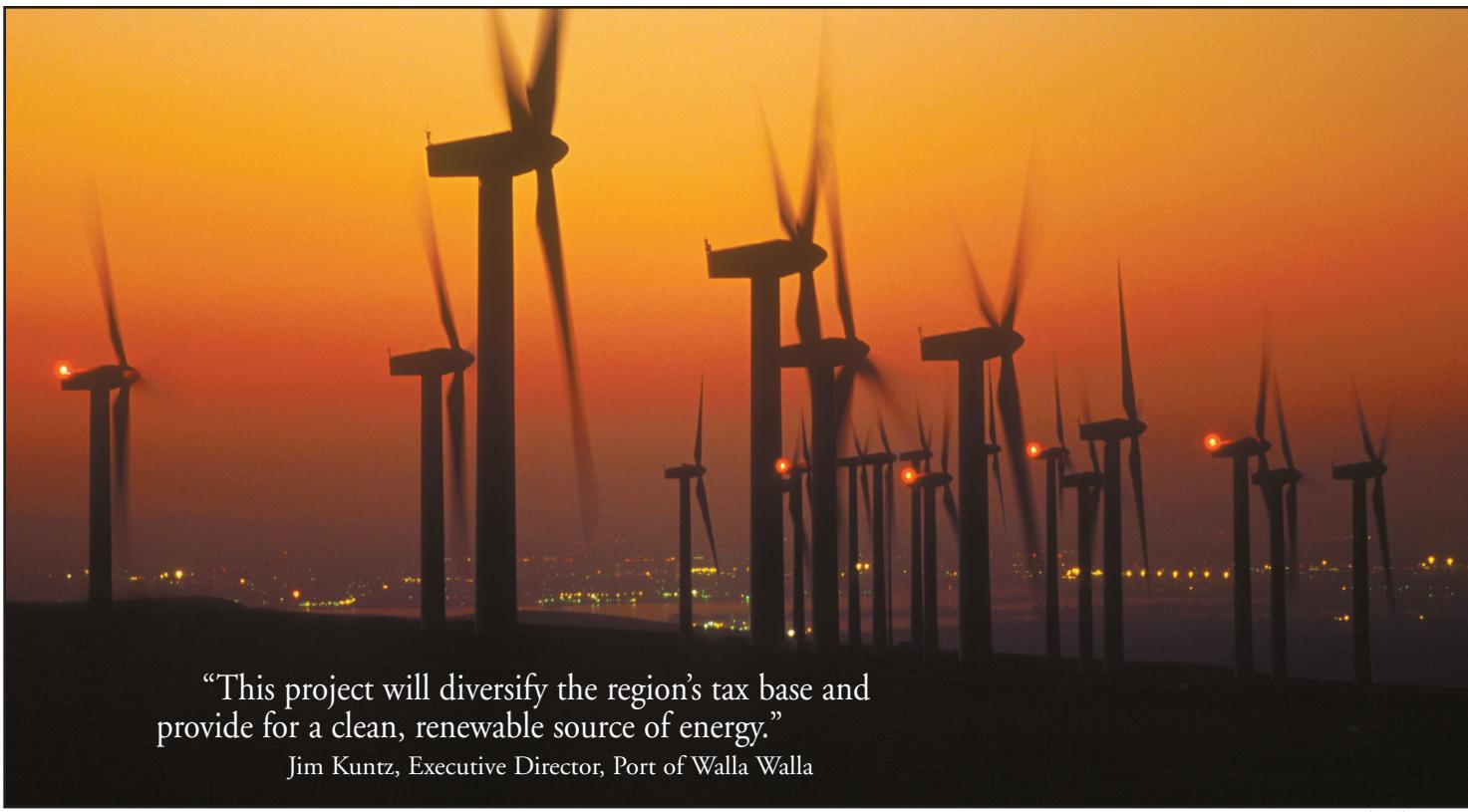


WATCH

Published by the Port of Walla Walla

2001/2002



“This project will diversify the region’s tax base and provide for a clean, renewable source of energy.”

Jim Kuntz, Executive Director, Port of Walla Walla

Photo by Tim Hall

Port Promotes New Power Generating Projects... Windfarm and Gas-Fired Plants Light Up Future

Walla Walla County is well on its way to becoming “the energy capital of the world,” says Washington Congressman George Nethercutt. And he recently told Walla Walla business representatives that development of three power generating plants in the county are examples of what needs to be done to meet the nation’s growing energy demands.

Included are the Stateline Wind Project in southern Walla Walla County, the AES Columbia Project just east of Wallula and Newport Northwest LLC’s Wallula Power Project. Representatives from all three have relied on the Port for its support and assistance through the siting, planning and permit processes.

The facilities will have a meaningful economic impact on the county.

Economic Development Plan sets goals...measures results. Page 2.

During the construction phases, the three projects will result in more than 700 construction-wage jobs...and when completed, as many as 65 permanent management, operations and maintenance positions will be filled.

All totaled, the three power plants represent an investment of an estimated \$1.1 billion, including more than \$30 million for the purchase of materials and supplies from local vendors.

Stateline Wind Project

The Stateline Wind Project, being built by FPL Energy, LLC, consists of 450 state-of-the-art wind turbines...300 in Walla Walla County and 150 just across the border in Umatilla County, Oregon.

Scheduled to be “on line” by the end

of this year, Stateline will generate up to 300 megawatts...enough electricity to serve the needs of over 67,000 Northwest homes.

The “footprint” of the Stateline Wind Project covers some 172 acres...109 in Walla Walla County...along what is known as Vansycle Ridge. The site involved is private property acquired through leases that compensate each landowner.

More on Page 6

Projects Summary

Stateline Wind Project

\$300 Million Investment • On Line Target: 2001

AES Columbia Power

\$ 85 Million Investment • On Line Target: 2003

The Wallula Power Project

\$732 Million Investment • On Line Target: 2004

Four-laning Highway 12 beginning 2002. Page 4.

Getting to know your Port. Page 8.

Comprehensive Economic Development Plan Provides Guidelines...Measures Success...for Port of Walla Walla

Success in retaining and creating living wage jobs in all the communities of Walla Walla County can't be realized without careful planning. That's why the Port of Walla Walla's economic development efforts are guided by a carefully designed comprehensive plan. Economic Development Director Paul Gerola says the six-part plan features specific elements of work and includes benchmarks to be used in measuring the success of development activities.

While not in any order of importance, Gerola lists the elements of the plan as follows:
SMALL BUSINESS DEVELOPMENT...

The lead for small business development is taken by the Walla Walla Area Small Business Center. The center provides one-on-one business counseling and training to business owners, operators and entrepreneurs. The Small Business Center is a partnership between the Port, Walla Walla Community College, the Small Business Administration, Washington Manufacturing Services and Washington State University's Partnership for Rural Development. The center is located in the Port's administrative office building at 310 A Street, Walla Walla Regional Airport.

EXISTING BUSINESS RETENTION & EXPANSION...

This element is designed to provide assistance to businesses already in Walla Walla County. Activities include annual "status" meetings with the county's largest employers, supporting business expansions that provide family wage jobs and encouraging "buy local" initiatives. Benchmarks include tracking the number of businesses visited and the number of local businesses expanding operations.

BUSINESS RECRUITMENT MARKETING & ADVERTISING...

This work element encompasses marketing available private and Port owned property, recruiting new businesses, attending development related trade shows, maintaining the Port's web page, conducting targeted marketing campaigns and developing promotional brochures. Benchmarks include the number of qualified business leads generated, new businesses locating in Walla Walla county and the number and quality of jobs created.

SITE & INFRASTRUCTURE DEVELOPMENT...

Activities in this element are designed to identify and secure suitable sites for industrial and business development. This may include obtaining proper zoning, and extending roads, water, sewer and other utilities to the site. Benchmarks are to complete at least two infrastructure projects per year.

ECONOMIC PROFILING...

This initiative includes collecting, analyzing and publishing economic and demographic profiles of the Walla Walla Valley. The Port publishes a business directory, largest employer list, labor market conditions and tourism economic indicators. Benchmarks include utilization of the data by community policy makers, existing businesses and prospective new businesses.

ECONOMIC DEVELOPMENT ADVOCACY...

This part of the plan involves work aimed at maintaining a positive climate for economic development in Walla Walla County. Activities include encouraging city, county, state and federal governments and agencies to maintain a "friendly attitude" toward business in areas relating to regulation, permitting and taxation. Benchmarks include the presence of favorable policies affecting economic growth and public understanding and support for local development efforts.

You Are Invited To Participate In Advisory Committee

The Port's Economic Development Advisory Committee, consisting of elected officials, private business representatives, the Port of Walla Walla and others interested in economic development, meets bi-monthly to review the implementation of the Economic Development Plan and to discuss current development issues.

Your participation in these regular meetings is welcomed and encouraged. The sessions start at Noon in the Airport Terminal building community meeting room.

If you're interested in attending, call the Port offices at 509-525-3100 to be added to the committee mailing list.

The Small Business Center provides over 400 hours of counseling and nearly 100 hours of business workshops each year.

The Port assists businesses each year to expand their operations in the Walla Walla Valley. Many small businesses that are in need of expanding facilities are located in the airport industrial park.

The Port attends trade shows each year to recruit new businesses to the area. A national manufacturing trade show and call center trade show were included in this year's schedule.

The Port has formed an alliance with Walla Walla County and the cities of Walla Walla and College Place to extend Myra Road to provide a more direct transportation corridor between Highway 12 and Highway 125. The Port has pledged \$50,000.

If you're looking for helpful information about Walla Walla County, look to the Port. The Port fills dozens of requests each year for economic and demographic profiles on the area.

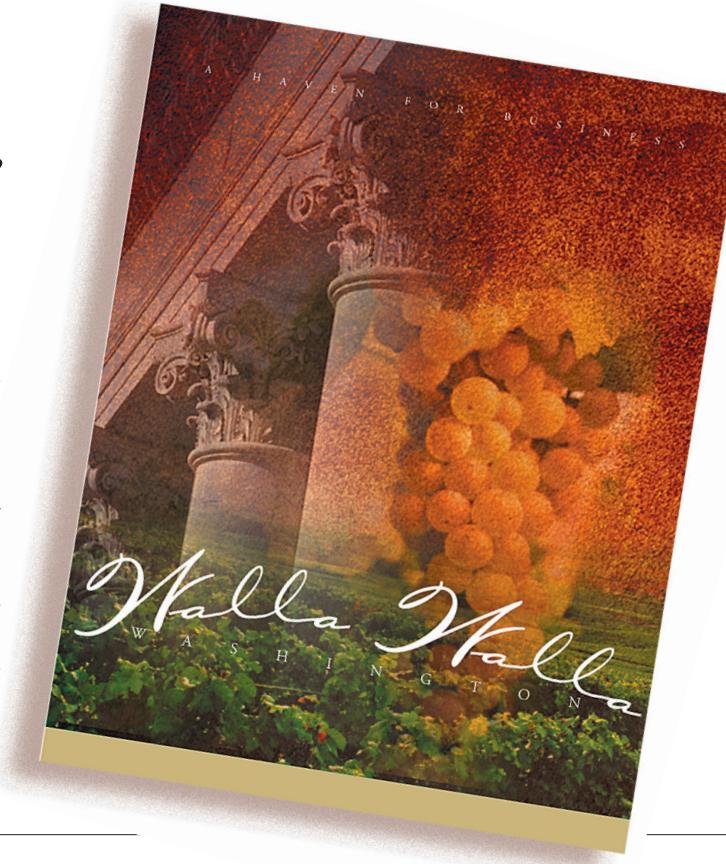
Each year the Port makes presentations about its economic development initiatives to service clubs, business groups and governmental organizations. Please call 525-3100 if you'd like the Port to appear before your organization.

New Marketing Brochure Completed...

The Walla Walla Valley is a good place to grow a business...and that important message is the theme of a new marketing brochure just completed for the Port of Walla Walla.

Produced under the direction of DeLona Lang Bell of the CM Bell Company, a Walla Walla based agency, the colorful presentation will be used by the Port to recruit new businesses that will generate family-wage jobs in the county.

If you'd like to send a copy to a friend or family member call the Port at 509-525-3100 ...or review and share the publication at www.portwallawalla.com.



Creating Jobs

More than two of every 10 workers [21.8% of Walla Walla County's labor force] are employed by businesses assisted by the Port of Walla Walla. That means somebody you know benefits from Port activities that generate career opportunities that make a difference.

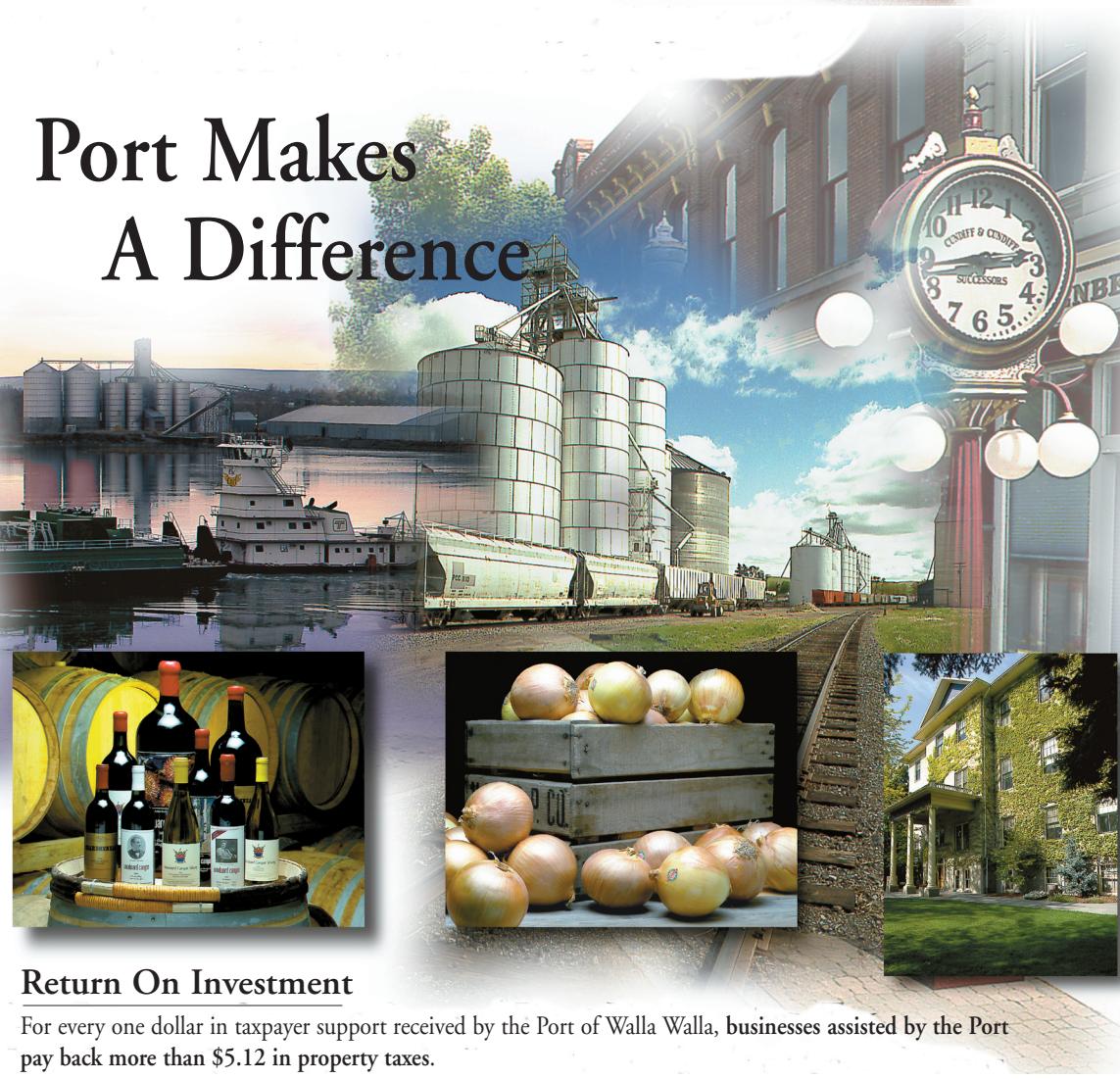
Rewarding Payrolls

In 2000, companies assisted by the Port of Walla Walla provided 5,770 jobs which resulted in a total payroll exceeding \$111,000,000.

Building Tax Revenues

In 2000, companies assisted by the Port of Walla Walla paid \$5,900,000 in property taxes. That's 15.8% of all property taxes collected in Walla Walla County. Five of the top ten largest taxpayers in the county are Port assisted businesses.

Port Makes A Difference



Return On Investment

For every one dollar in taxpayer support received by the Port of Walla Walla, businesses assisted by the Port pay back more than \$5.12 in property taxes.

New Walla Walla Regional Airport Terminal Nears First Full Year of Service

It may seem like only yesterday, but Walla Walla's new Regional Airport Terminal is nearly a year old. The ultra-modern facility has been a source of community pride and the hub of travel activity since it was dedicated on December 14, 2000. The terminal is the most recent in a series of major airport renovations that have marked the past 10 years. New runway direction signs, repairs to aviation ramps, roadway improvements and purchase of "clear zone" properties adjacent to the airport have all been completed in the past decade. The number of airport properties leased to wineries and other businesses has also grown significantly. All of these changes have contributed to the creation of the region's most complete industrial park and transportation center.



Photo by Tim Hall

The recently completed Walla Walla Regional Airport Terminal is a source of pride for Southeastern Washington and Northeastern Oregon. The \$10.5 million project was funded with nearly \$5 million each from Port of Walla Walla general obligation bonds and the Federal Aviation Administration...plus nearly \$500,000 in Port/Airport Reserves. No new property taxes were necessary for the project and the bonds will be paid using existing Port revenues.

Landscape Welcomes Airport Visitors



In its ongoing effort to enhance the gateways leading into the Walla Walla Valley, the Port has recently completed the landscaping of the Airport Interchange. The \$305,000 beautification project was funded in part by a \$105,115 transportation enhancement grant. A Walla Walla based contractor, Professional Landscaping, performed the work.



New Airport Hangars Under Construction

As part of its program to encourage general aviation activity at the Walla Walla Regional Airport, the Port has started construction of 11 new hangars to help meet the demands of a waiting list of airplane owners seeking hangar space. Eight T-hangars, for smaller airplanes, are scheduled for completion before year-end. Three larger shelter hangars will be completed early next year. Each of the "shelter designs" will be insulated, feature electric doors and accommodate two planes. The new units will join the 65 T-hangars and six shelter hangars already in place. Several older open-faced hangars were removed last year to make way for the new terminal building. The \$438,870 project is being built by Mark Hewett General Contractor.

Port takes leadership role in four-laning Highway 12

Construction On \$7.5-Million Link Scheduled For Next Year...More To Come

If everything happens as hoped, the four-laning of Highway 12 in Walla Walla County will make giant steps forward in the next five years.

Washington Department of Transportation officials say bids will be advertised as early as April 2002, for four-laning the highway from Casey Pond near Burbank to Dodd Road just North of Boise Cascade's plant site. The four-mile stretch, costing some \$7.5 million including bridge and embankment construction, should be completed by mid-2003.

Leonard Pittman, recently retired administrator for the Washington Department of Transportation's South Central Division, credits the Port of Walla Walla and Walla Walla County for getting a new start on the Highway 12 improvements.

"The Port and County did an excellent job of coordinating the interests of 14 public and private entities in getting this to happen," Pittman said. "And they did a great job lobbying legislators to include the first project in the current budget."

According to Pittman, the strategy for the Highway 12 cor-

ridor has been to address as many of the environmental concerns as possible early on in the planning phases of the entire project. "There are a lot of potential stumbling blocks, but we're addressing the wetlands issues and mitigating most environmental challenges with this first go around," Pittman said. In addition to local and state agencies, the Walla Walla District of the U.S. Army Corps of Engineers has been involved in the environmental studies.

Pittman explained that once the Casey Pond to Dodd Road section is underway, plans are to begin finalizing the Dodd Road to

Wallula stretch for construction in 2003-2004. He's hoping money budgeted by Washington State can be used to "seed" Federal dollars to provide sufficient funding to complete the projects on the proposed calendar. Once those are done, the remaining gap, from the Snake River Bridge to Casey Pond will be programmed. Pittman says this section is less critical now because traffic controls and speed restrictions put in place earlier have helped reduce risks on that portion of the highway.



This Department of Transportation drawing illustrates the proposed route for portions of Phases 1 and 2 for four-laning Highway 12 between Tri-Cities and Walla Walla.

Construction on Phase 1 is expected to get underway next year with completion scheduled for mid-2003.

Port Plans Increase In Marketing & Lobbying Efforts To Gain Support For Four-laning Highway 12

Port of Walla Walla officials are exploring ways to fund an aggressive marketing and lobbying campaign designed to secure additional state and federal funds to continue Highway 12 four-laning. The marketing plan would include production of brochures and fact sheets outlining the safety advantages and economic benefits of providing Walla Walla County with a four-lane link to the interstate highway system. Money would also be earmarked to hire a lobbyist in Washington, D.C. to seek federal appropriations.

The "ridge" was selected because of its consistent winds...averaging 17 miles per hour, more than enough for commercial generation...and for its location near major BPA and PacifiCorp transmission interconnection points, reducing the expense of new transmission lines. The area is also appealing because Stateline is fully compatible with existing agricultural land uses and development will have a low impact on avian, plant and wildlife populations.

The Stateline Wind Project will create a range of real economic benefits for the affected area. First, it represents a roughly \$300 million investment with some \$30 million of that spent locally. Second, landowners will receive financial compensation under lease agreements for hosting the turbines on their lands. Third, Walla Walla County will realize a measurable infusion of property tax revenues, marked increased local purchases of goods and services and job creation.

Wallula Power Project

Newport Northwest is in the midst of the "permit process" for its 1,300 megawatt power plant at Wallula. Developers are hoping to have it completed in early 2004. The project is currently under review by the Washington State Energy Facility Site Evaluation Council (EFSEC).

Robert Kahn, spokesman for Newport Northwest, says "This is the right project at the right location at the right time." The \$732 million natural gas-fired combined cycle plant will generate electricity equivalent to that required to meet the needs of a city the size of Seattle.

The "Wallula Power Project" is to be located on an industrially-zoned 183-acre

"We've been pleased with the support of the Port of Walla Walla. They have been a strong advocate for this project."

Scott A. Noll, Vice President, Development
Newport Northwest



Photo simulation of Wallula Power Project

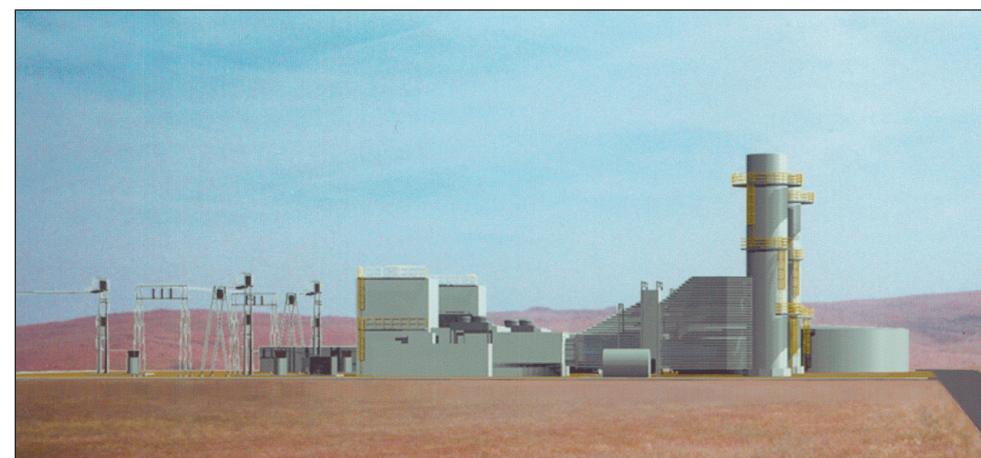


Photo simulation of AES Project to be built near Wallula. Completion scheduled for 2003.

AES Columbia Project

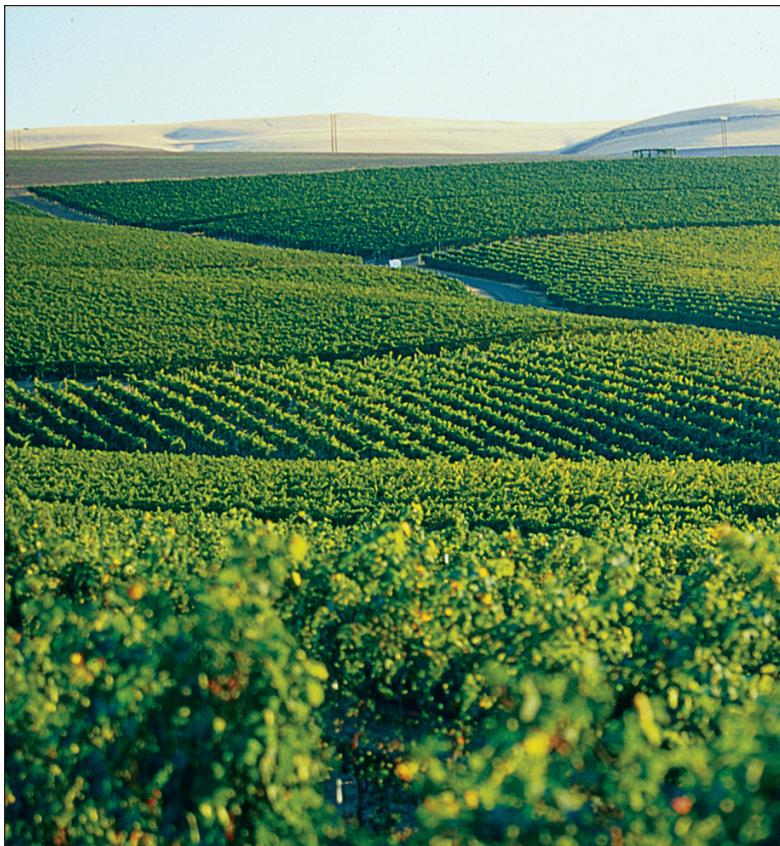
AES Pacific, Inc., is currently applying for permits in Walla Walla County for the construction of an \$85 million natural gas-fueled plant near Wallula.

Company officials say the facility will be a "peaker" plant, operating at varying loads throughout the year depending upon demand. Designed to generate a nominal 225 megawatts, the plant will occupy some six acres within a 40-acre parcel. It's expected that the generators will run about 15% of the time over its expected life of 20 years.

Natural gas for the project's two turbine generators will come from the nearby PG&E pipeline and makeup water for the plant will come from a well at the site. Electricity produced will be delivered to PacifiCorp's Wallula Substation for delivery on demand to Northwest and West Coast markets.

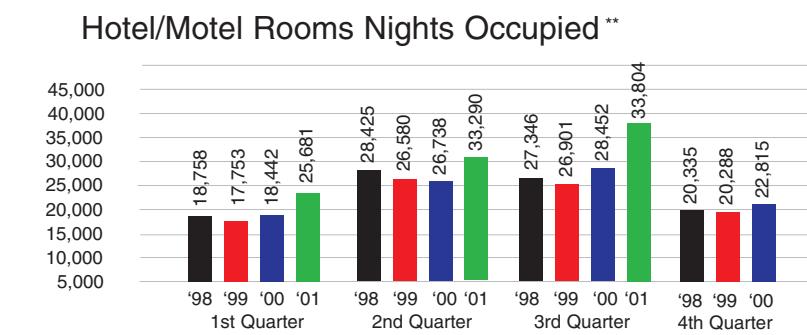
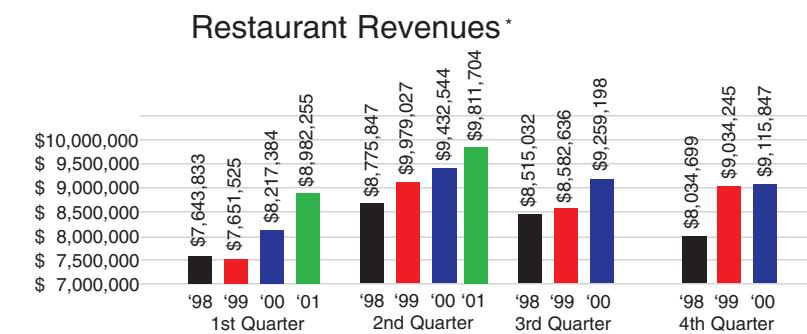
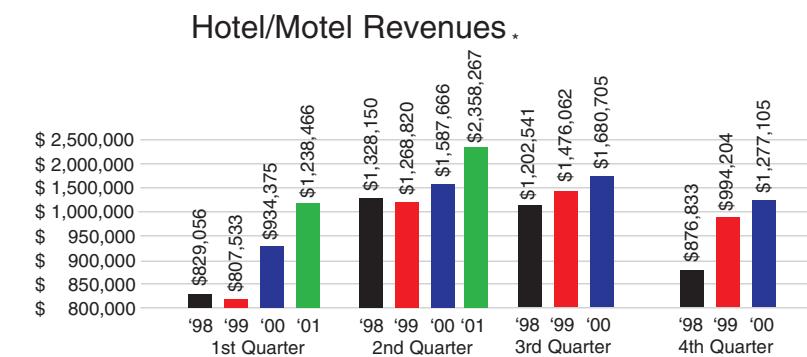
Wayne Bishop, AES' Construction Manager, says as many as 120 people will be working at the site during construction. He emphasized that most would be hired locally. Once completed, the project will employ as many as 10 full-time people.

It's expected the plant will be on-line in the Summer of 2003.



Pepper Bridge Vineyard

Photo by Tim Hall



* Washington State Department of Revenue **Data prepared from hotel/motel occupancy reports submitted to Port of Walla Walla

City, County, Port Tourism Promotion Generates Economic Growth

Encouraged by the development of an internationally acclaimed wine industry and the completed restoration of the historic Marcus Whitman Hotel, the positive impact of tourism on Walla Walla County's economy is becoming increasingly important.

These developments, coupled with the tourism promotion campaign funded by a three-year interlocal agreement involving the City of Walla Walla, Walla Walla County and Port of Walla Walla, are producing positive dividends. Hotels, motels, restaurants and other tourist related businesses are already experiencing visitor-generated growth. A comparative analysis of business activity since the beginning of 1999 when the program was initiated, suggests not only increased sales and tax revenues, but improved stability for retail-related employment as well.

In addition to providing \$30,000 annually to help fund the three-year promotional package, the Port of Walla Walla is represented on the Oversight Committee responsible for working with a 10-member Tourism Council in administering the program.

“Communities succeed when lots of people are involved in thinking smart and working hard to create a future. That, plus the blessings of history, make Walla Walla an unusually interesting place to be...”

Mindy Cameron
Seattle Times - 2001

Port & County Help WWCC Institute

The Port of Walla Walla and Walla Walla County have given conditional approval to a \$250,000 grant to partially fund a WWCC facility for teaching students the art and science of winemaking. The college already has leased 7.5 acres of Port land for a teaching vineyard. The money, generated by the county's .008 tax fund for economic development, will be available when WWCC has commitments for the complete \$1.5 million project. The Institute for Enology and Viticulture would provide training for future employees of the 41 wineries already in the Walla Walla Valley and an additional 40 expected to be launched in the next three years. Local experts predict that in 10 years the industry will have a billion-dollar impact on the valley.



Architectural rendering of Walla Walla Community College's proposed Institute for Enology and Viticulture. The Institute would be the first teaching winery in Washington State.

Getting to know your Port

Port Responsibilities

Public port districts are authorized by state law to undertake many activities to enhance the economic welfare of local communities. These are some of the activities the Port of Walla Walla is authorized to do:

- Develop waterfronts, airports and other facilities for handling cargo and passengers.
- Provide capital improvements needed for industrial and manufacturing facilities within the Port District.
- Improve Port District lands so they can be sold or leased for industrial and commercial purposes.
- Undertake and adopt comprehensive development plans for the Port District.
- Promote tourism as an economic stimulus for the county.
- Levy taxes and sell bonds to develop properties and manufacturing facilities.

Port Leadership

The Port of Walla Walla has three elected commissioners to represent you...the shareholders. The commissioners are **Paul Schneidmiller**, president, **Fred Bennett**, vice president, and **Ken Jantz**, secretary. All commissioners are elected on a county-wide basis. Each must reside in a specific commissioner district within the county. The districts are the same as Walla Walla county commissioner districts.

Schneidmiller, president of World Wide Travel Service, Inc., represents District 1, which encompasses more than half the City of Walla Walla and the Stateline area.

Jantz, a Waitsburg wheat rancher, represents District 2, which includes the eastern third of the City of Walla Walla, Dixie, Waitsburg and Prescott.

Bennett, a retired Walla Walla College professor of civil engineering, represents District 3, including College Place, Touchet, Lowden, Burbank, Eureka, Clyde and the western part of the county.



Port of Walla Walla Commissioners are [from left] Paul Schneidmiller, president; Fred Bennett, vice president, and Ken Jantz, secretary.

Each of the commissioners serves a six year term. Terms are staggered so that one position is up for election every two years. Commissioners decide each year who will hold the offices of president, vice president and secretary.

Port of Walla Walla Commissioners, and those at other Ports with similar business volume, are entitled by state law to \$70 per day compensation for each day or portion of a day spent attending meetings or performing other services on behalf of the Port District. The law prohibits commissioners from receiving more than \$6,720 per year in such compensation. In addition, Port Commissioners receive a salary of \$500 per month.

Port Finances

Ports may levy, without a public vote, a property tax of no more than 45-cents per \$1,000 of assessed property valuation for general Port purposes. When an industrial development district is formed under state law, commissioners may levy an additional 45-cents per \$1000 of assessed value for a period no longer than 12 years.

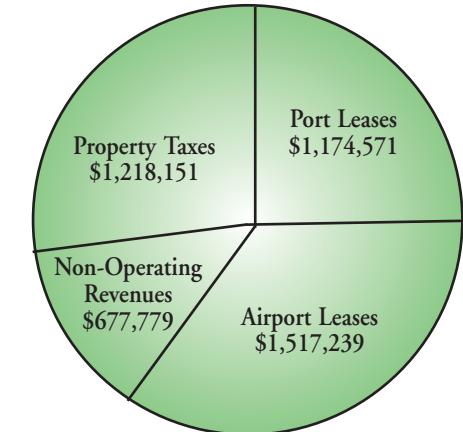
The Port of Walla Walla currently levies only the first tax for general Port purposes. Including revenue from the Walla Walla Regional Airport, the Port District receives only 26 percent of its revenues from property taxes.

Washington State law provides for Port Commissioners to designate administrative powers and duties to the managing official of the Port District. This is done with a Port Commission resolution establishing guidelines and procedures for the managing official to follow. In that manner, the Executive Director and his or her staff can perform their duties in a timely and efficient manner. Still, as policy makers, Port commissioners remain responsible for district operations.

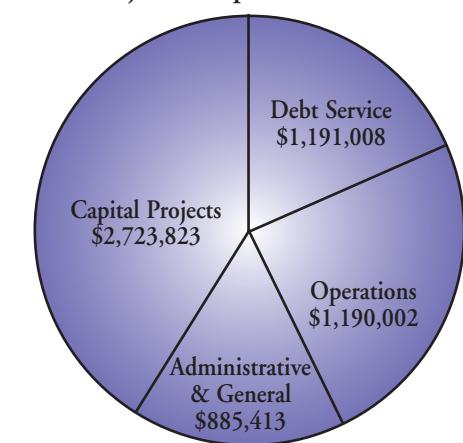
Port of Walla Walla Commissioners meet on the second and fourth Thursday of each month at the Port office. A public workshop session is held at Noon at a luncheon location published in the agenda.

Port of Walla Walla Budget

2001 Projected Revenues • \$4,587,740



2001 Projected Expenses • \$5,990,246



The Port has established reserve funds for the Port and Airport. The Port utilizes these reserves to assist with financing capital improvement projects.

Port of Walla Walla Staff

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Larry Adams	Airport Manager
Paul Gerola	Economic Development Director
Ron Johnson	Assistant Airport Manager
Jackie Hardesty	Auditor/Treasurer
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Jennifer Skoglund	Administrative Assistant
Ken Clayton	Fire/Security Captain
Brent Partlow	Fire/Security
Mike Graves	Fire/Security
Jake Riggs	Fire/Security
Dave Cline	Maintenance
Dave Gumm	Maintenance
Gary Stewart	Maintenance
Elias Alonso	Maintenance
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Bob Hartwell	Summer Crew
Randy Hammond	Summer Crew
Fred Brown	Summer Crew

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