



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. Council Date: 7/25/2023	Category: Info Only
	Agenda Item Type: Presentation Subject: Hanford Communities Update Department: City Manager	
<p>Summary</p> <p>David Reeploeg, Executive Director, will provide the Hanford Communities' required annual update to City Council.</p>		
<p>Attachments:</p> <p>1. Presentation</p>		

KENNEWICK CITY COUNCIL ANNUAL UPDATE

JULY 25, 2023



**David
Reeploeg**
Executive Director

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



Governing Board





- Chair: Mayor Brent Gerry | City of West Richland
- 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

Administrative Board



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



**HANFORD
COMMUNITIES** FALL 2021 NEWSLETTER

RICHLAND • WEST RICHLAND • KENNEWICK • PASCO • FRANKLIN COUNTY • BENTON COUNTY • PORT OF BENTON

IN THIS ISSUE:

- 01 Hanford Leaders Engage Public to Shape Future Cleanup
- 02 Hanford Releases New Direct-Feed Low-Activity Waste Program Animation
- 03 Hanford Tank-Side Cesium Removal System Readied to Treat Tank Waste
- 04 Women Engineers at Hanford Guide Colleagues Toward Career Success
- 05 Hanford Treats More Than 2 Billion Gallons of Groundwater Seven Years in a Row
- 06 Hanford Plant Completes Startup Testing
- 07 Hanford Breaks Ground on Water Treatment Facility to Support Tank Waste Treatment

FEATURED



HANFORD LEADERS ENGAGE PUBLIC TO SHAPE FUTURE CLEANUP
OFFICE OF ENVIRONMENTAL MANAGEMENT

The Hanford Site's 5-Year Plan outlines cleanup work at the site, including waste vitrification at the Low-Activity Waste (LAW) Facility, pictured.

As part of a continuing commitment to public involvement, EM leaders at the Hanford Site are engaging the public to help shape cleanup priorities in the site's 5-Year Plan.

"The Department prioritizes projects based on assessed risk, legal requirements, and public priority input," EM Hanford Site Manager Brian Vance said. "Public input is vital to our prioritization process, reflecting the values of those living and working around the site, with vested interests in safe, effective, and timely cleanup progress. The goal of this approach is to engage more members of the public who are affected by our cleanup effort, and who are not currently participating in the process."

Hanford focuses on safe cleanup every day by delivering risk reduction, conducting environmental remediation, and preparing for the start of treating tank waste. While the 5-Year Plan outlines the cleanup work to be initiated or completed during fiscal years 2022 to 2026, the focus of public input is fiscal years 2024-2026, the three fiscal years in the 5-Year Plan in which budgets have not yet been formulated or submitted.

The EM Richland Operations Office (RL) and Office of River Protection (ORP) have implemented a dedicated website as part of their public involvement strategy for the Hanford Site. The website includes the draft 5-Year Plan update, fact sheets relevant

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HANFORD COMMUNITIES NEWSLETTER | FALL 2021

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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!



David Reeploeg

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www.HanfordCommunities.org / [@HanfordCommunities](https://www.instagram.com/HanfordCommunities)

Council Agenda Coversheet	Agenda Item Number: 3. Council Date: 7/25/2023 Agenda Item Type: Presentation	Category: Info Only
	Subject: Three Rivers Campus Budget Overview Department: Finance	

Summary

At the July 25, 2023, Kennewick City Council workshop, staff will provide a presentation with an overview of the budget and financial structure for the facilities located on the Three Rivers Campus, including the Three Rivers Convention Center and Toyota 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)
<u>Other Income (Expense) Items</u>	
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	<u>\$ 68,487</u>

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

Kennewick PFD Revenue Sources

2022 = \$4,576,221

<p>Operating Revenue 2022 = \$2,348,314</p> <ul style="list-style-type: none"> All earnings, revenue and money from or on account of operation of the Convention Center 	<p>Sales Tax Revenue 2022 = \$976,305</p> <ul style="list-style-type: none"> Rate of 0.033% imposed in 2001 as a credit to the state sales tax rate. Expires May 31, 2026. 	<p>City of Kennewick Annual Contribution 2022 = \$110,320</p> <ul style="list-style-type: none"> 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. 	<p>Pasco PFD Sales Tax 2022 = \$940,482</p> <ul style="list-style-type: none"> 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. 	<p>Benton County PFD Sales Tax 2012 = \$200,800</p> <ul style="list-style-type: none"> Rate of 0.033% imposed in 2003 by the Benton County PFD as a credit to the state sales 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 receive up to an additional 20% at the discretion of the Benton County PFD Board.
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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
 - KPFDD 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 - $\$9,615,364,766 \text{ AV} \times 0.5\% = \$48,076,824$
 - 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 add'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

EXPENSES

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.

TOYOTA CENTER & ARENA 2022 FINANCIAL RESULTS

Net Operating Loss*	\$	(597,950)
<u>Other Income (Expense) Items</u>		
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	\$	<u>38,674</u>

*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	<u>(\$237,006)</u>
Net General Fund Contribution	<u>\$40,944</u>

