

City Council Workshop Agenda July 25, 2023 at 6:30 PM City Hall Council Chambers - 210 W. 6th Ave and Virtual

The City of Kennewick broadcasts Council meetings via Zoom and on the City's website at https://www.go2kennewick.com/CouncilMeetingBroadcasts.

No public comment is taken at workshops.

- 1. CALL TO ORDER
- 2. HANFORD COMMUNITIES UPDATE
- 3. THREE RIVERS CAMPUS BUDGET OVERVIEW
- 4. ADJOURN

Council Agenda Coversheet

Agenda Item Number: 2.
Agenda Item Type: Pro

Presentation

Council Date: 7/25/2023

Category: Info Only



Subject: Hanford Communities Update

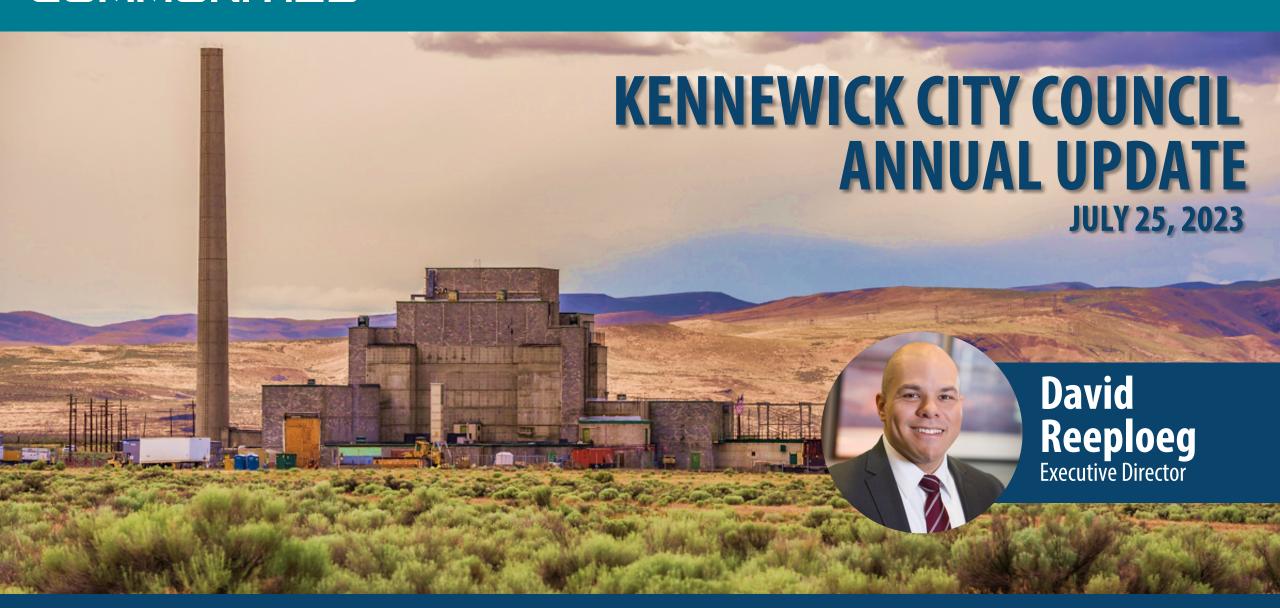
Department: City Manager

Summary

David Reeploeg,	Executive	Director, w	ill provide	the I	Hanford	Communities'	required	annual	update	to C	City
Council.											

Attachments:

1. Presentation





About Hanford Communities

- Formed in 1994
- Objectives:
 - Coordinate local government involvement on Hanford issues
 - Increase public awareness and involvement in Hanford cleanup issues
 - Advocate for community priorities regarding Hanford
 - Provide technical and analytical resources to review, evaluate and monitor conditions and policies at Hanford



- Chair: Councilmember Chuck Torelli | City of Kennewick
- Commissioner Jerome Delvin Benton County
- Commissioner Clint Didier | Franklin County
- Councilmember Zahra Roach | City of Pasco
- Councilmember Shayne VanDyke | City of Richland
- Councilmember Richard Bloom | City of West Richland
- Commissioner Christy Rasmussen | Port of Benton

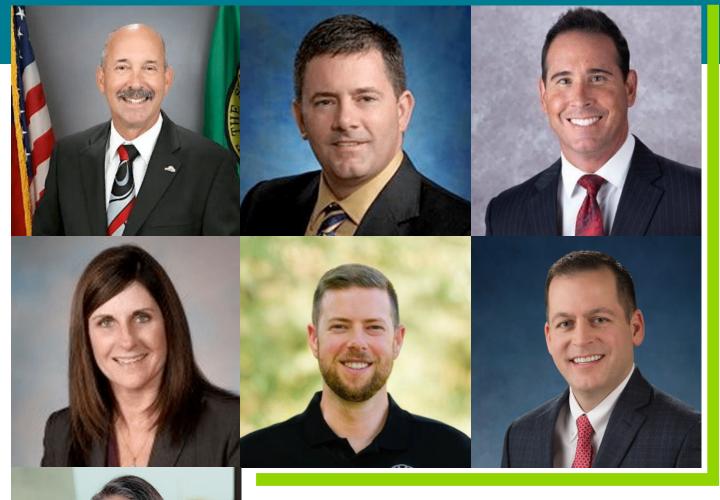








- Adam Fyall | Benton County
- Mike Gonzalez | Franklin County
- Marie Mosley | City of Kennewick
- Adam Lincoln | City of Pasco
- Jon Amundson | City of Richland
- Diahann Howard | Port of Benton



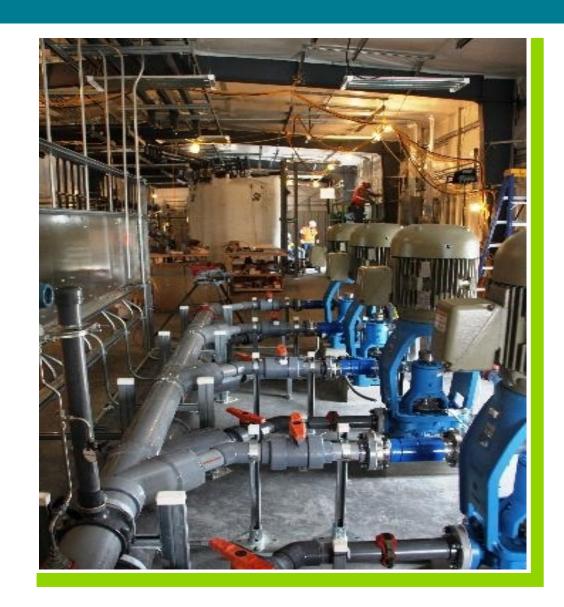




2022 Review

Cleanup

- DFLAW Melter Heatup (Followed by Stoppage)
- TSCR Operation Over 300,000 Gallons Pretreated
- K East Reactor Interim Safe Storage
- Over 2 billion Gallons of Groundwater Treated (8th Consecutive Year)
- Risk Mitigation:
 - 324 Building Stabilization
 - WESF Facility Construction and Equipment Prep
 - 100-K Area
 - Prep for K Basin Cleanup





2022 Review

Policy

- PILT
- FY23 Hanford/DOE-EM Funding Letters

Community Engagement

- HAB Letter
- Quarterly Newsletters and Blog Posts
- Regular Social Media Posts

Manhattan Project National Historical Park

- Resumed Tours
- 5,700 Visitors for all 50 States, 26 Countries



2023 Outlook

Cleanup

- TSCR Operations 1M Gallon Goal
- DFLAW Melter Heatup, Facility Startup
- Test Bed Initiative Phase 2 (2,000 Gallons)
- High Level Waste Facility Analysis of Alternatives
- Continued Sitewide Risk Mitigation
- Integrated Tank Disposition Contract Transition to H2C?

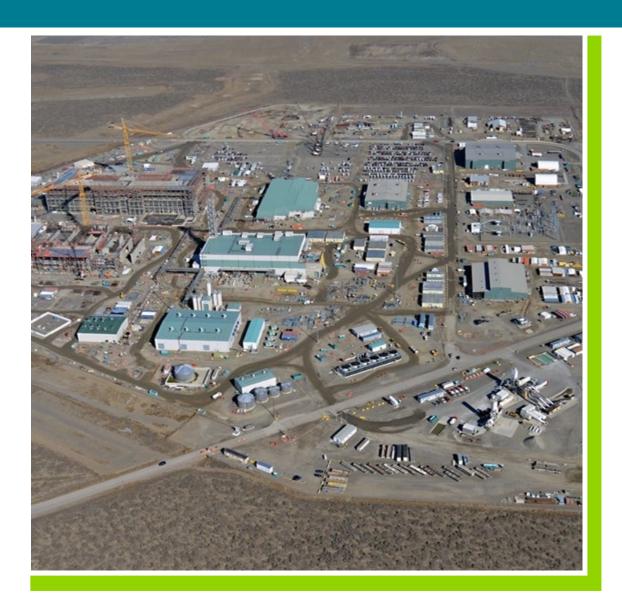
Policy

- DOE/Ecology/EPA Holistic Negotiations 'Conceptual Agreement'
- Updated Cost & Schedule Report
 - Active cleanup complete: 2078
 - Estimated cost: \$300B \$640B



Priorities

- 2023 Issue Agenda
- Direct Feed Low Activity Waste Facility (DFLAW)
- Waste Encapsulation Storage Facility (WESF)
- 324 Building (300-296 Waste Site)
- Test Bed Initiative Phase 2
- Hanford Regulatory Approach
- Hanford/DOE-EM Funding
- PILT



THANK YOU!





Council Agenda Coversheet

Agenda Item Number: 3.

Council Date: 7/25/2023

Category: Info Only



Agenda Item Type: Presentation

Subject: Three Rivers Campus Budget Overview

Department: Finance

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At the July	y 25, 2023,	Kennewick C	ity Council worksho	p, staff will	l provide a p	resentation	with an over	view of
the budge	t and finan	cial structure	for the facilities loca	ted on the	Three River	s Campus,	including the	Three
Rivers Co	nvention C	enter and Toy	ota Center & Arena					

Attachments:

1. PowerPoint





THREE RIVERS CAMPUS BUDGET OVERVIEW

July 25, 2023 City Council Workshop

THREE RIVERS CAMPUS MANAGEMENT

- KPFD owns and operates the Three Rivers Convention Center
- In 2004, City entered into an agreement with KPFD to hire a manager and oversee the operations of the Toyota Center & Arena
 - Joint Coliseum Advisory Committee (JCAC) formed
- KPFD currently contracts with VenuWorks to manage all facilities
- KPFD Board approves annual budgets for the Three Rivers Convention Center and provides a recommendation to City Council for the Toyota Center & Arena

KPFD GOVERNANCE

- The KPFD was formed by Kennewick City Council in December, 2000 to design, construct, and operate a convention center
 - District boundary is contiguous with the City of Kennewick
- Governed by a five-member Board appointed by City Council
 - Board members serve staggered, four-year terms
 - Two members at City Council's full discretion
 - Three members appointed by City Council based on recommendations from local agencies

CURRENT KPFD BOARD

Calvin Dudney, President (March 31, 2027)*

Ron Hue, Secretary (March 31, 2024)*

Renee Brooks, Treasurer (March 31, 2025)

John Neill, Board Member (March 31, 2025)*

Austin Crawford, Board Member (March 31, 2026)

^{*} Board position recommended by local agencies

CONVENTION CENTER 2022 FINANCIAL RESULTS

Operating Revenues	\$ 2,348,314
Operating Expenses*	(3,031,761)
Net Operating Loss*	(683,447)
Other Income (Expense) Items	
Sales Tax (KPFD)	976,305
Sales Tax (Pasco PFD)	940,482
Sales Tax (Benton PFD)	200,800
City of Kennewick Annual Contribution	110,320
Capital Improvements	(111,051)
Debt Service	(1,364,922)
Net Increase in Working Capital	\$ 68,487

^{*}Excludes non-cash items such as depreciation/amortization.

Kennewick PFD Revenue Sources

2022 = \$4,576,221

Operating Revenue

2022 = \$2,348,314

 All earnings, revenue and money from or on acocunt of operation of the Convention Center

Sales Tax Revenue

2022 = \$976,305

- Rate of 0.033% imposed in 2001 as a credit to the state sales tax rate.
- Expires May 31, 2026.

City of Kennewick Annnual Contribution

2022 = \$110,320

•Under an interlocal agreement, \$725,000 per year, less the annual aggregate debt service on city bonds issued for the construction of the convention center and the lesser of sales tax received from Pasco PFD > \$150,000 or \$600,000.

Pasco PFD Sales Tax

2022 = \$940,482

- Rate of 0.033% imposed in 2003 by the Pasco PFD as a credit to the state sales tax rate.
- Under an interlocal agreement, all tax revenue collected is paid to the Kennewick PFD.

Benton County PFD Sales Tax

2012 = \$200,800

- Rate of 0.033% imposed in 2003 by the Benton County PFD as a credit to the state salex tax rate.
- •Under an interlocal agreement, 80% of the proceeds are allocated to the PFD's in Benton County based on population. The Kennewick PFD receives 58.4% of tax revenue collected under this formula and can recieve up to an additional 20% at the discretion of the Benton County PFD Board.

TAXING AUTHORITY

- RCW 82.14.390 allowed public facilities districts created before July 31, 2002 that commenced construction of a regional center (convention center) before January 1, 2004 to implement a sales tax rate of 0.033 percent
- Tax is a credit against the state portion of the sales tax rate
- Tax expires when bonds issued to finance the construction or expansion of the regional center are retired, but not more than forty years after first collected
 - KPFD implemented sales tax effective June 1, 2001
 - Set to expire May 31, 2026
 - Tax could be extended through May of 2041 if existing bonds are refinanced or new bonds are issued to improve or rehab the existing convention center

DEBT CAPACITY

- State law limits indebtedness for PFD's to 0.5% of assessed value of the district without voter approval & 1.25% with voter approval (cumulative)
 - Voter-approved debt requires 60% approval with 40% voter turnout from last general election
- Debt capacity at 12/31/2022:

Max Capacity - \$9,615,364,766 AV x 0.5% = \$48,076,824

OS Debt = \$4,970,000

Remaining Debt Capacity - \$43,106,824

Investors typically require a financial guarantee for PFD bonds

CONVENTION CENTER FINANCING

- Total Project Cost \$17M
 - Kennewick PFD \$12.83 million bond issue
 - City of Kennewick \$3.995 million bond issue
- Interlocal agreements:
 - Regional Center Lease Agreement 50 year lease with addt'l 25 year option
 - Annual Contribution Agreement City provides up to \$725,000 annually
 - Convention Center Financing Interlocal (City of Kennewick and City of Pasco)
 - Agreement to Provide Regional Center Loans
 - City guarantees payment of PFD bonds through loans or ownership interest
 - Stipulates KPFD reserve requirements and notice provisions

TOYOTA CENTER & ARENA 2022 FINANCIAL RESULTS

REVENUES	
Building Rent	\$ 380,867
Food & Beverage (Net of COGS)	887,829
Ice Arena Income	511,725
Other Event Income	631,248
Naming Rights, Suites & Sponsorship (Net)	574,292
Total Net Operating Revenues	2,985,961
EX PEN SES	
Personnel	2,101,944
Occupancy	674,738
Services & Operations	459,043
Event	112,935
General & Administrative	235,251
Operating Expenses*	3,583,911
Net Operating Loss*	\$ (597,950)

*Excludes non-cash items such as depreciation/amortization.

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TOYOTA CENTER & ARENA 2022 FINANCIAL RESULTS

Net Operating Loss*	\$ (597,950)
Other Income (Expense) Items	
Transfers In - Operations (Lodging Tax Fund)	320,000
Transfers In - Operations (General Fund)	200,000
Transfers In - Capital Improvements (Lodging Tax Fund)	451,630
Capital Improvements	(335,006)
Net Increase (Decrease) in Working Capital	\$ 38,674

^{*}Excludes non-cash items such as depreciation/amortization.

2022 NET GENERAL FUND CONTRIBUTION

2022 Net Operating Loss

\$597,950

Less: Lodging Tax Dedicated to TC&A

(\$320,000)

Less: Admissions Tax from TC&A Events

(\$237,006)

Net General Fund Contribution

<u>\$40,944</u>

