

VISION

P O R T O F K E N N E W I C K

This spring I am filled with optimism for our region and our economy. Port of Kennewick citizens are becoming actively engaged in port activities. Port staff is focused on projects which will increase job growth, revitalize neighborhoods, and enhance our community for future generations. Port investments are transforming Clover Island and the Columbia Drive waterfronts into economically viable destination areas. And, your port Commission is taking strategic and fiscally responsible approaches to managing taxpayers' assets--including gathering sufficient, reliable data on the Vista Field airport.

A consultant's report on alternatives for Vista Field indicated that both an expansion alternative and a redevelopment alternative would bring positive impacts relative to simply continuing with current operations at Vista Field. However, in each case the mix of costs, benefits and tradeoffs varies significantly.

Option one, turning Vista Field into an expanded "aerotropolis", would cost taxpayers \$42.5 million and nearly double the port's annual operational loss during the next twenty years, while adding \$17.5 million of property value to the tax rolls. Option two, closing the airport and transforming the airport land into a "regional downtown", would generate a profit of \$3.7 million for taxpayers, and would add \$408.6 million to the tax rolls. Option two would be "pay as you go" and would not require a tax increase. Option three, the no-action alternative, would operate the airport under the existing Vista Field Master Plan that includes efforts by the port to recruit private investment; although to date there has been a lack of market response.

Commissioners received the final Vista Field Environmental Impact Statement (FEIS) report in March, and must now weigh the benefits, costs, and impacts to our taxpayers before making any decision. A careful and studied approach to Vista Field's future is crucial since it is a complex issue and any decision will impact taxpayers and the community for years to come.

I am honored to once again serve as your Commission President.

Skip Novakovich

President

Port of Kennewick Board of Commissioners



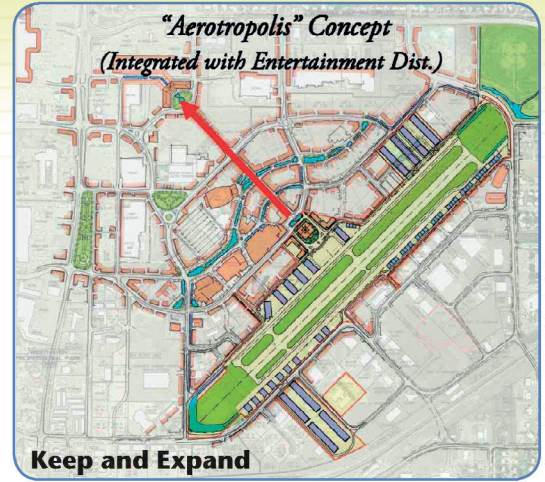
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Vista Field Airport

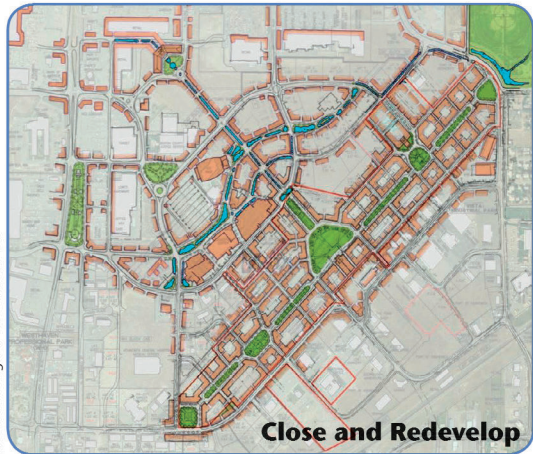
DPZ Evaluates Alternatives

More than three years ago, a decision was made to retain Vista Field airport, a 112-acre general aviation airport located in the heart of the Tri-Cities metropolitan area, in hopes of attracting aviation-related business. A Vista Field Master Plan, developed with the input of pilots and citizens, called for millions of dollars in private-sector capital investment at the airport. However, the market has not responded and the airport continues to operate at a substantial financial loss.

In addition, a private sector proposal to establish a fixed base operator (FBO) to manage and operate the airport and airport facilities indicated it would require significantly greater taxpayer subsidy than supported by Commissioners under the airport master-plan. And the Washington State Department of Transportation Aviation Division's 2012 Economic Impact Report indicated far fewer jobs, payroll, economic output, and financial impact numbers related to Vista Field than anticipated.



artist rendering: DPZ FEIS March 2013

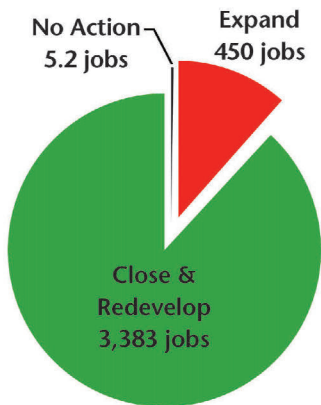


artist rendering: DPZ FEIS March 2013

Elected officials are responsible for ensuring the safety and welfare of district assets. And when new information arises, there is a responsibility to reassess conditions and ensure that tax dollars are spent for benefit of the district. Thus, the port hired an independent consultant team of Duany Plater-Zyberk and Company (DPZ), Century West Engineering, ECONorthwest, and Parametrix to complete the Vista Field Airport Planning, Environmental and Economic Analysis with Integrated Environmental Impact Statement (EIS). Their report evaluated three alternatives: investing significantly more taxpayer money in expanded capital facilities and improvements at Vista Field; closing and redeveloping the area; continuing to operate and maintain the airport under the Vista Field Master Plan.

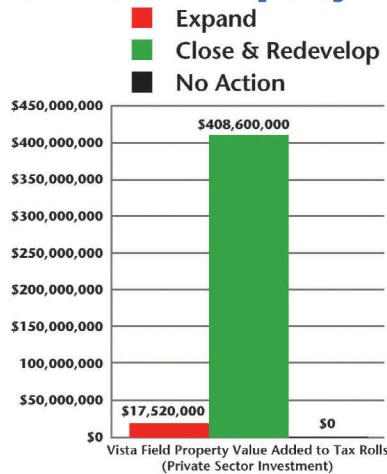
The alternatives were developed with active involvement of stakeholders and citizens; and specific EIS procedures were followed as required by state law. The consultant's final report was delivered in March. Port Commissioners will study the report and weigh the benefits, costs, and impacts to taxpayers before making any decision.

Jobs Generated

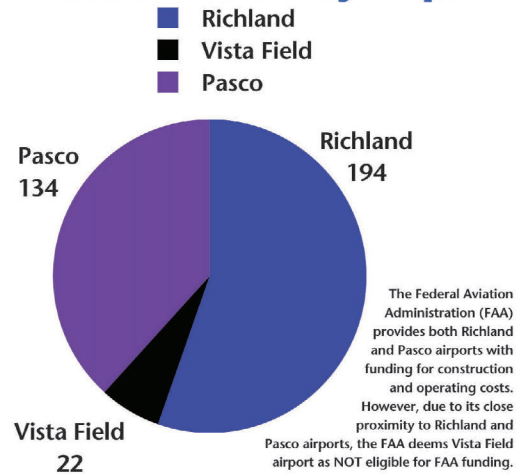


FROM DPZ FEIS March 2013

Additional Property Value



Based Aircraft by Airport



Port of Kennewick Public Commission Meetings

Meetings are held the second and fourth Tuesdays of each month. The meetings begin at 2:00 p.m. in the Commission Chambers at the Port of Kennewick offices, 350 Clover Island Drive, Suite 200, Kennewick, unless otherwise posted in the Tri-City Herald or Port of Kennewick website, www.portofkennewick.org. We would love to have you attend!

Port of Kennewick Commissioners

Skip Novakovich
Commissioner - President
skip@portofkennewick.org

Don Barnes
Commissioner - Vice President
dbarnes@portofkennewick.org

Gene Wagner
Commissioner - Secretary
gwagner@portofkennewick.org

Airport Alternatives Addressed

Financial Impacts Considered

The final Vista Field Airport Planning, Environmental and Economic Analysis with Integrated Environmental Impact Statement (FEIS) concluded that the expansion alternative would likely require \$42.5 million in new taxes from port district taxpayers to pay for capital construction (\$43.5 million less \$956,000 from land sale proceeds). In addition, an expanded airport would require an annual operating subsidy of \$639,528.

The redevelopment alternative would generate \$3.7 million in revenue (\$11.9 million spent by port district taxpayers with \$15.6 million gained from land sale proceeds) for the port district. The redevelopment option would require no annual airport operating expenses.

The no action alternative would require \$1.9 million to be spent by port district taxpayers for capital construction and an annual operating subsidy of \$390,143.

Vista Field Airport	Alternative 1 Expand	Alternative 2 Close & Redevelop	Alternative 3 No Action
Jobs	450	3,383	5.2
Annual Operating Expenses	-\$639,528	\$0	-\$390,143
Public Spending (taxpayer \$)	-\$43,510,188	-\$11,897,833	-\$1,947,750
Land Sale Proceeds	\$956,000	\$15,613,750	\$0
NET Public Cost or Profit (taxpayer \$)	-\$42,554,188	\$3,715,917	-\$1,947,750
Private Sector Investment	\$19,341,000	\$460,125,782	\$0
Infrastructure (non-taxable)	\$1,821,000	\$51,525,782	\$0
Buildings (taxable)	\$17,520,000	\$408,600,000	\$0

Port of Kennewick Staff

Tim Arntzen,
Executive Director
509/585.1144
ta@portofkennewick.org

Tammy Fine, CPA, CFE
Director of Finance/Auditor
509/586.7978
tfine@portofkennewick.org

Tana Bader Inglima, Director
of Governmental Relations &
Marketing
509/586.8140
tana@portofkennewick.org

Larry Peterson, Director of
Planning/Development
509/586.1188
lpeterson@portofkennewick.org

Michael Boehnke,
Facilities Manager
509/521.7281
mboehnke@portofkennewick.org

Bridgette Scott,
Executive Assistant
509/586.1187
bscott@portofkennewick.org

Jennifer Roach,
Accounting/Admin. Assistant
509/586.1186
jroach@portofkennewick.org

Augustine Gonzales,
Accounting/Admin. Assistant
509/586.1186
augie@portofkennewick.org

Kandy Yates,
Receptionist
509/586.1186
kyates@portofkennewick.org

Michael A. Melia,
Maintenance Technician
509/948.3065
mmelia@portofkennewick.org

Improving Public Assets

A construction project will renovate the port's east Kennewick, Oak Street Industrial Park development buildings. The project will improve office and warehouse areas by adding new finishes, and making mechanical, electrical and site improvements. The buildings total 33,000 square feet. Following 20-plus years of occupancy, the buildings are being transformed into updated, flexible space for future manufacturing and light industrial tenants. Renovations will be completed by late summer.



Island Enhancement Continues

The Clover Island Yacht Club spent nearly \$500,000 upgrading their facility. The private club added a new walkway and fuel dock, and removed a wood-framed, covered moorage dock; replacing it with a steel structure that complements the port's public marina.



Volunteers Clean Up

During a "Day of Service" event, volunteers from the Elliott Lake Ward of the Church of Jesus Christ of Latter-day Saints removed trash, tires and debris, and trimmed overgrown vegetation on port property. Volunteer projects help reduce port maintenance costs and improve public assets.



2012 Friend of the Port

Mark Blotz received the 2012 Friend of the Port award for his efforts to increase Clover Island tourism, support waterfront revitalization, and generate positive economic benefits for Kennewick.



Port Tenant Receives Award Bruker Elemental is Manufacturer of the Year

Bruker Elemental was named SmartMap Expo 2012 Manufacturer of the Year. They produce handheld X-ray fluorescence (XRF) spectrometers which analyze a variety of different materials, including geological samples, archaeological findings, metal components and fine art. Each instrument is calibrated to identify more than 500 metal alloys; with additional alloys added at customers' request.

The engineering, assembly, calibration, and testing of Bruker's XRF analyzers takes place in a building at the port's Vista Field Development Facility. Originally known as SciTech, C-Thru and KeyMaster, the company initially rented a single space in the port's research and development incubator; they now occupy nearly 90 percent of that building. The port is actively working with Bruker to update the 1989 building into a world-class manufacturing facility. KeyMaster became Bruker Elemental in 2006 when they were acquired by Bruker, a public company worth nearly \$2 billion per year.

Executive Vice President and Managing Director, John Landefeld estimates Bruker impacts more than 100 jobs within the state since most of the machining, circuit board, and plastic injection work is done locally or by Washington-based businesses. The company uses technology originally developed to detect heavy metals in Hanford soils. Their newest model, the S1 TITAN, was just released in 2012 and has been a huge success in industrial markets around the world. Jerry Sooter, Bruker's marketing manager, said the handheld X-ray fluorescent market has grown from a few hundred instruments per year, to nearly 8,000 per year--worldwide. Bruker's niche of providing handheld devices to museums, archeologists, and universities sets it apart from other companies. For more information visit: www.bruker.com



Developing assets to create sustainable family wage jobs, user friendly transportation systems and quality of life enhancements for visitors and residents of the Port of Kennewick.



PORTofKENNEWICK

350 CLOVER ISLAND DRIVE | SUITE 200 | KENNEWICK, WA 99336

(509) 586-1186 | WWW.PORTOFKENNEWICK.ORG

EMAIL: POK@PORTOFKENNEWICK.ORG

Open for Business!