i>					
Port Administration	2021/22 GOAL	Prepare "Back to Work" plan for Port staff in relation to the COVID-19 pandemic.	Considered complete when presented to Commission.	75% Complete	Working with Ann Allen to finalize back to work plan. Anticipate presenting to Commission in summer 2022.
	1				
Vista Field	2021/22 GOAL	Develop a Vista Hangar analysis to include lean renovation options (with RCCF partnership funds) and viability/potential for selling on a ground lease.	Considered complete when presented to Commission.	50% Complete	In progress. Anticipate presenting to Commission in summer 2022.
	2				
Vista Field	2021/22 GOAL	Implement the Vista Field "Team Approach", including cost estimates and proposed plan forward for the Port.	Considered complete when presented to Commission.	100% Complete	Presented to Commission on 2/22/22.
	3				
Kennewick Waterfront	2021/22 GOAL	Implement the identified Duffy's Pond tenant-improvements and algae mitigation plan.	Considered complete when presented to Commission.	40% Complete	Standing bar installed on tasting room patios. Food truck plaza fencing was bid (pulled project due to escalating material costs whereby bidders wouldn't hold pricing with material cost tripling). City permits finalized for restroom. Working with Palencia regarding design of demonstration vineyard. All algae mitigation prep work required by Port is complete. Chemical application is dependent upon City schedule.
	5				
Kennewick Waterfront	2021/22 GOAL	Prepare a report discussing the likelihood, feasibility of, and costs for Columbia Gardens Wine & Artisan Village wayfinding signage and the children's playground partnership project on the historic waterfront.	Considered complete when presented to Commission.	100% Complete	The CEO presented the playground partnership on December 14, 2021; and the Columbia Gardens wayfinding on February 8, 2022.
	6				
Districtwide	2021/22 GOAL	Prepare a report which evaluates maintenance facility needs and possible alternatives.	Considered complete when presented to Commission.	10% Complete	Contracted with Energy Northwest to provide project management services. Port team is hoping for summer 2022 presentation to Commission.
	7				
Districtwide	2021/22 GOAL	Prepare a COVID-19 economic-impact outlook analysis, which obtains professional data, advice, and other indicators regarding potential economic and business impacts to the Port.	Considered complete when presented to Commission.	90% Completion	By consensus Commission approved this as a goal on 9/8/2020. Presentation scheduled for March 22nd Commission meeting.
	8				

Exhibit "A"

GOAL & OBJECTIVE		TACTICAL STEPS	ACTION	STATUS (checkmark = Completed)	COMMENTS
Districtwide	2021/22 GOAL	Complete Laserfiche training and implementation of procedures related to documentation, filing, paperless review, digital signature, and internal document workflow processing.	Considered complete when presented to Commission.	90% Complete	Port team has been trained for processing and paying invoices with Laserfiche. Records management programming has been completed. Paperless review process established. Digital signature process is completed using DocuSign. Contract routing procedures nearly complete, and plan on presenting at March 22nd Commission meeting
	9				
Port Adminstration	2021/22 GOAL	Complete Governance Audit as a top priority project as directed by the Commission on 2/9/2021	Considered complete when presented to Commission.	100% Complete	RFP prepared and issued in the fall of 2021, managed by independent consultant Jim Darling. However, commission rejected single proposal and decided not to award contract. Resolution 2022-01 dated 1/11/2022.
	10				

Port of Kennewick

Mid-Biennial Budget Update 2021/22

Managing Resources & Accountability

by Nick Kooiker, CFO/Auditor





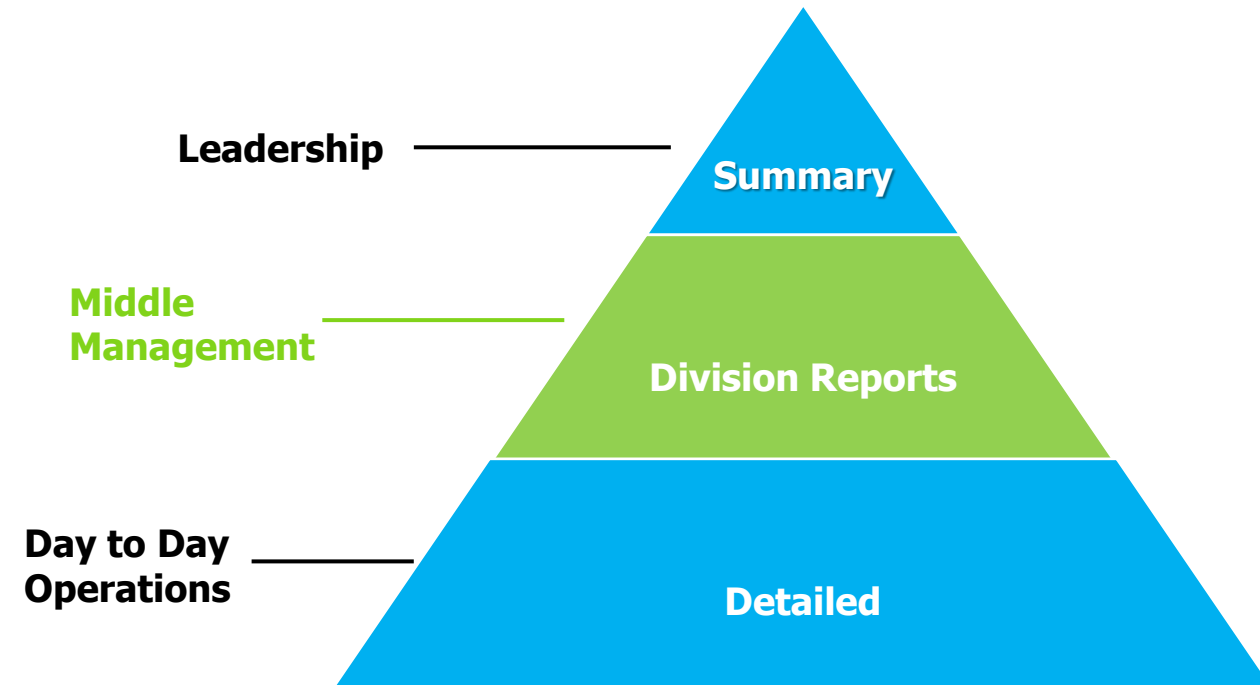
GFOA

(Government Finance Officers Association)

Reporting Pyramid

EXHIBIT A

Reporting Pyramid



- **Support intergovernmental cooperation by partnering with entities which demonstrate support.**
- **Accurately forecasting funding sources.**
- **Promoting fiscal responsibility amongst departments**
- **Acknowledging the Port's limited staff and financial resources.**



Budget Philosophy

Resolution 2018-27

- **Final figures will change for 2021, because the Port uses accrual accounting. We are still accruing expenses back to 2021.**
- **These numbers are in draft form; they will be finalized in the Port's annual financial report and audited by Clifton Larson Allen.**



Budget Disclosures

Considerations



Fund Balance

As of 12/31/21 at
\$13,439,583



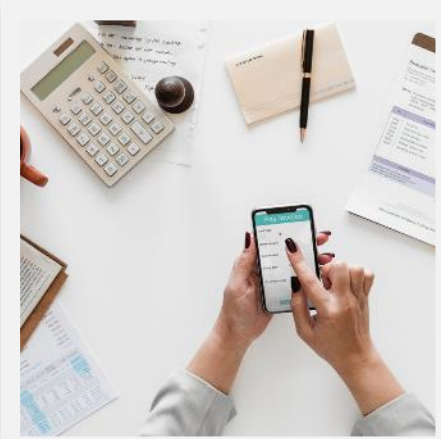
RCCF

Need to identify RCCF
project



\$5M Bond

Loan balance is ~\$4.3M
Current rate is 2.85%
Rate increases to 3.45%
in December 2023



Budget Cycle

50% through budget
cycle



Operating Division

Revenue & Expenses



Revenues:
\$1,374,694

56% collected



Expenses:
\$2,763,643

39% expended

**Vista Field
Maintenance Costs**

**1135 Shoreline
Maintenance**



Non-Operating Division

Revenue & Expenses



Revenues:
\$5,762,448

40% collected

**Highly dependent
upon OPM:
(RCCF, financing)**

Verbena Land Sale

**QTR 1/2022 will
show entire
2022 tax levy**



Expenses:
\$1,348,166

35% expended

**VF Interest
Expense**

**Staff costs for
Verbena Auction**

Capital Projects 2021/2022

Item	Budget	Expended	Remaining
Vista Field Loan Repayment	\$900,000	\$449,080	\$450,920
TBD Vista Field RCCF Project	\$3,785,000*	\$272,512	\$3,512,488
Vista Field Fire Station (City of Kennewick)	\$125,000	pending	\$125,000
Vista Field Well	\$250,000	\$0	\$250,000
Vista Field "Team"	\$150,000	\$0	\$150,000
Vista Field Traffic Impact Fund / Central Park	\$100,000	\$0	\$100,000
VF Owners' Association Fund	\$200,000	\$20,475	\$179,525
VFDF A & B Exterior Improvements	\$600,000	\$0	\$600,000

EXHIBIT A



Capital Projects

2021/2022

EXHIBIT A

Item	Budget	Expended	Remaining
Shoreline Construction	\$2,250,000	\$1,666,386	\$583,614
Clover Island Master Plan	\$50,000	\$121,134	(\$71,134)
Columbia Drive & Duffy's Pond	\$450,000	\$45,927	\$404,073
City of Kennewick/ Wash. Street	\$500,000	pending	\$500,000
City of Richland /Island View Infrastructure	\$800,000	pending	\$800,000
City of Richland Center Parkway	\$400,000	\$0	\$400,000
Opportunity Fund	\$300,000	\$15,000	\$285,000
Port Buildings (Asset Replacement Program)	\$500,000	\$105,895	\$394,105
Miscellaneous Capital	\$100,000	\$9,497	\$90,503



Benton County Rural County Capital Funds

Accumulated as of 12/31/21	Funds Reimbursed to Port	Available Balance
\$ 3,370,606	\$ 497,001	\$ 2,873,605

RCCF Balance

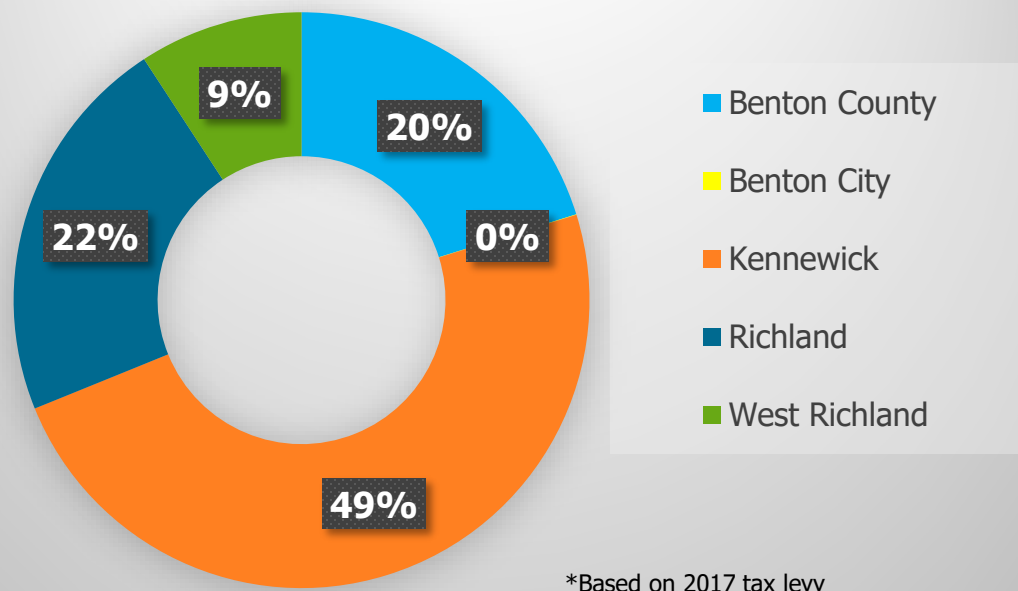
- Plugged estimated figure of \$3.785M into 21/22 budget. New forecast would be about \$3.6M
- Need to identify project very soon
- Previous uses of RCCF funds have been partner projects



Opportunity Fund

2021/2022 Budget:		\$ 300,000.00	\$ 300,000.00
Project	Vendor	Encumbrance	Actual Expense
Traffic Calming (Columbia Drive)	Parametrix	\$ 15,000.00	4,587
	TOTAL	\$ 15,000.00	4,587
	Remaining Budget	\$ 285,000.00	295,413

Tax by Jurisdiction*



Property Tax Collections

EXHIBIT A

- Budgeted \$4,344,942 in 2021.
- Actual levy collected was \$4,547,829
- The difference is primarily due to adjustments to the tax rolls (e.g. senior exemptions, current use, destroyed property).
- Tax levy is reconciled monthly as part of monthly close out process.
- Initial levy for 2022 is \$4,685,767 at \$.262 per thousand

Thank You

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nick@portofkennewick.org



PORT OF KENNEWICK

Financial Highlights

UNAUDITED & IN DRAFT FORM - ACCRUAL BASIS OF ACCOUNTING

Jan 1, 2021 through December 31, 2021

Financial Highlight Summary				
* Benchmarks	50%	Revenues	50%	Expenses
* Ending Cash/Investments	\$	13,439,583		
* Cash Restricted by Commission	\$	2,500,000		
* Accounts, Notes, & Taxes Receivable	\$	37,054		
* Total Assets	\$	70,192,076		
* Total Liabilities (not including OPEB or Pension)	\$	1,228,536		

DESCRIPTION	2021 & 2022 BUDGET	2021 ACTUAL	2022 ACTUAL	2021/2022 Actual Total	UNDER BUDGET (OVER)	% Reached To Date
OPERATING REVENUES						
Marine Division	\$ 574,975	\$ 366,598	\$ -	\$ 366,598	208,377	64%
Property Management Division	\$ 1,873,868	\$ 1,008,096	\$ -	\$ 1,008,096	865,772	54%
Total Operating Revenues	\$ 2,448,843	\$ 1,374,694	\$ -	\$ 1,374,694	1,074,149	56%
OPERATING EXPENSES						
Marine Division	\$ 695,747	\$ 244,116	\$ -	\$ 244,116	451,631	35%
Property Management Division	\$ 3,156,972	\$ 1,288,912	\$ -	\$ 1,288,912	1,868,060	41%
Corporate Division	\$ 3,215,296	\$ 1,230,615	\$ -	\$ 1,230,615	1,984,681	38%
Total Operating Expenses	\$ 7,068,015	\$ 2,763,643	\$ -	\$ 2,763,643	4,304,372	39%
OPERATING PROFIT (LOSS)	\$ (4,619,172)	\$ (1,388,949)	\$ -	\$ (1,388,949)		
NON-OPERATING REVENUES						
Real Estate Division - Gain (Loss) on Sale of Assets	\$ 500,000	\$ 729,824	\$ -	\$ 729,824	(229,824)	146%
Economic Development & Planning Division Grants, Loan & Insurance Proceeds	\$ 5,220,000	\$ 383,014	\$ -	\$ 383,014	4,836,986	7%
Ad Valorem Tax	\$ 8,826,724	\$ 4,547,829	\$ -	\$ 4,547,829	4,278,895	52%
Other Non-Operating Revenues	\$ -	\$ -	\$ -	\$ -	0	
Interest Income	\$ -	\$ 101,781	\$ -	\$ 101,781	(101,781)	-
Total Non-Operating Revenues	\$ 14,546,724	\$ 5,762,448	\$ -	\$ 5,762,448	8,784,276	40%
NON-OPERATING EXPENSES						
Real Estate Division	\$ 59,945	\$ 75,359	\$ -	\$ 75,359	(15,414)	126%
Economic Development & Planning Division	\$ 498,525	\$ 371,676	\$ -	\$ 371,676	126,849	75%
Public, Governmental Relations, and Other Non-Operating Cost	\$ 3,303,837	\$ 897,011	\$ -	\$ 897,011	2,406,826	27%
Vista Field Ongoing Closure & Decommissioning Cost	\$ -	\$ 4,119	\$ -	\$ 4,119	(4,119)	#DIV/0!
Total Non-Operating Expenses	\$ 3,862,307	\$ 1,348,166	\$ -	\$ 1,348,166	2,514,141	35%
Operating & Non-Operating Revenues Over Expenses (Under Expenses)	\$ 6,065,245	\$ 3,025,334	\$ -	\$ 3,025,334		
CAPITAL EXPENDITURES	\$ 12,663,955	\$ 2,547,783	\$ -	\$ 2,547,783	10,116,172	20%

An aerial photograph of the Port of Kennewick, showing a large body of water with several bridges crossing it. The surrounding area includes residential neighborhoods, industrial zones, and agricultural fields under a clear sky.

Port of Kennewick Commissioners Meeting March 22, 2022

An aerial photograph of a highway interchange with multiple lanes and overpasses. The surrounding landscape includes green fields, some buildings, and a clear sky.

BUILDING BOLD, BRIGHTER FUTURES!

Partnership



Vista Field



ICSC RECON



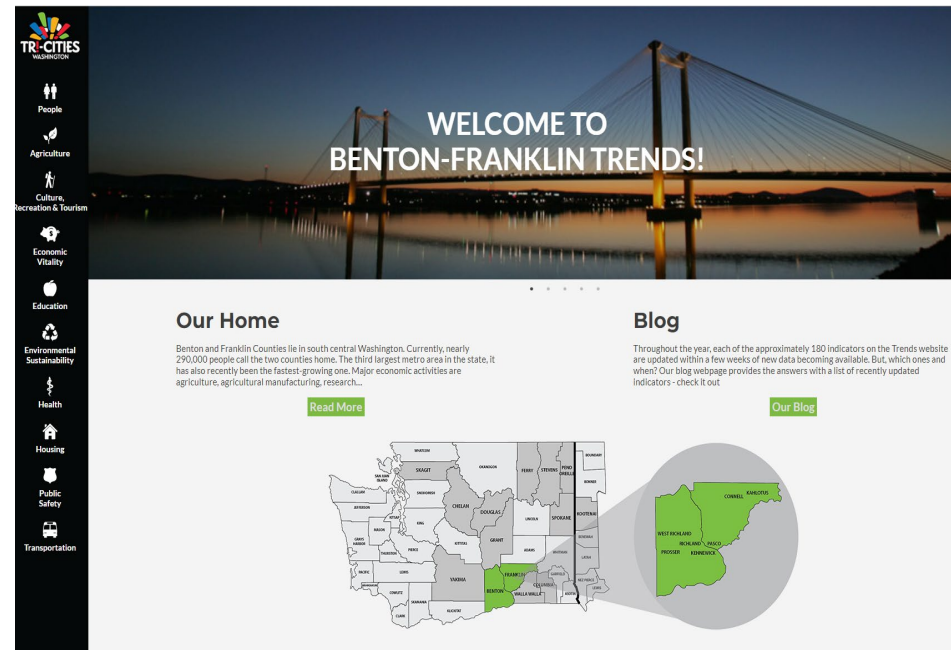
A Summary of Covid-19 and the Economy of Benton & Franklin Counties

A presentation to the Port of Kennewick

March 22, 2022

General charge from the Port

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



Questions to answer

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

Questions to answer, cont'd

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

Approaches & data

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

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

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

Top Location Quotients (WA as base)

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

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



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

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



The effects on the economy, by aggregate measures: Employment

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

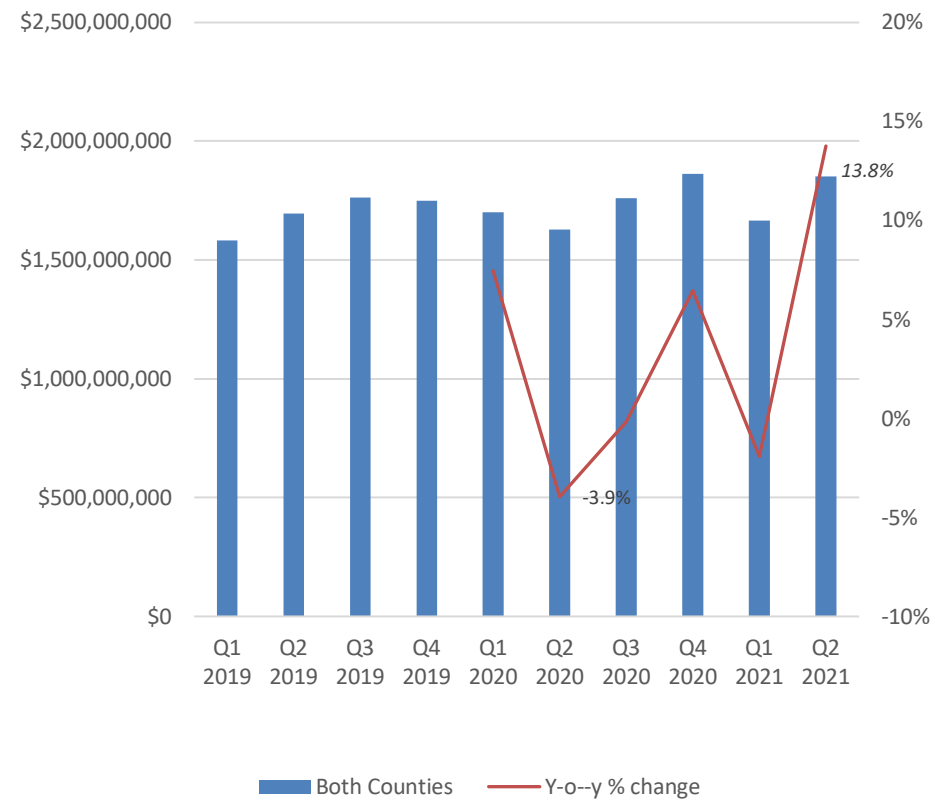
Figure 6. Number employed in both counties, with year-over-year growth rates of both counties & WA



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

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

Figure 8. Total Wages: Both Counties



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

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

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

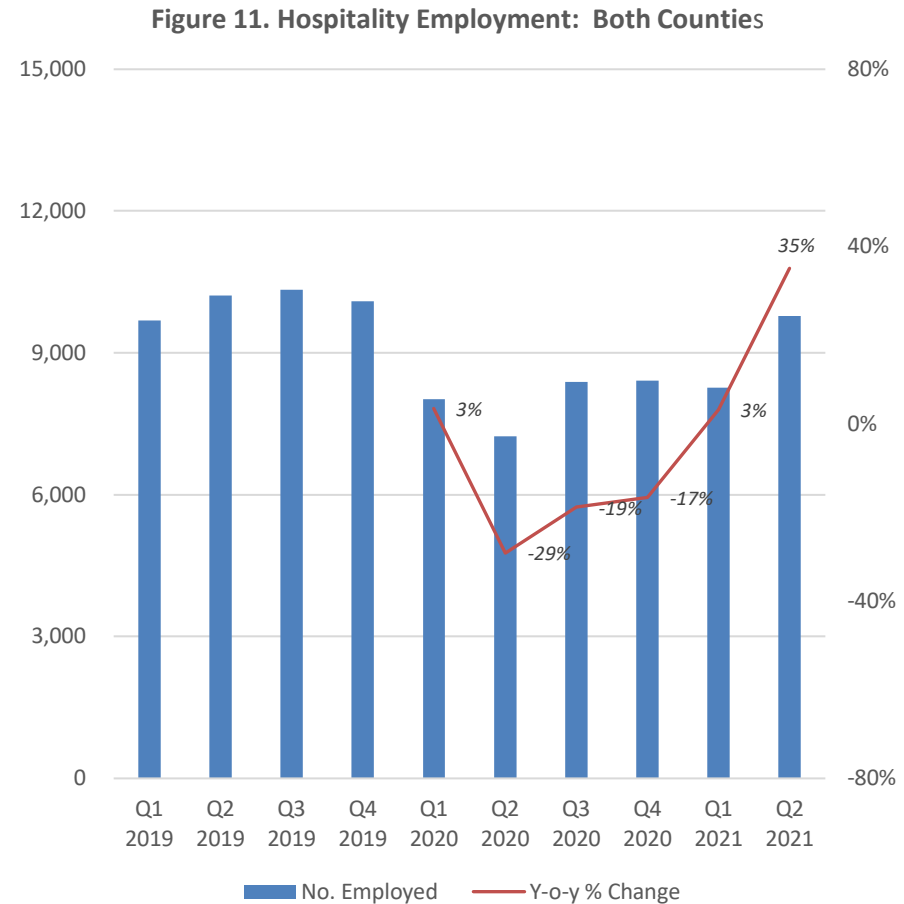


Summary of the immediate effects of the pandemic on the local economy, in aggregate

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

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

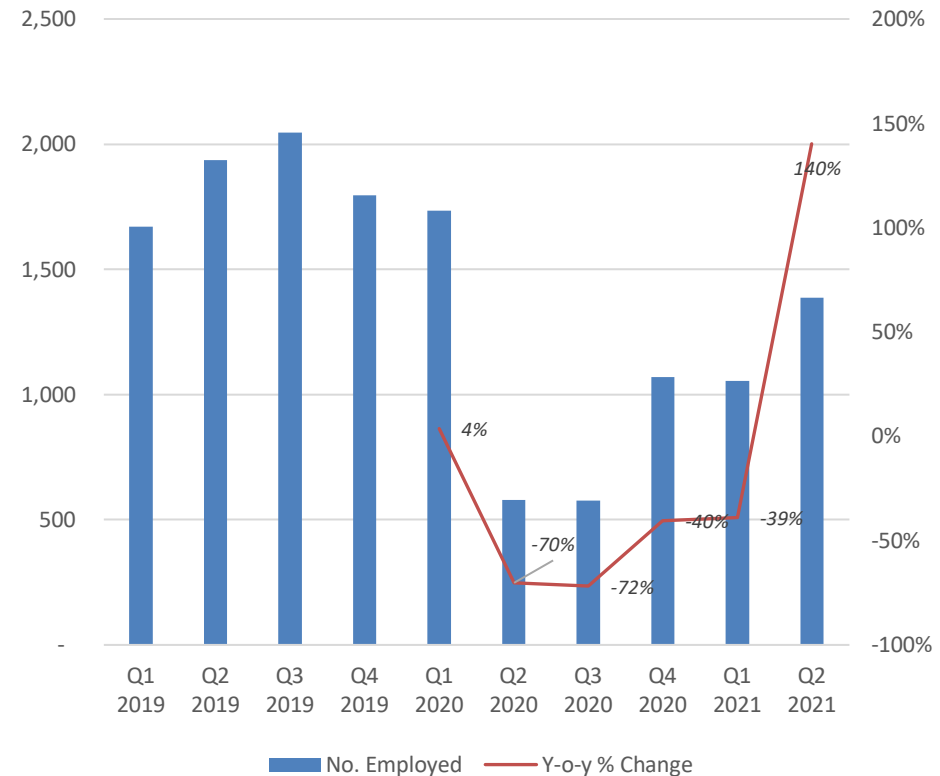
- **Hospitality** – composed of accommodations & eating/drinking establishments
- 8th-largest sector in the two counties
- Drop in Q2 2020 from 2019 ~3,000 jobs
- By Q2 2021, no recovery



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

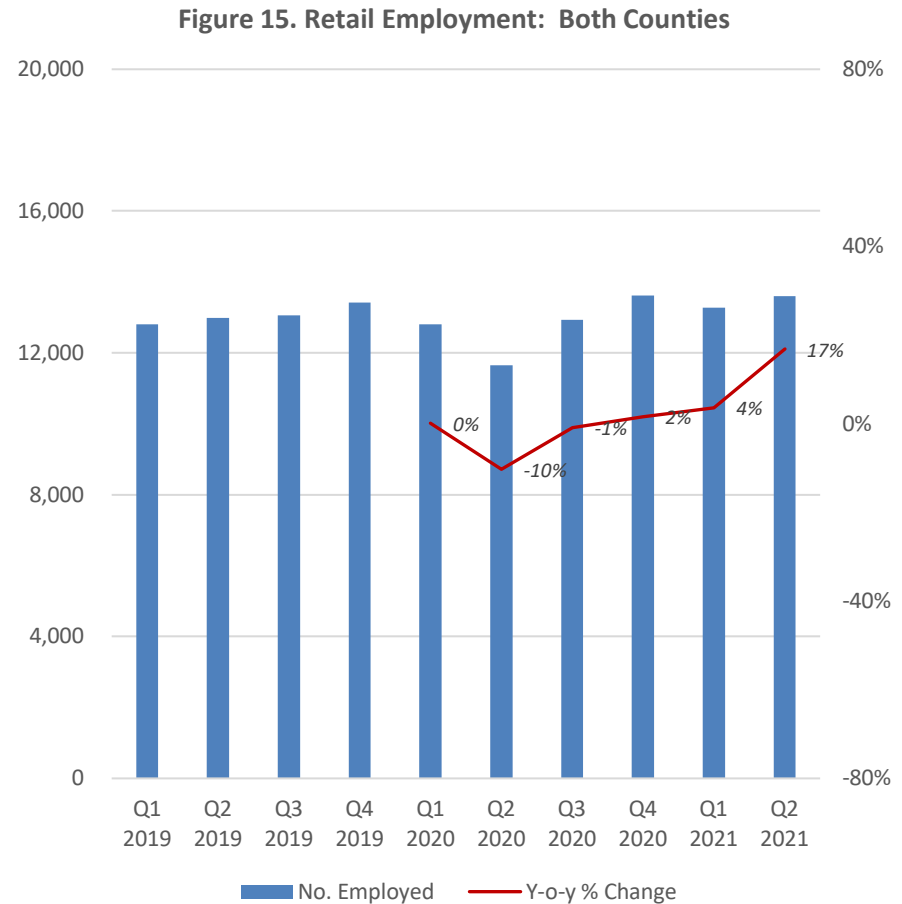
- **Arts, Entertainment & Recreation** one of the smallest sectors in the two counties
- But the total loss in Q2 2020 has been among the largest, ~1,200
- Percentage terms, largest: -70%
- By Q2 2021, no recovery

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



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

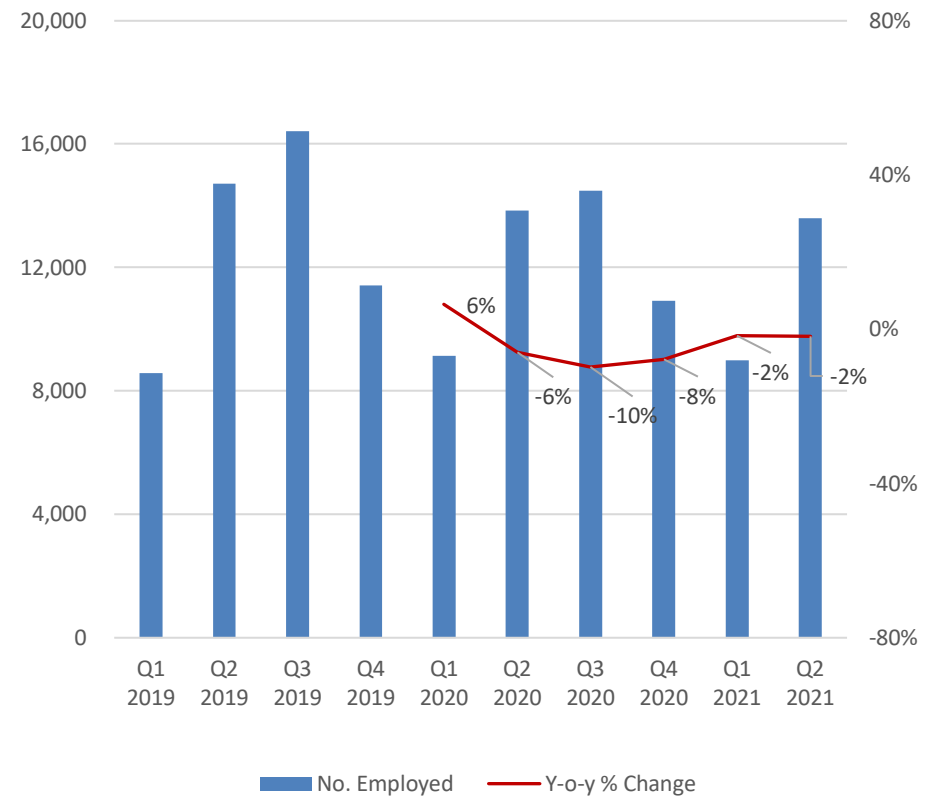
- **Retail** is the 4th-largest sector in the two counties
- A loss of ~1,300 in Q2 of 2020
- A percentage loss of 10% in Q2 2020
- Recovery by Q4 of 2020



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

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

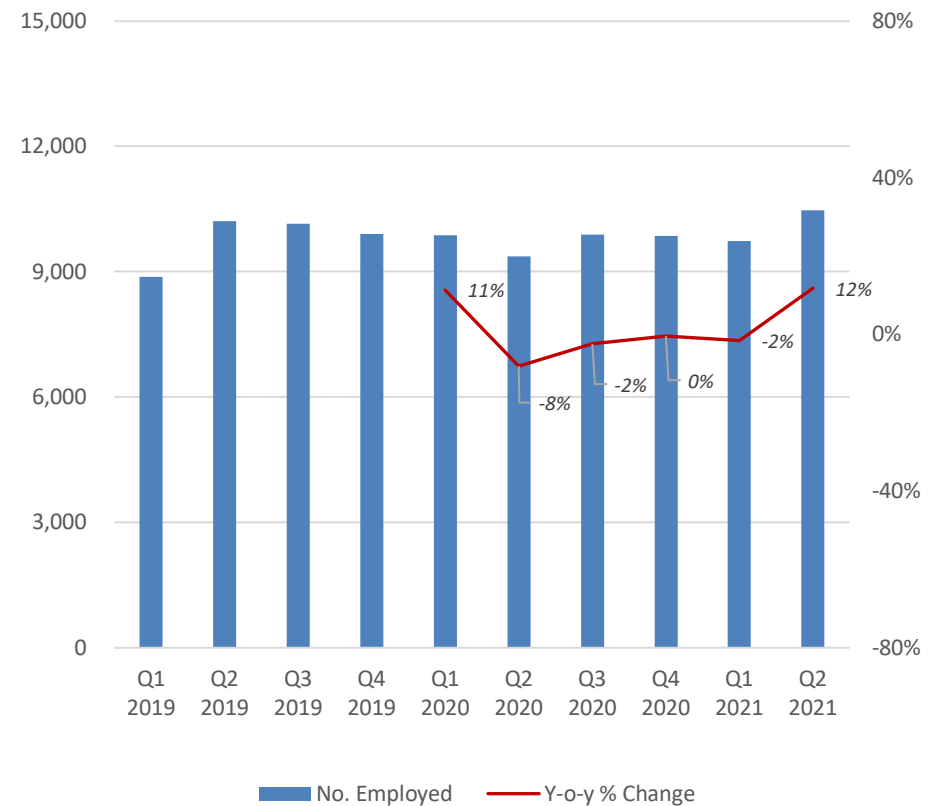
Figure 17. Employment in Agriculture: Both Counties



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

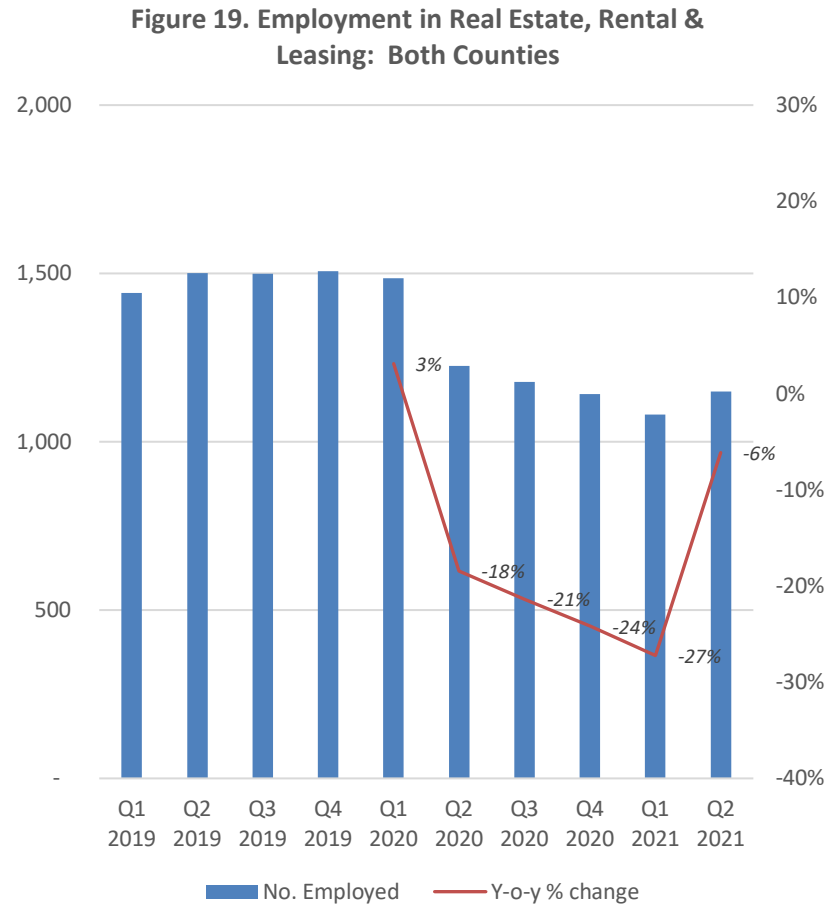
- **Construction** consists of “heavy,” buildings & the “trades”
- 6th-largest sector in the two counties
- Drop in jobs in Q2 2020 ~ 830
- Percentage drop in Q2 2020 8%
- Recovery by Q1 2021

Figure 19. Construction Employment: Both Counties



3.b. The paths of sectors of recovery, by employment: least affected sectors

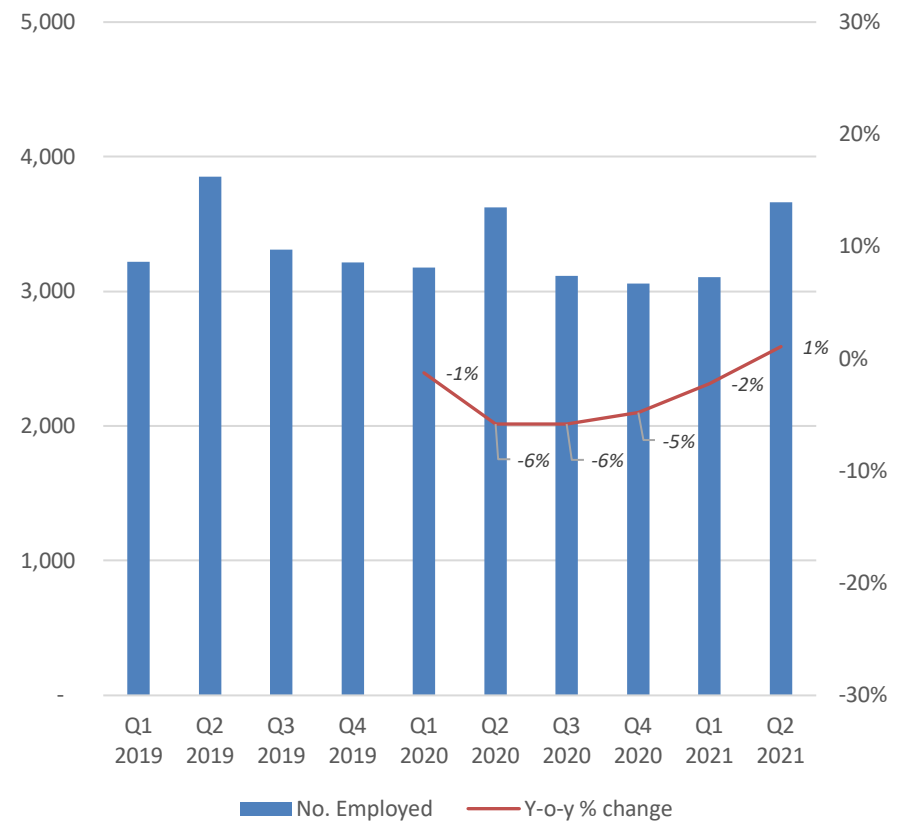
- **Real Estate, Rental & Leasing**
 - a small sector in the two counties
- A slight decline in Q2 2020 - ~275
- In percentage terms, not so small
- No recovery as of Q2 2021



3.b. The paths of sectors of recovery, by employment: least affected sectors

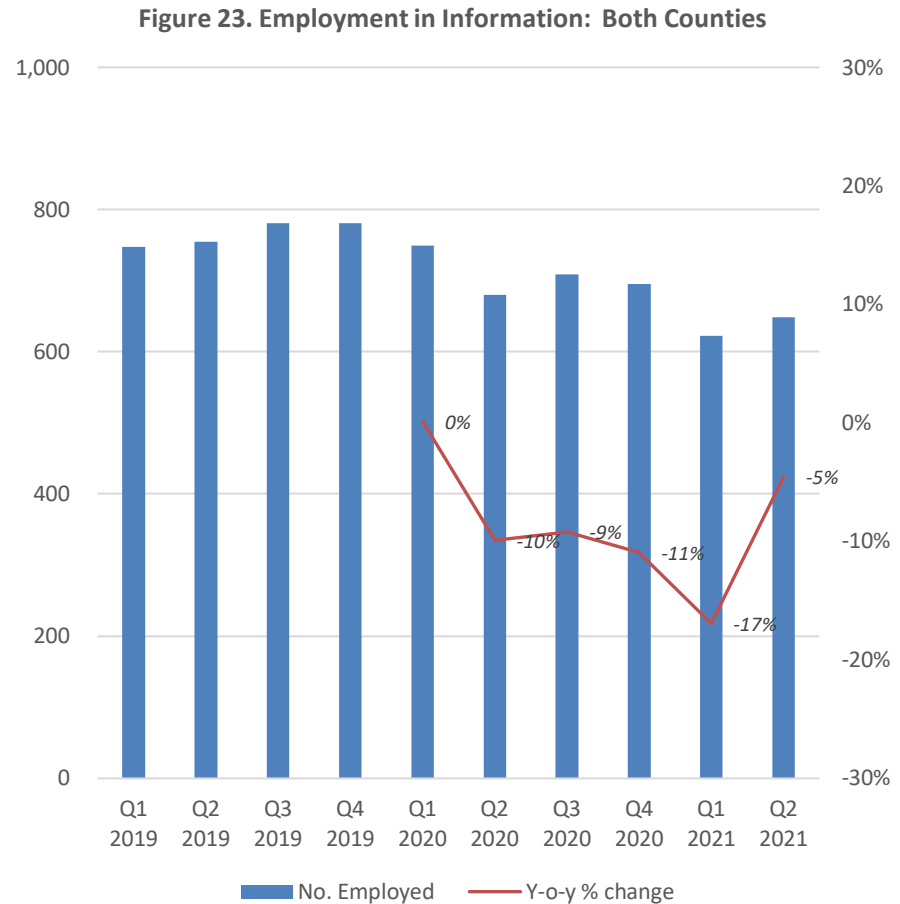
- **Wholesale Trade** – a mid-sized sector in the two counties
- Most loss in Q2 2020: ~225
- Most in percentage terms, too: 6%
- Yet no recovery by Q2 2021

Figure 21. Employment in Wholesale Trade: Both Counties



3.b. The paths of sectors of recovery, by employment: least affected sectors

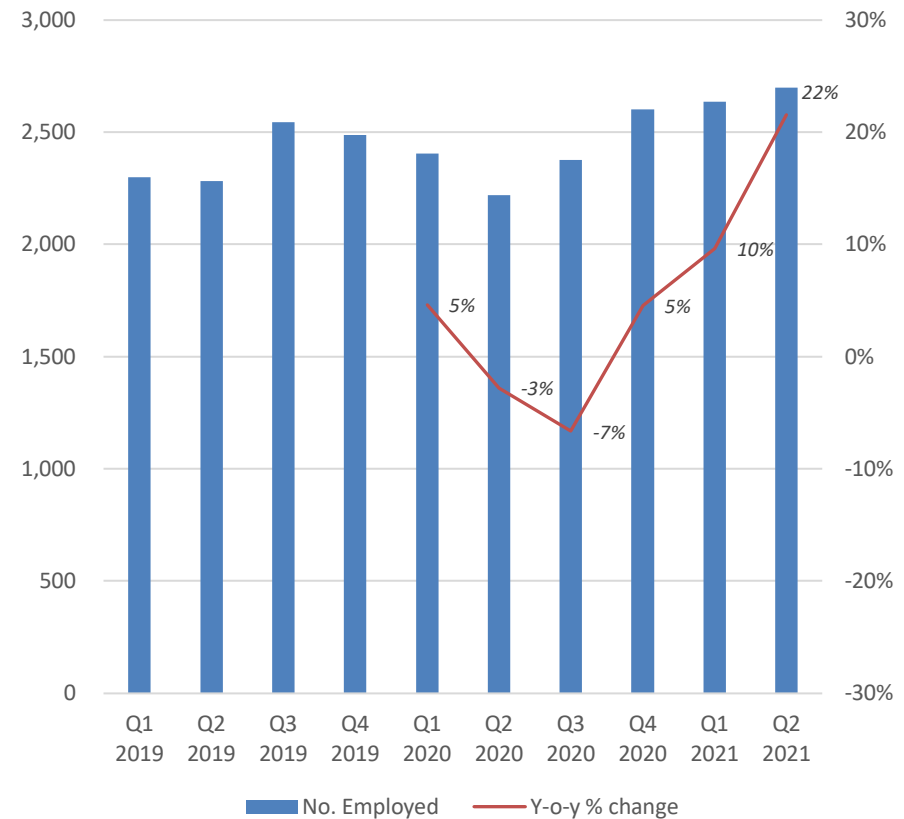
- **Information** sector consists of telecom, print & electronic press, ISP providers, software publishers, among others
- A small sector in the two counties
- “Only” 75 jobs lost in Q2 2020, although 10% of all jobs
- As of Q2 2021, no recovery



3.b. The paths of sectors of recovery, by employment: least affected sectors

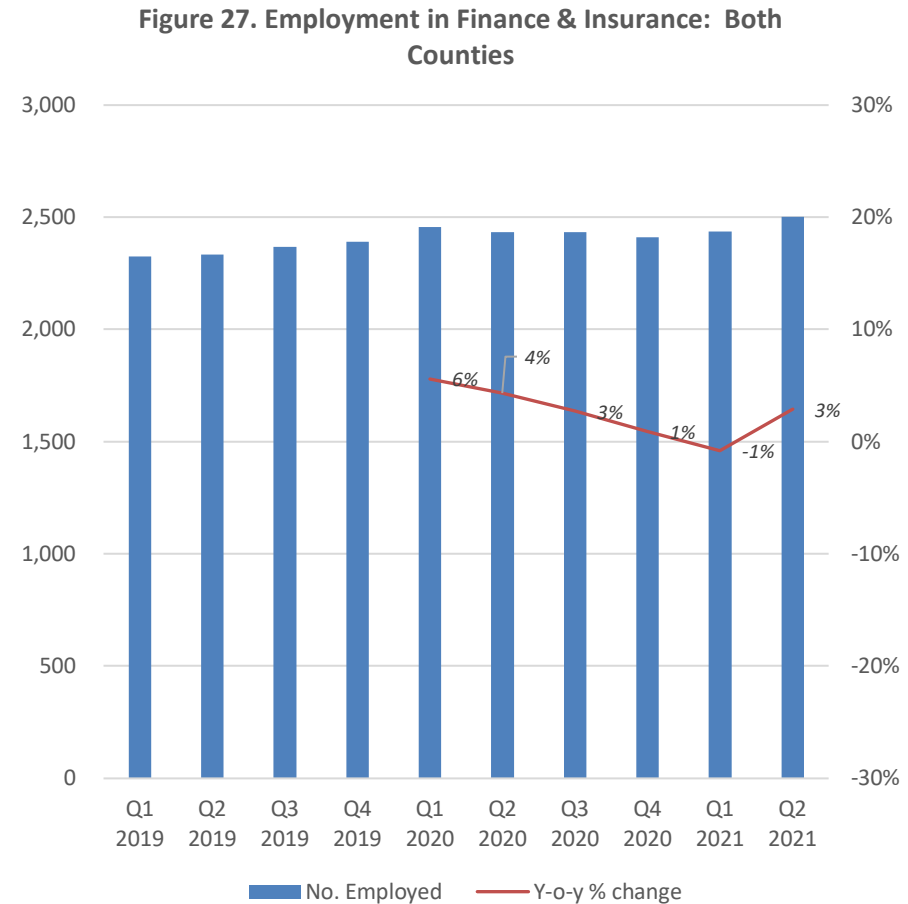
- **Transportation & Warehousing** is a mid-sized sector in the two counties
- A loss of 64 jobs in Q2 2020
- Percentage loss: 3%
- Recovery by Q4 in 2020

Figure 25. Employment in Transportation & Warehousing: Both Counties



3.b. The paths of sectors of recovery, by employment: least affected sectors

- **Finance & Insurance** – also a mid-sized sector in the two counties
- Finance component ~ 2X the size of the insurance component
- In Q2 2020, an actual *increase* in employment
- For nearly every quarter thereafter, an increase



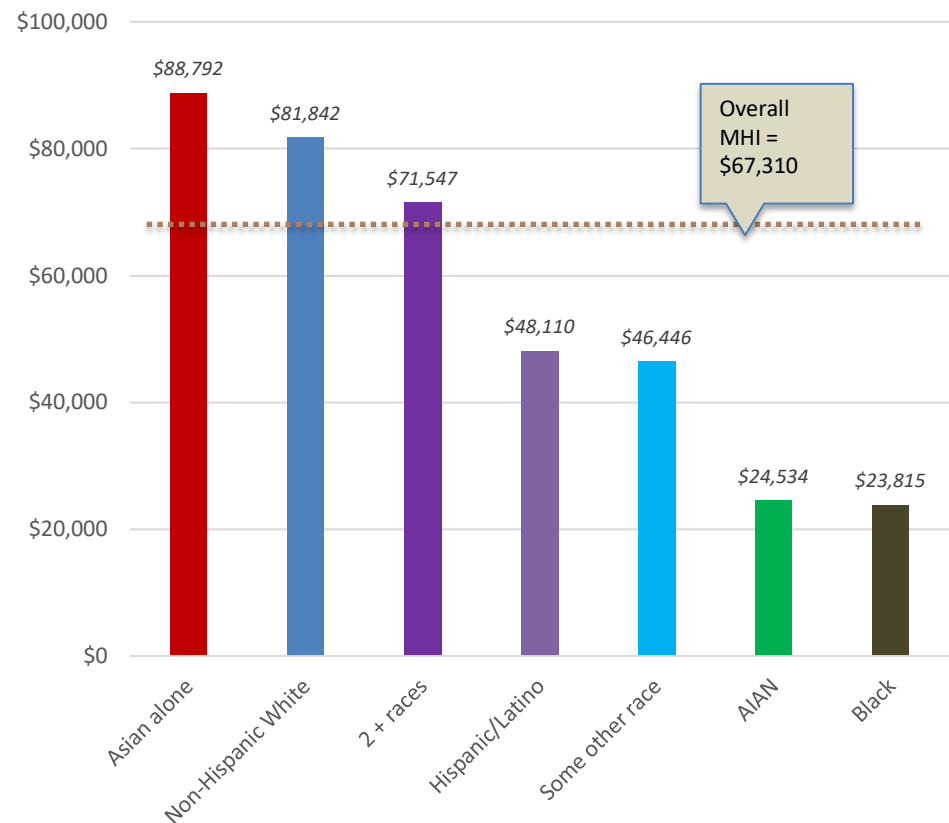
Summary of economic recovery from the pandemic, by sectors

- For the 5 worst-hit sectors (as measured by Q2 2022),
 - 3 had regained their pre-pandemic employment levels by mid-year 2021
 - 2 had not (Hospitality; Arts, Entertainment & Recreation)
 - Measured by *total wages*, however, all 5 sectors had recovered by mid-year 2021
- For the 5 least-affected sectors (as measured by Q2 2022)
 - 2 had recovered their pre-pandemic employment by mid-year
 - However, 3 had not (Real Estate, Rental & Leasing; Wholesale Trade; Information)
 - Measured by *total wages*, however, all 5 sectors had recovered by mid-year 2021
- Considering sectors subject to taxable retail sales
 - Many suffered large declines in Q2 2020
 - However, by Q2 2021, all sectors had regained pre-pandemic level of taxable sales, except one – Arts, Entertainment & Recreation

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

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

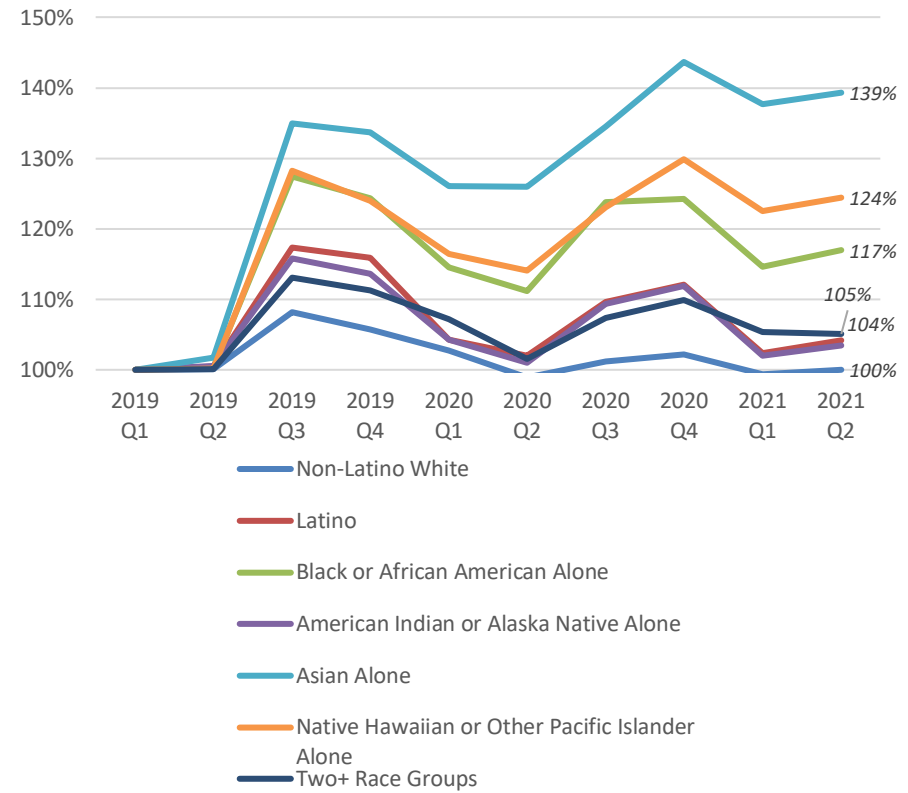
Figure 29. Median Household Income in Benton & Franklin Counties, 2015-2019



How have average wages changed by race/ethnicity over the pandemic?

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

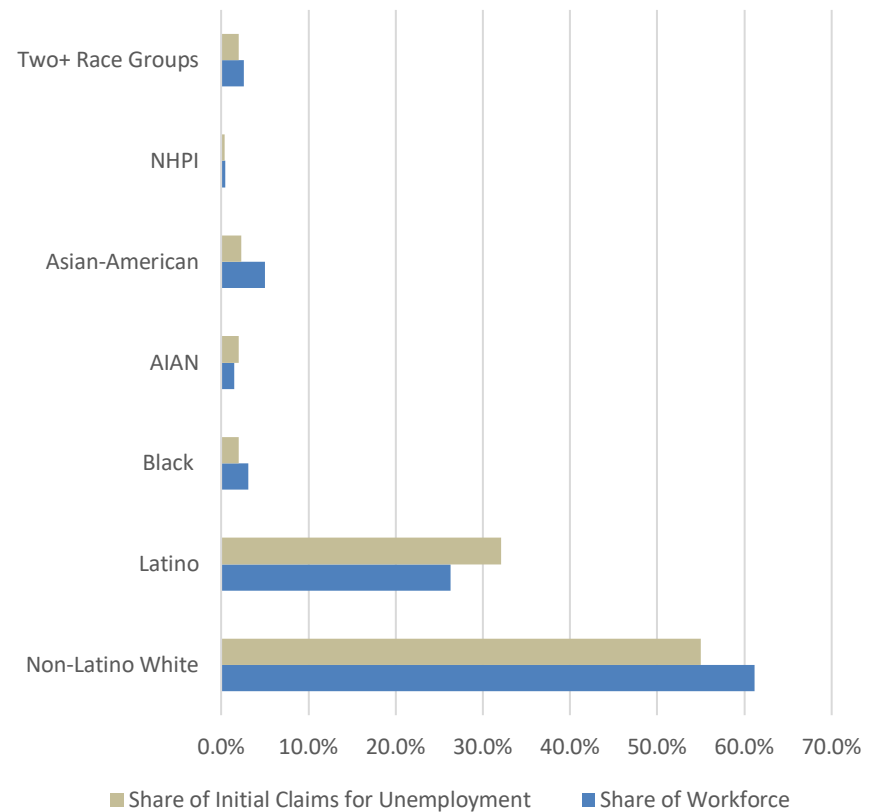
Figure 30 Change in Average Quarterly Earnings in Benton & Franklin Counties, 2019 Q1=100%



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

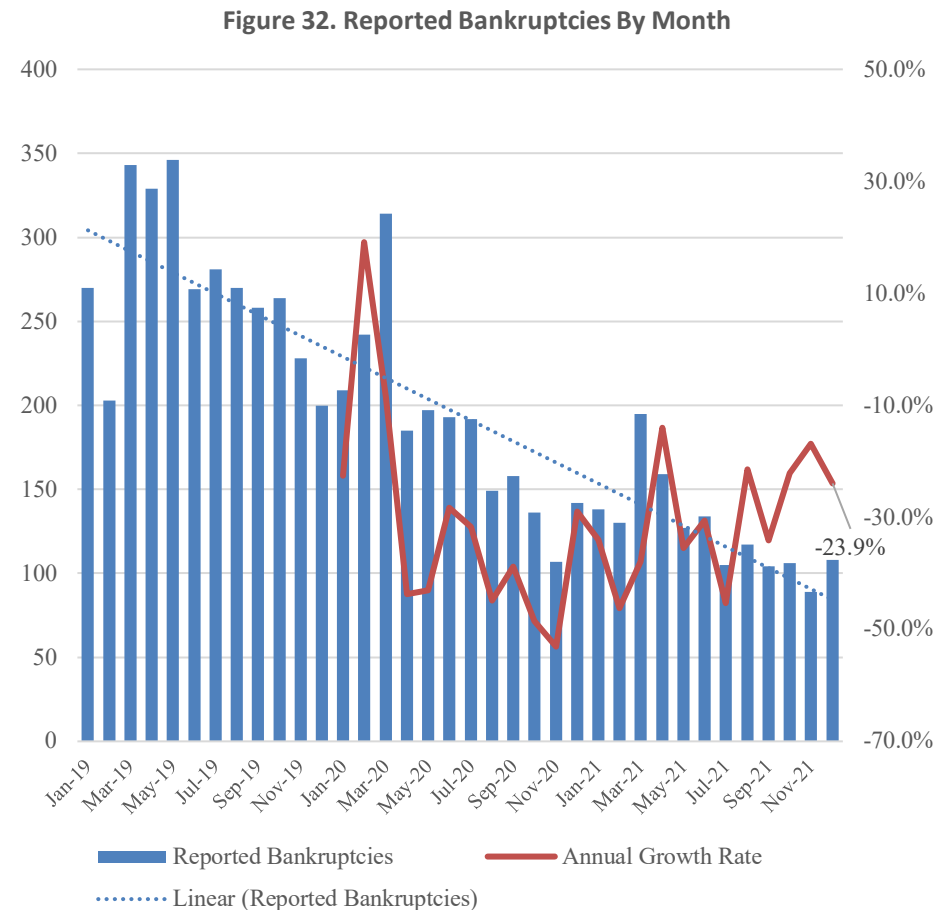
- Consider the shares, by race & ethnicity, of the workforce *(average 2020 & y-t-d 2021)*
- Compare to shares of “initial claims” for unemployment, by race & ethnicity *(cumulative from 3.10.20-12.31.21)*
- Clear that Latinos, & to a much lesser degree, Native Americans, have suffered disproportionate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

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



5. Have bankruptcies risen during the pandemic?

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



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

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

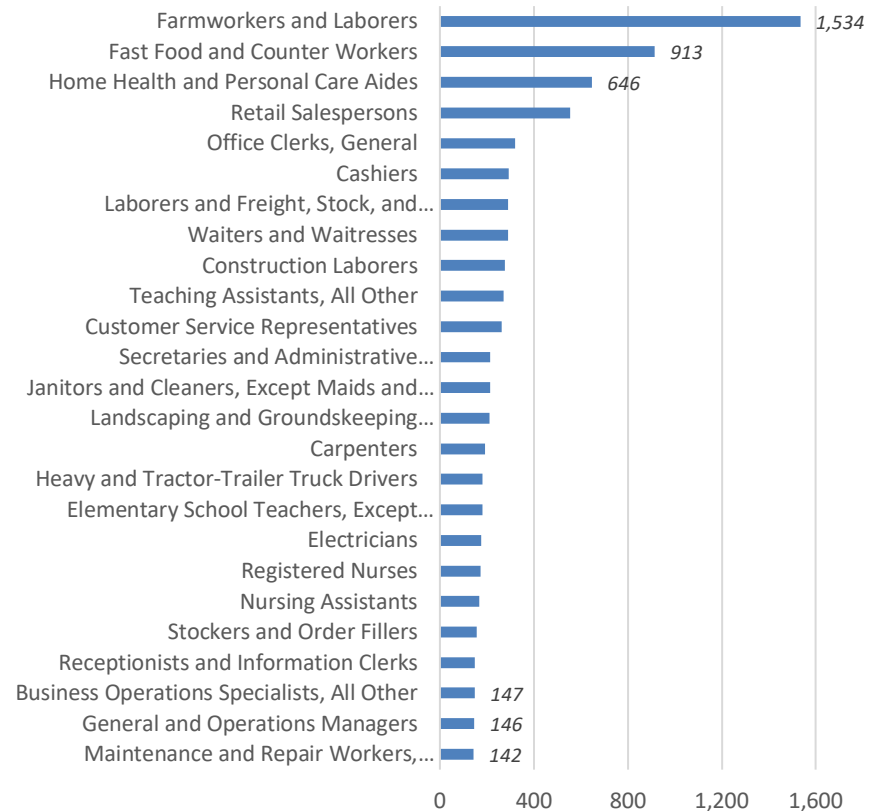
7. What will the economic recovery of the greater Tri Cities look like? By sector

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

What will future economy of greater Tri Cities look like? By occupation

- Outlook from WA ESD, following methods used by the U.S. Bureau of Labor Statistics
- Clear that most of the occupations in greatest demand are related to: agriculture, hospitality, transportation & warehousing & healthcare
- Note little demand for “white collar” jobs – professional & technical services, or finance & insurance

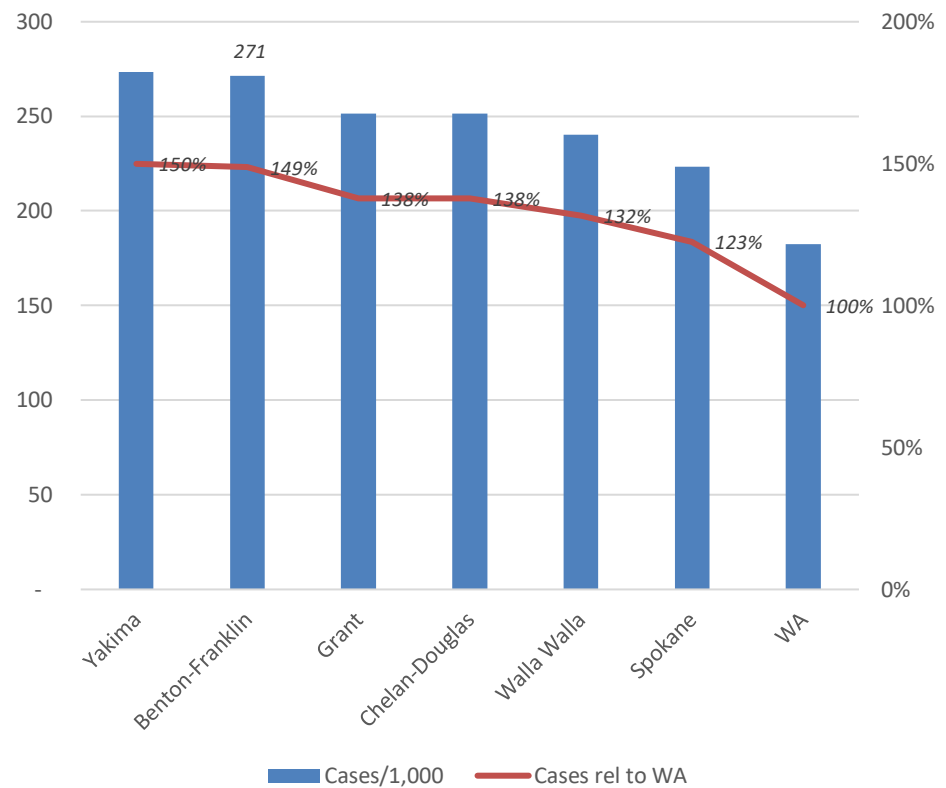
Figure 33. Average annual projected openings, 2024-2029
in Benton & Franklin Counties



8. What strategies will help the economy recover most quickly

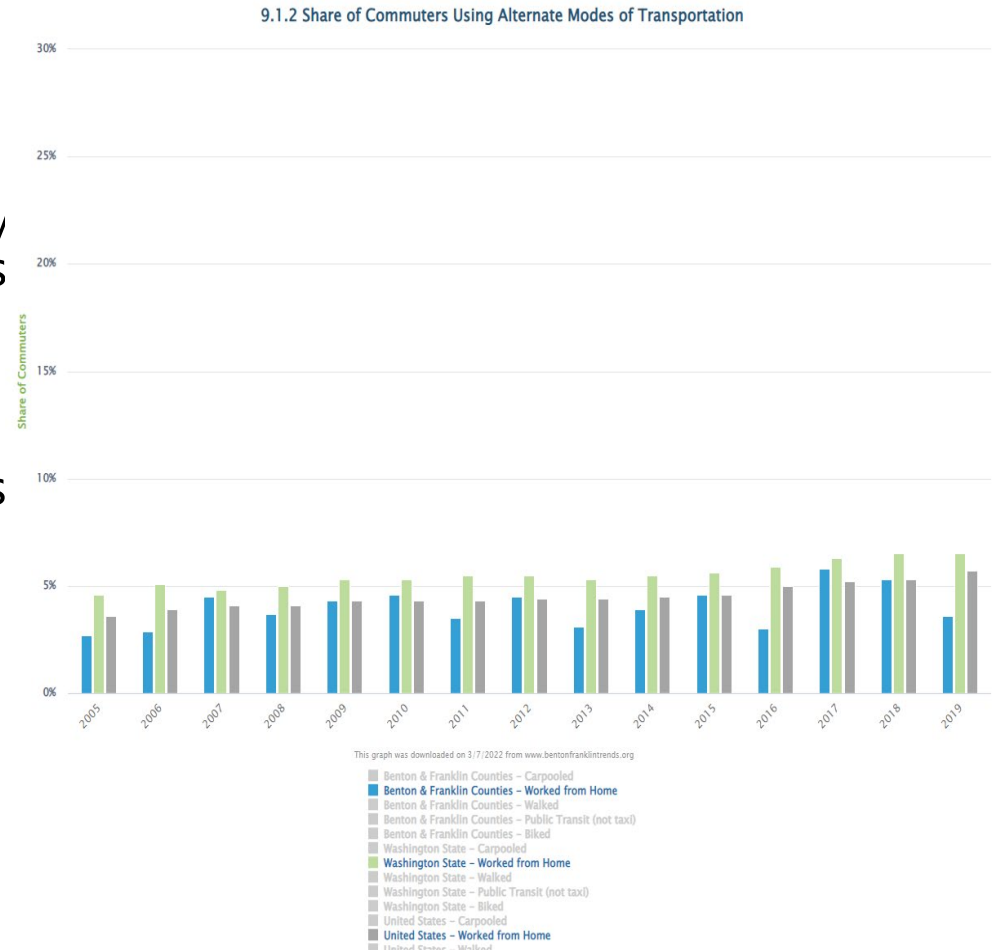
- Subdue the spread of covid-19
 - Greater Tri Cities has highest case rate in Eastern WA's largest counties, along with Yakima
 - General negative impact on workforce participation & on "customer-facing" industries
- Short-run: increase wages (already happening)
- Mid-term: expand housing supply
- Longer-run: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

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



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

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



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

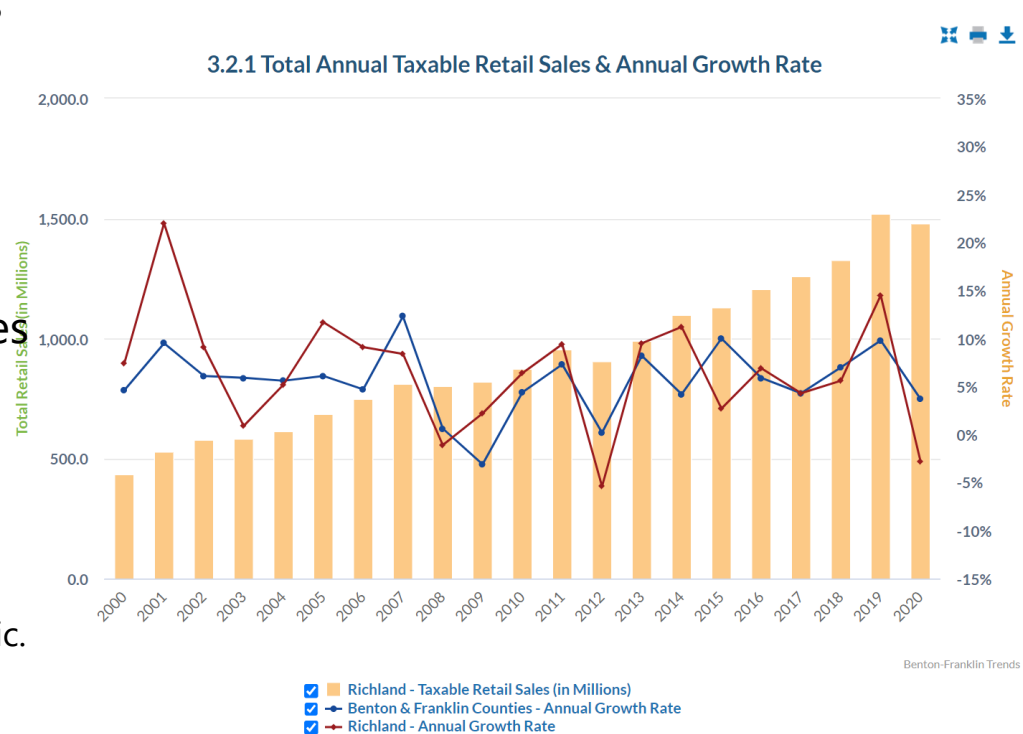
- Both counties and city of Kennewick increased in actual revenues from 2019 and 2020.
 - Revenues made up of two main sources: property tax and sales tax. Both increased for all governments, except Richland
- Richland and Pasco decreased in actual revenues from 2019 to 2020.
 - Richland had a major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

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



Richland's annual taxable retail sales explain decrease in actual revenues

- Property taxes increased for all governments, so we turned to sales taxes for each local government
 - The red line represents Richland's annual growth rate. The blue line represents Benton & Franklin Counties.
- Richland was the only government with a decrease in taxable retail sales (AGR of -2.8% from previous year)
- Richland's sales taxes were down from 2020Q2 to 2020Q4.
 - Pasco never had a quarterly negative annual growth rate through the pandemic.
 - Kennewick only have a negative AGR in 2020Q2, but it shot back up the next quarter and remained positive.
- Richland's experience during the pandemic is a puzzle compared to the other local governments tracked.



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

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

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

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

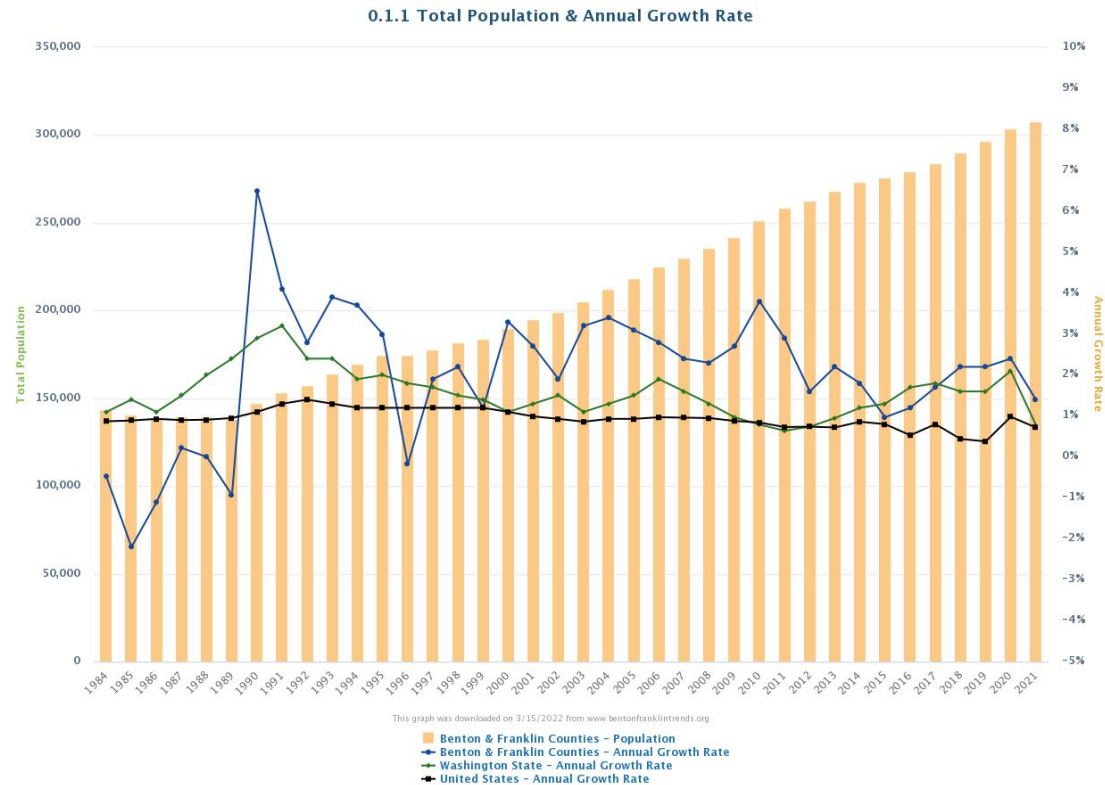


11. A look at housing in the greater Tri Cities

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

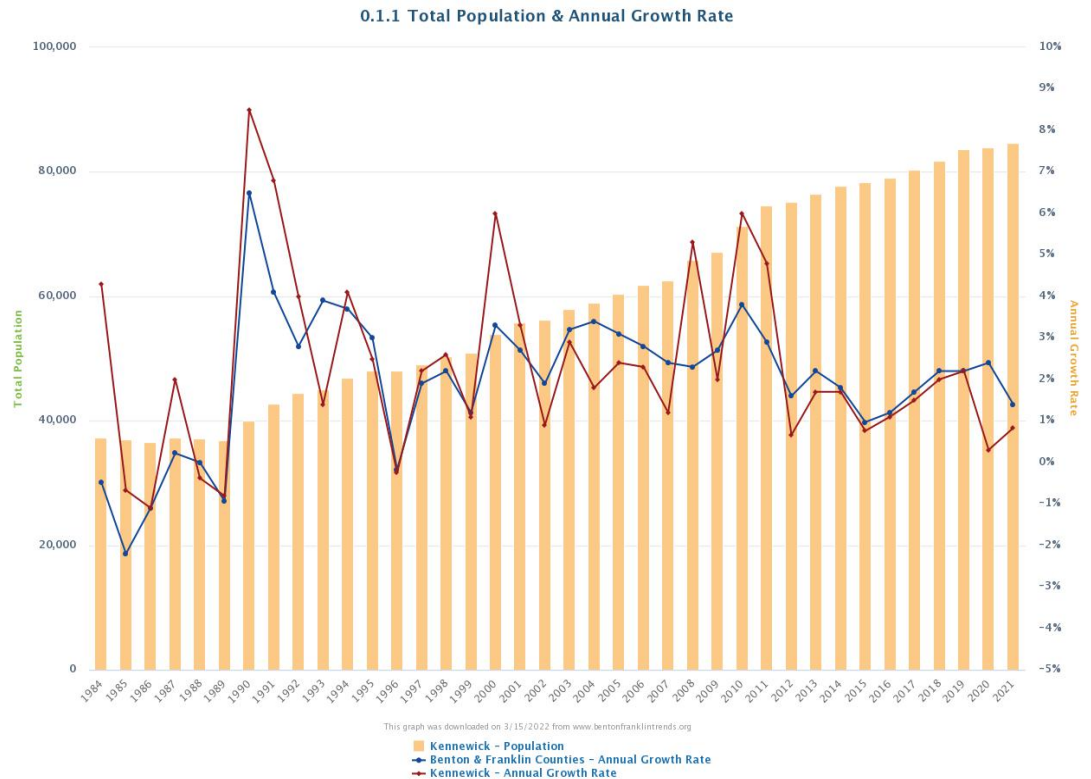
Changes in population is a major factor in housing demand

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



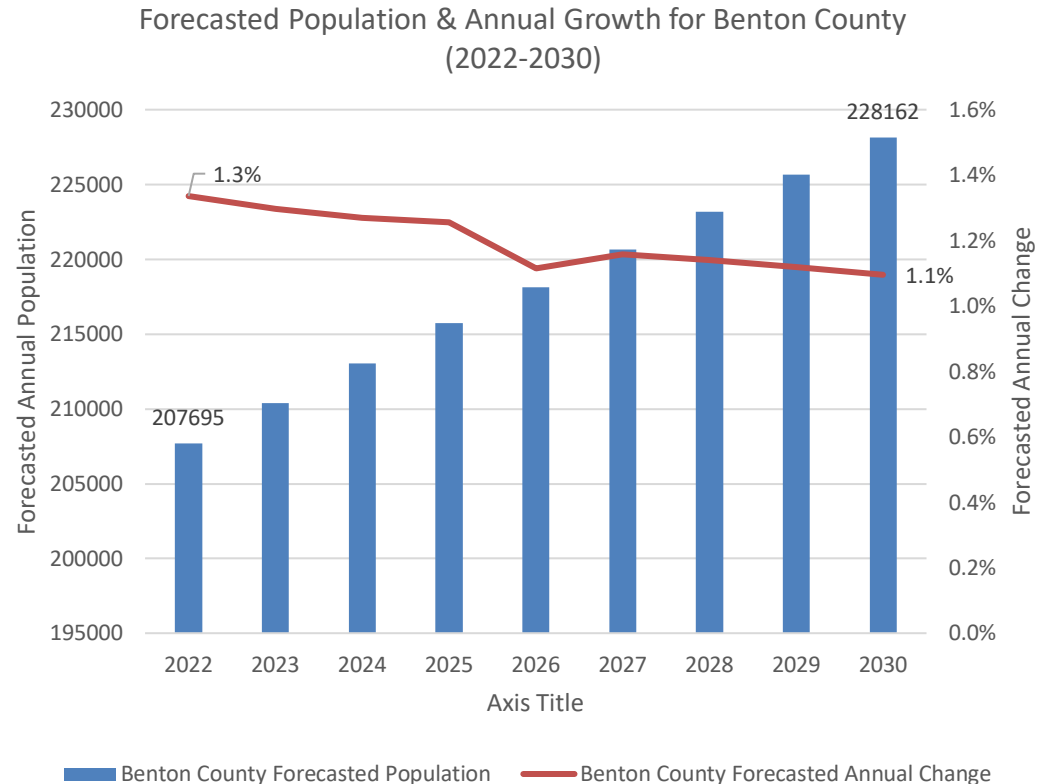
Population and annual growth rate for the City of Kennewick

- In 2021, the City of Kennewick had a population growth rate of 0.83% -- on par with the state and national average but below that of the larger area covered by the combined counties.
- Annual growth rates have stabilized over the previous 30 years and might be expected to continue on this more stable path.



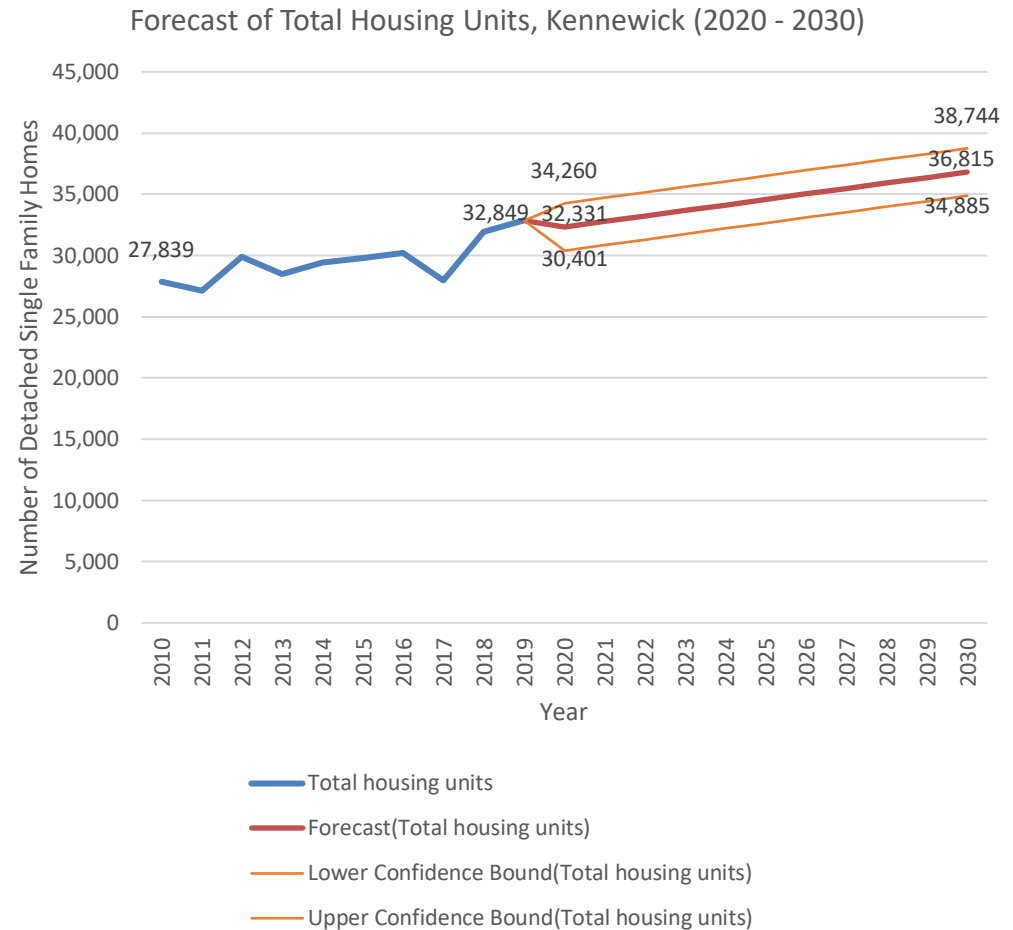
What kind of population growth should be expected?

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



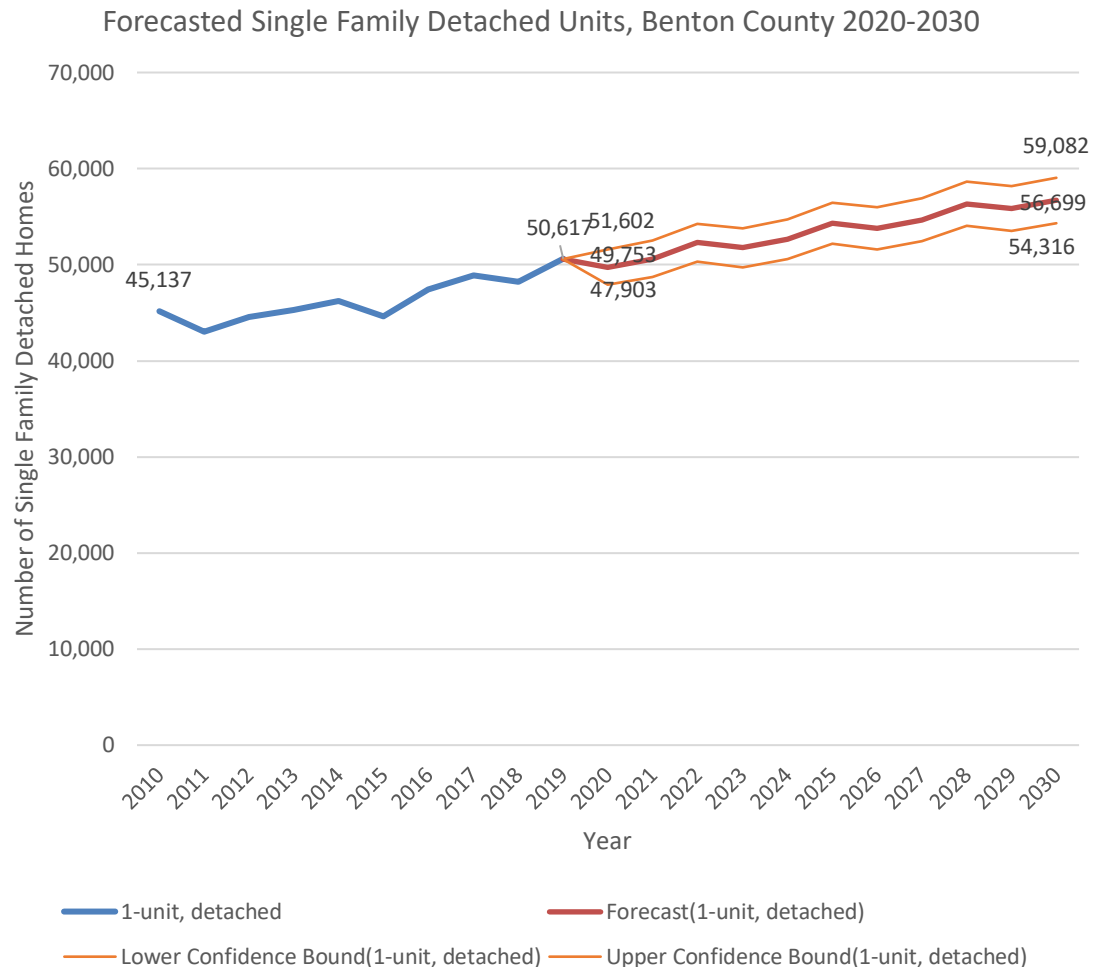
Baseline forecast for single family housing units, Kennewick

- Using annual data from the ACS, a forecast of total detached single family housing units suggests that close to 4,000 more units will be needed by 2030.
- The range of single family housing units for the city in 2030 could be as low as 34,885 or as high as 38,744.
- The increase could be as small as 2,000 or as large as 6,000.
- A confidence interval of 90% is provided.



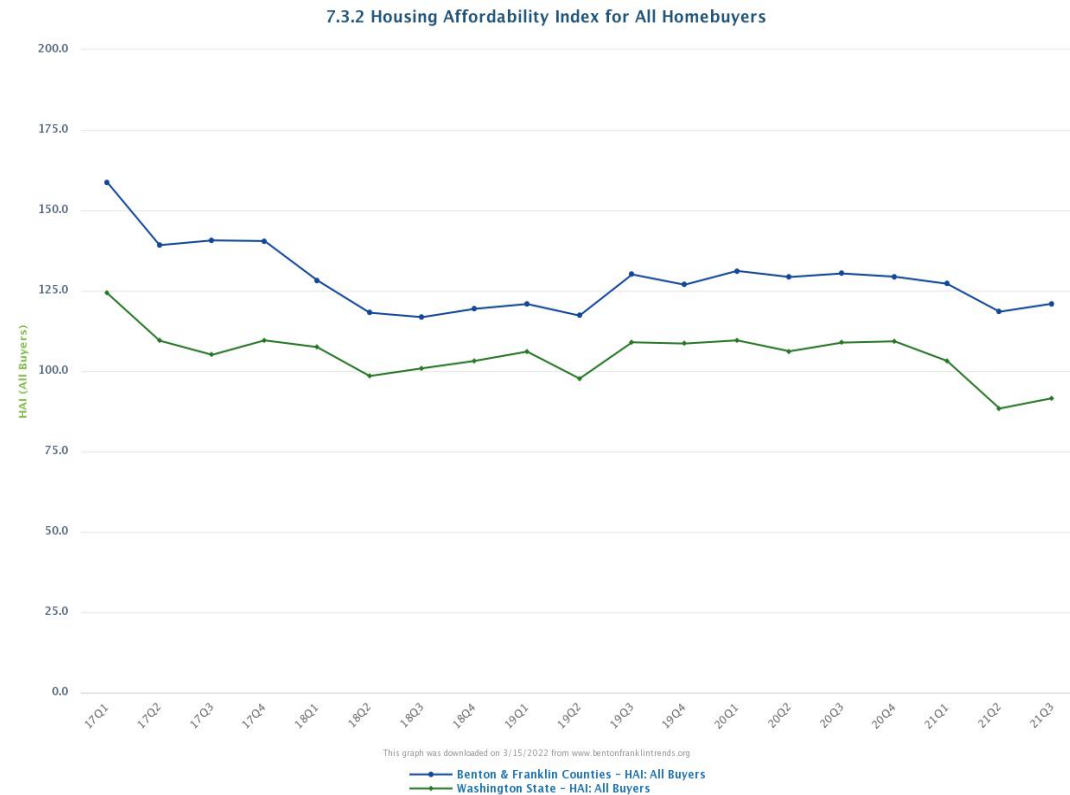
Baseline forecast of single family houses for Benton County

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



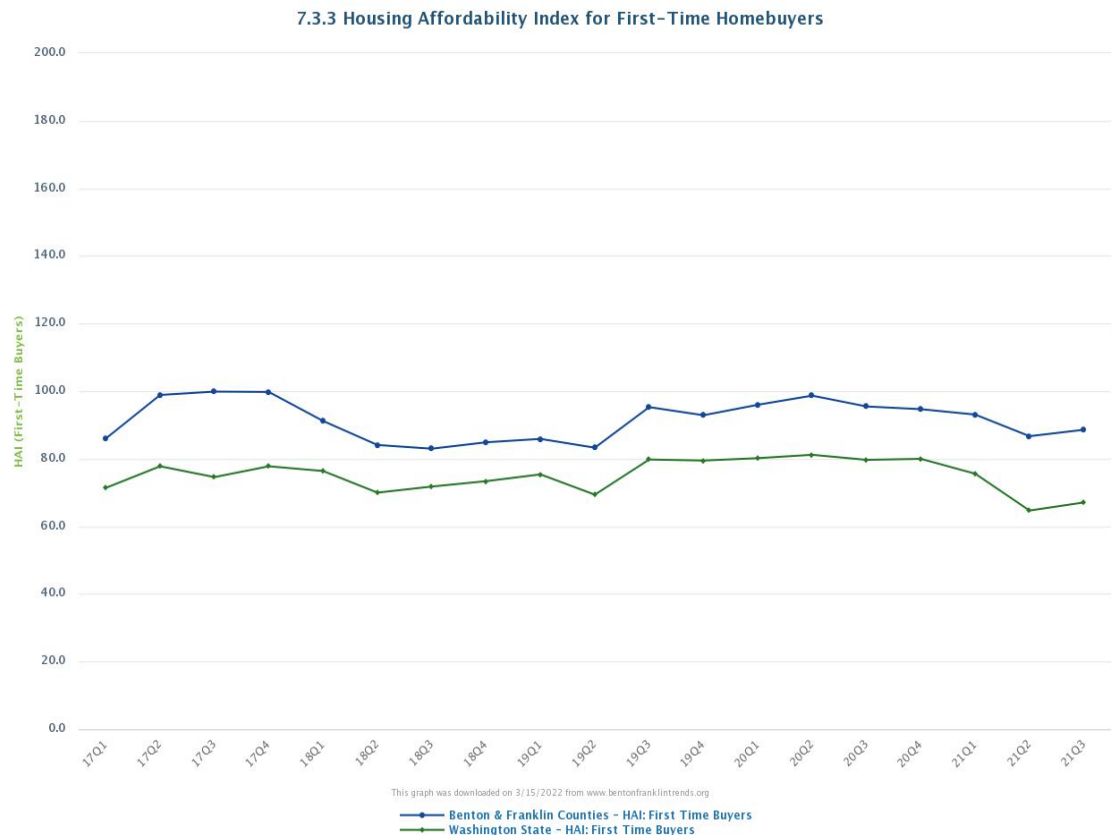
How the affordability of houses might affect housing demand

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



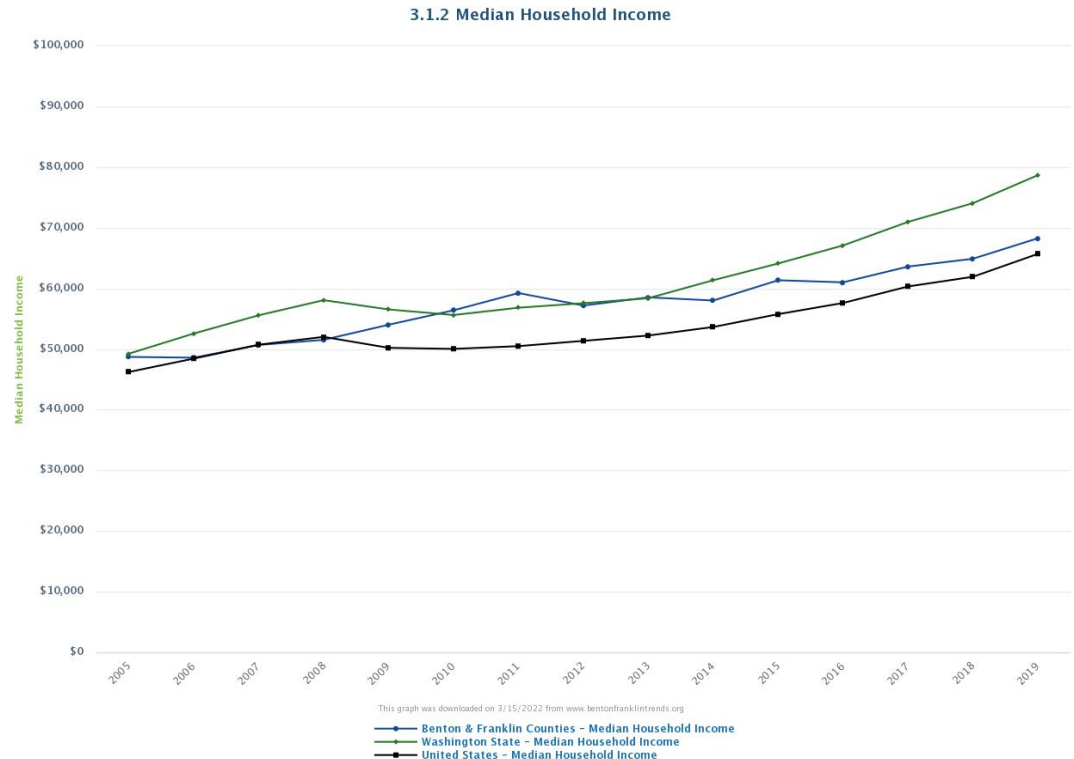
How does housing affordability for *first-time* buyers compare to all homebuyers in the counties?

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



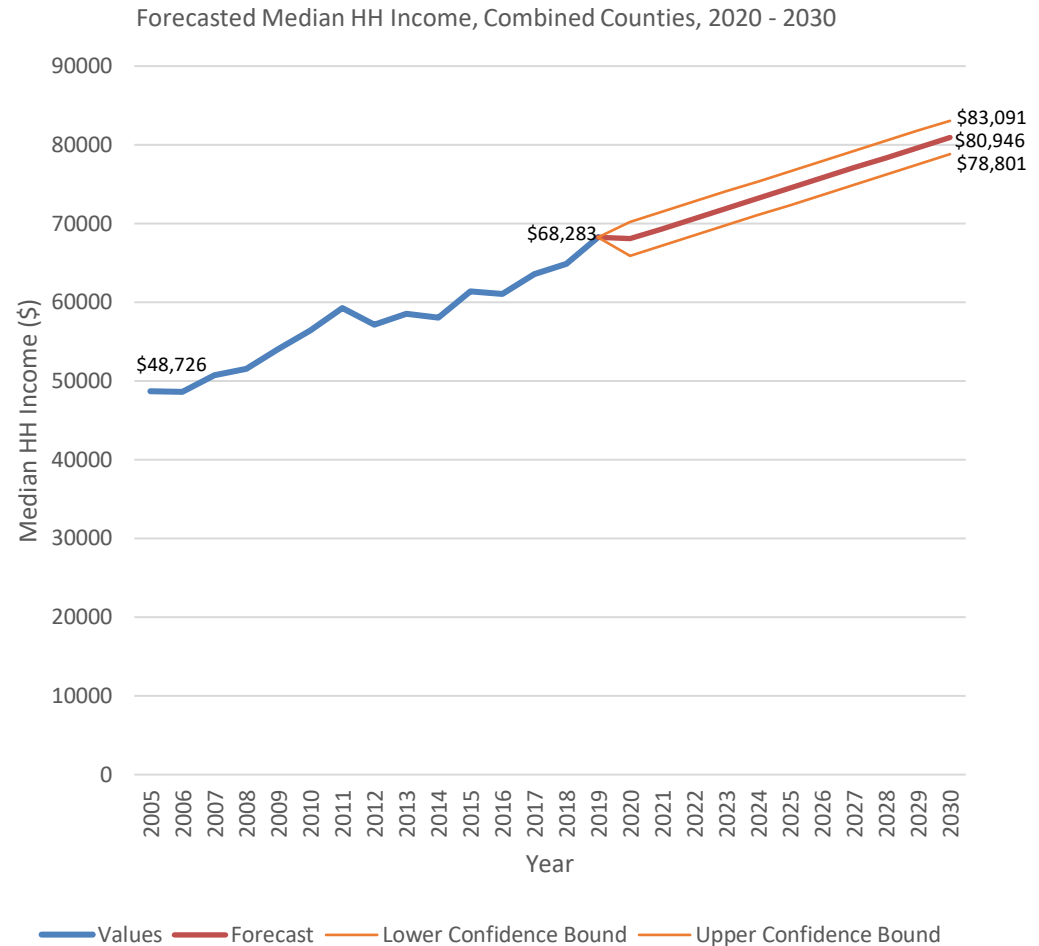
Income is an important determinant of housing demand.

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



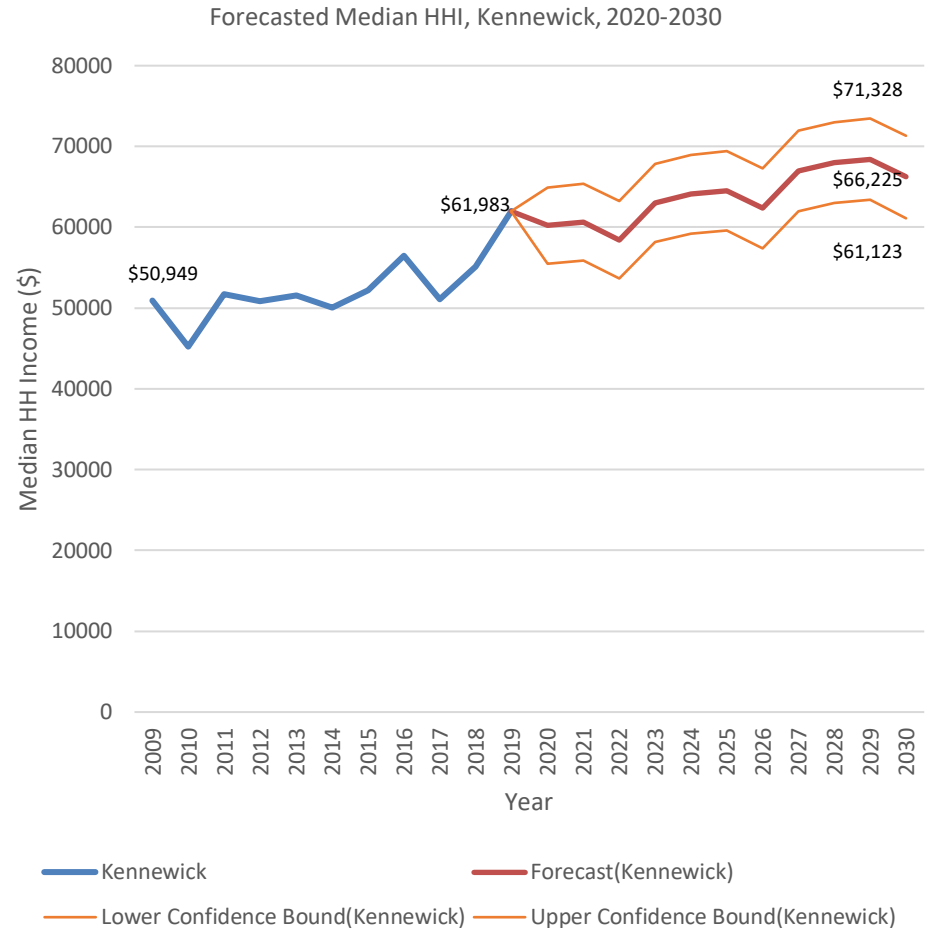
Baseline forecast of median household income Benton & Franklin Counties

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



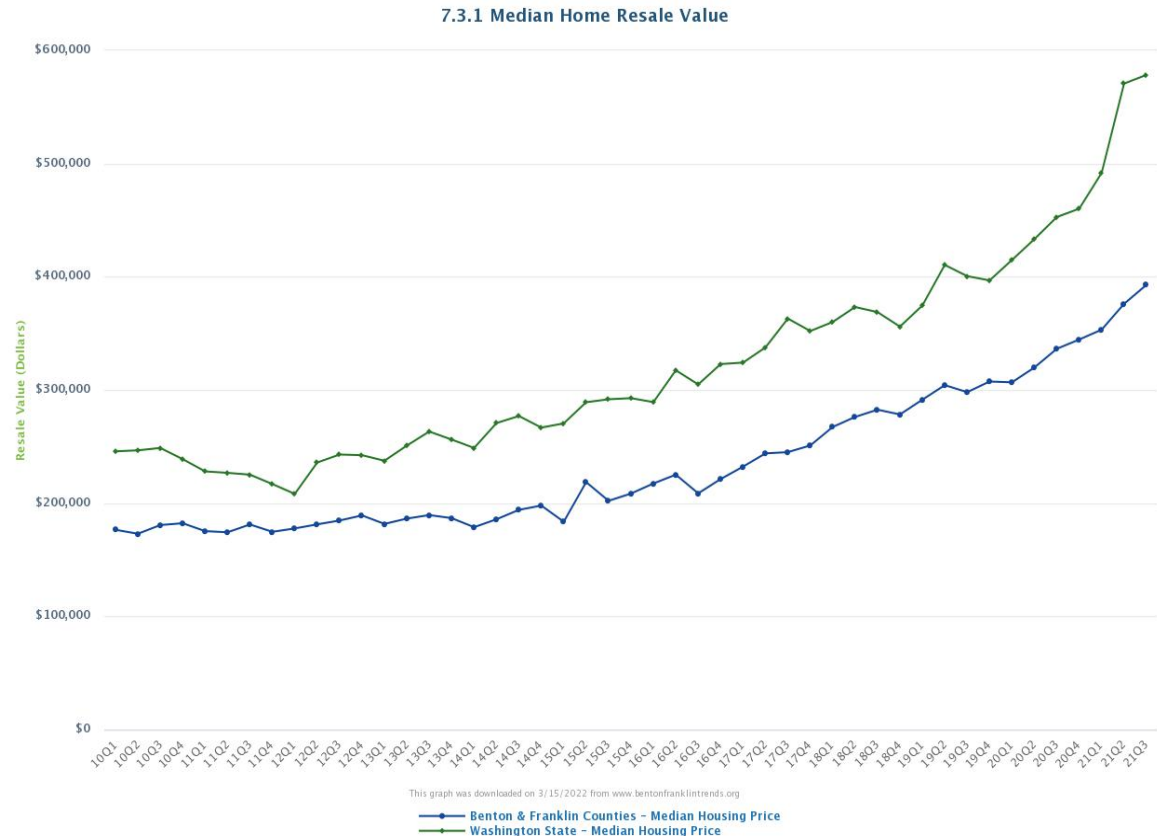
Baseline forecast of median household income - Kennewick

- The median household income for the City of Kennewick is forecasted to increase from \$61,983 to \$66,225 from 2020 to 2030 – an increase of 6.8% total or an annual average growth of about 0.6%.
- Using a 90% confidence interval, this increase could be as high as \$71,327 – 15% over the entire forecasted period or 1.4% annual growth.
- The lower bound shows essentially no change from the 2019 level.



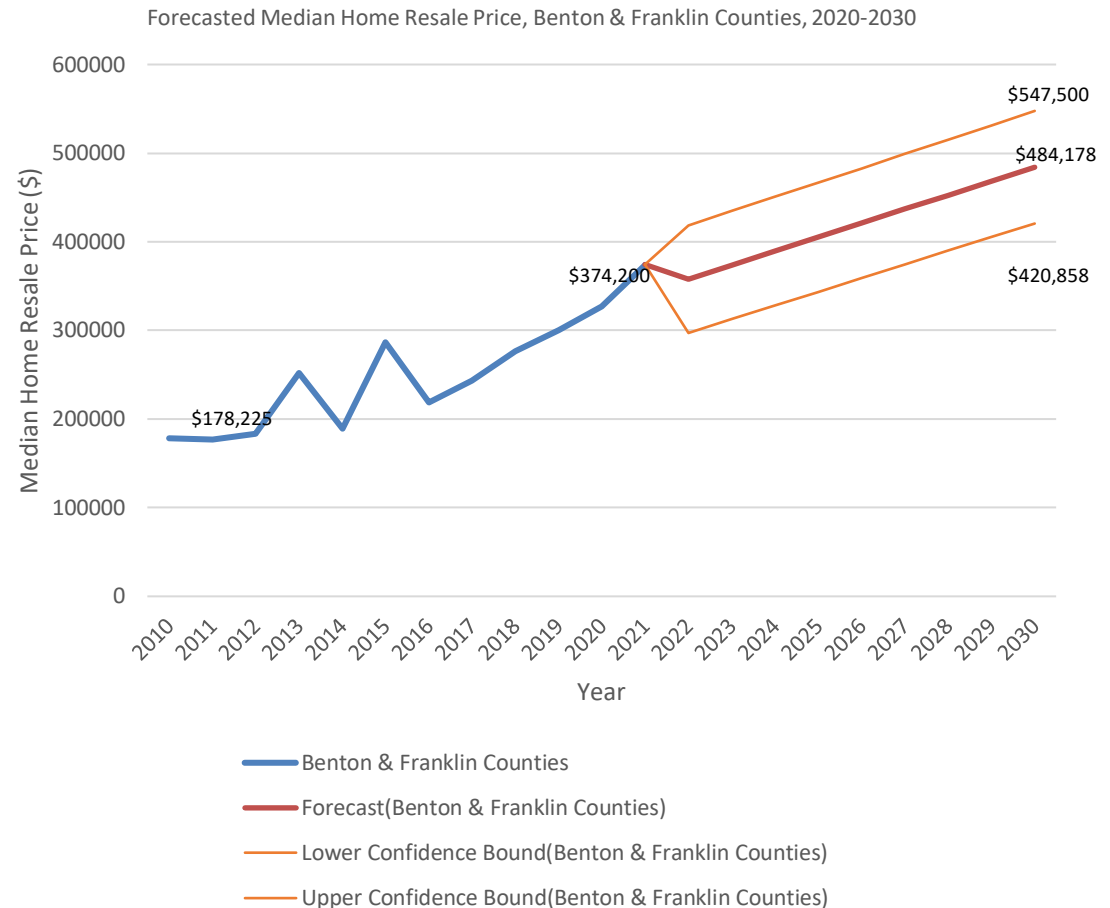
What has been happening to prices of houses?

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



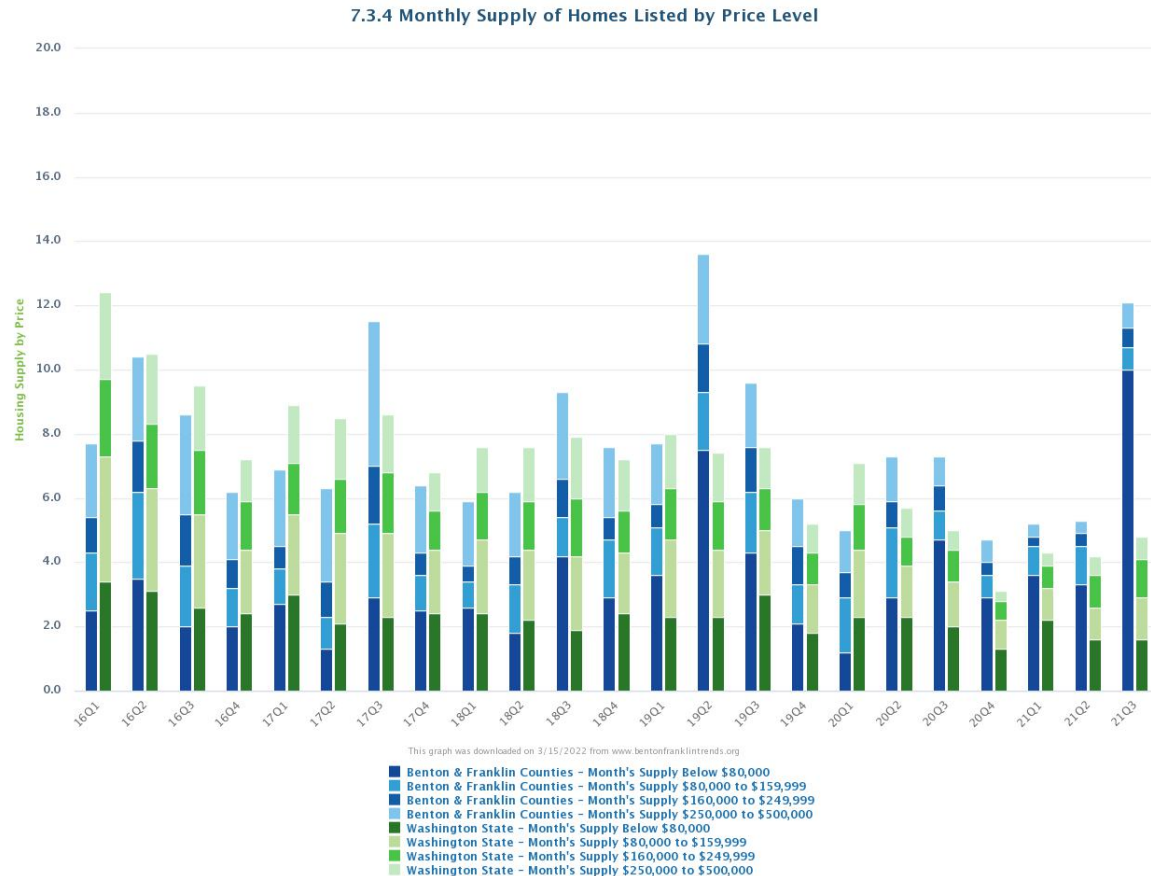
Forecasted median home resale price, Benton & Franklin Counties, 2020-2030

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



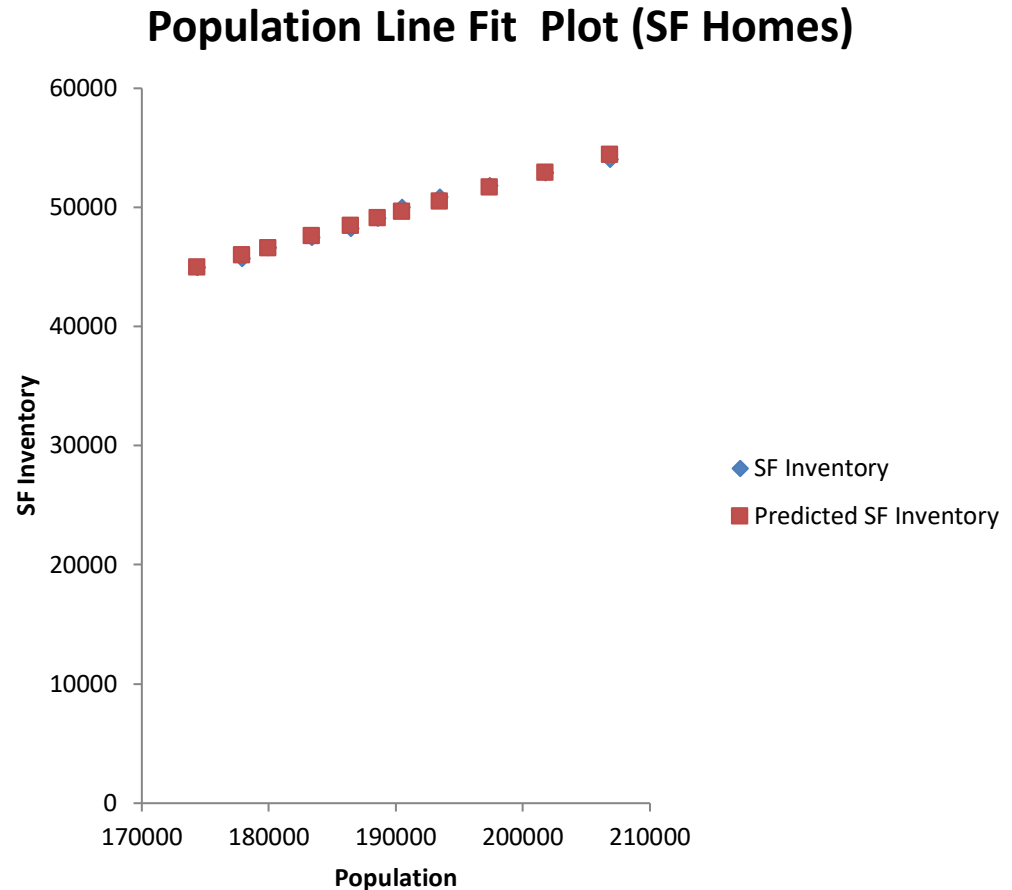
Housing supply indirectly affects housing demand through market equilibrium

- Compared to the state average supply of housing, Benton & Franklin counties have a relatively larger supply of houses listed in a month, especially at the lower price levels.
- This speaks to good available of housing stock for the market to reach equilibrium.



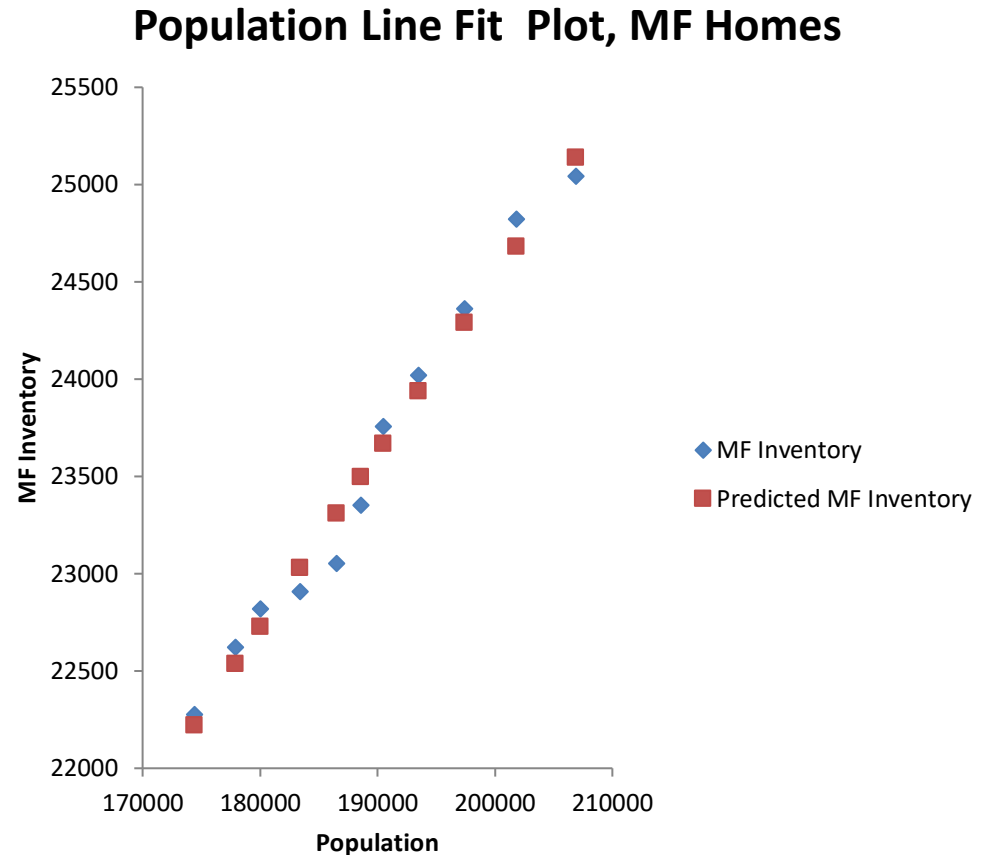
Population is the dominant determinant of single family housing demand in the combined counties

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



Population also dominates the demand for multi-family homes

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



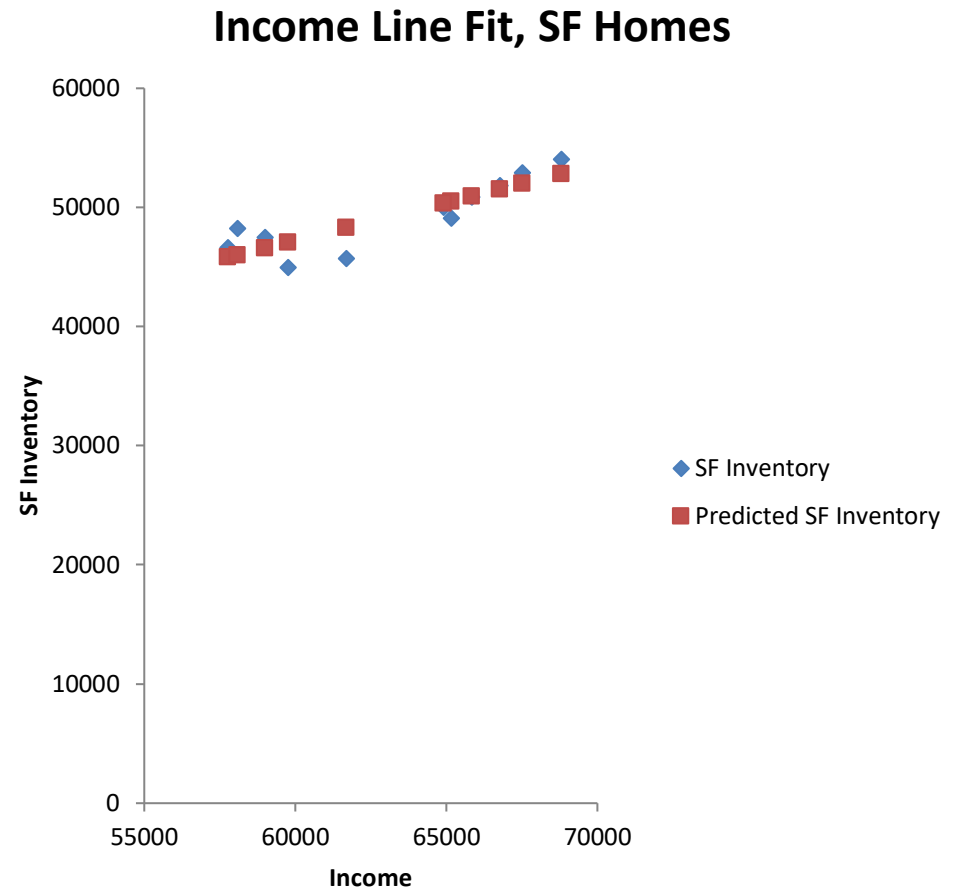
Using forecasted population to estimate increased housing demand

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

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

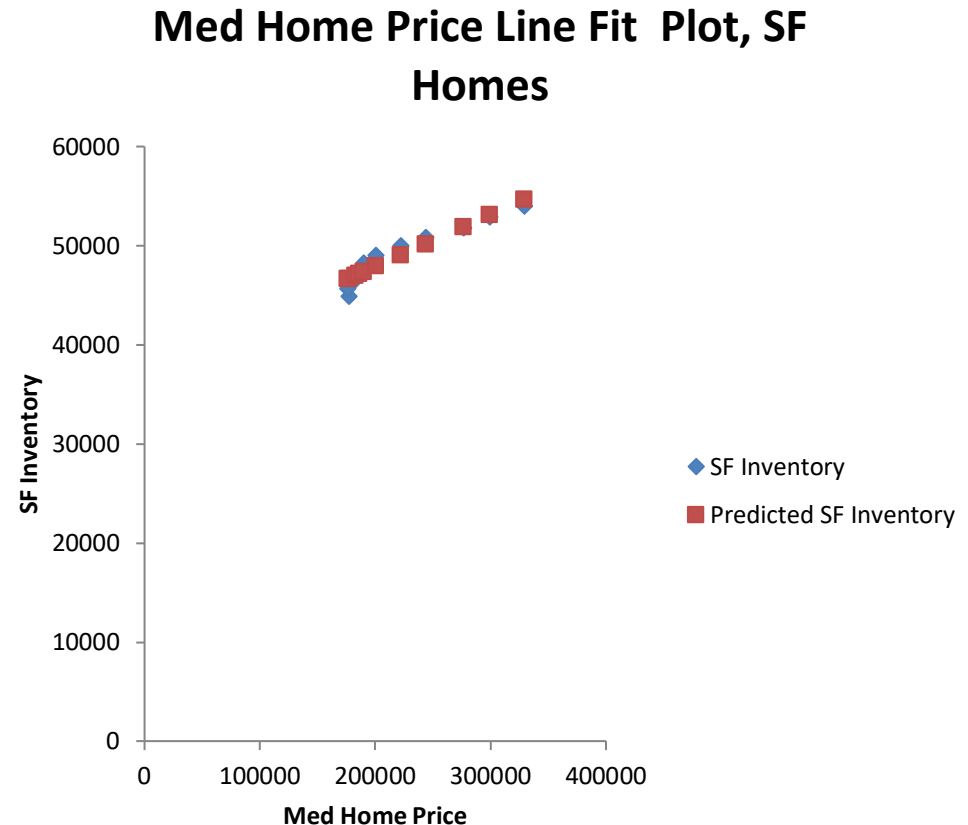
Using single factor analysis to predict impact of changes in median HH income

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



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

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



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Projects & Priorities

Briefing Memo

March 2022

Projects & Priorities Briefing Memo

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

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

Budget, Financial and Operational Philosophy Resolution 2018-27

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

(Continued on the next page.)

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

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

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

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

2021 – 2022 Work Plan Projects

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

Vista Field

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

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

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

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

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



Project Considerations

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

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

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



Planned 2022 Work

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

Questions to Address

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

* Not included or budgeted in the Work Plan.

Kennewick Historic Waterfront

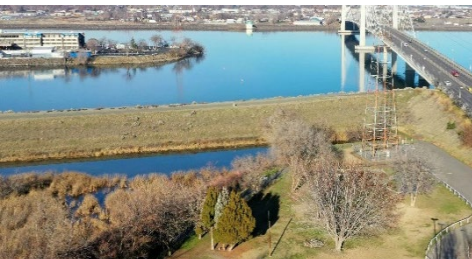
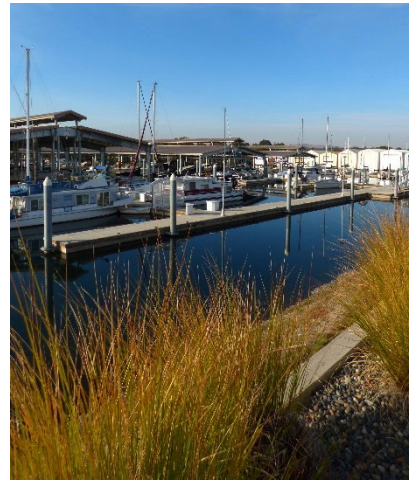
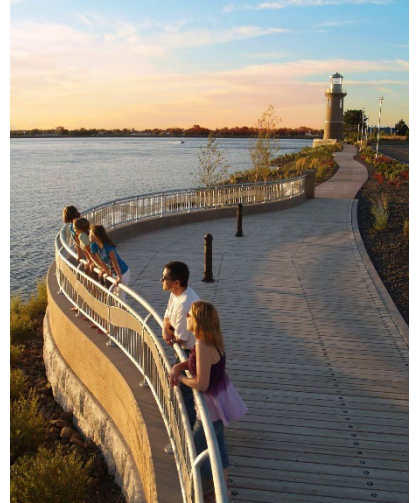
Clover Island, Columbia Gardens Wine & Artisan Village, The Willows and Cable Greens are Port-owned sites within Kennewick's Historic Waterfront District. The properties are also in a federally-designated Opportunity Zone. The Commission adopted a community-inspired Historic Waterfront District Master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

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

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

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

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



Project Considerations

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

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



Planned 2022 Work

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

Questions to Address

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

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

Vista Field Development Buildings

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

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



Planned 2022 Work

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

Question to Address

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

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

Twin Tracks Industrial Park

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

Planned 2022 Work

- Perform standard property maintenance.



Oak Street Industrial Park

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

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

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

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



Planned 2022 Work

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

Partnership Endeavors

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

Center Parkway – City of Richland

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

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



Current Status

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

Columbia Park Trail – City of Richland

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

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



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

Current Status

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

Washington Street – City of Kennewick

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

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



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

Current Status

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

West Richland

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

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

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



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

Current Status

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

Question to Address

1. Should this Work Plan directive be adjusted?

Non-Work Plan Activities

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

Governance and Management Audit

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

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

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

Current Status

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

Build Back Better “Call for Projects”

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

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

Current Status

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

COVID-19-Related Economic Impacts Analysis

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

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

Current Status

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

Reopening Plan

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

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

Current Status

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

Maintenance Facility Needs and Alternatives Report

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

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

Current Status

Under development.

Laserfiche Training and Implementation

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

Current Status

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

Water Rights Analysis

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

West Richland Industrial Park

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

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

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

Oak Street Industrial Park

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

Current Status

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

Rural County Capital Funds Update

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

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

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

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

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

Additional Items

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

Items for Discussion

Work Plan & Budget

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

Keystone Policies/Procedures

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

Communication and Reporting

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

Efficiency

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