



**City Council Workshop Agenda**

**August 8, 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. THREE RIVERS ENTERTAINMENT DISTRICT MASTER PLAN UPDATE
3. EXECUTIVE SESSION PURSUANT TO RCW 42.30.110(1)(G) EVALUATE THE QUALIFICATIONS OF AN APPLICANT FOR PUBLIC EMPLOYMENT FOR THE CITY MANAGER POSITION (FOLLOWING THE CONCLUSION OF THE WORKSHOP) FOR 45 MINUTES.
4. ADJOURN

<b>Council Agenda Coversheet</b>	<b>Agenda Item Number:</b> 2. <span style="float: right;"><b>Council Date:</b> 8/8/2023</span> <b>Agenda Item Type:</b> Presentation	<b>Category:</b> Info Only
	<b>Subject:</b> Three Rivers Entertainment District <b>Department:</b> Finance	
<p><b>Summary</b></p> <p>In conjunction with the planning efforts for the expansion of the Three Rivers Convention Center, the Kennewick Public Facilities District (KPFDD) has been working with ALSC Architects on a master planning effort for the broader Three Rivers Entertainment District.</p> <p>The intent of the master planning process is to provide a long-term vision for the area that will help to guide future decisions and provide a foundation from which specific goals and deliverables to attain that vision can be established.</p> <p>KPFDD and ALSC will provide City Council with a presentation on the draft master plan for the Three Rivers Entertainment District, and also discuss next steps and a specific timeline for the project to expand the Three Rivers Convention Center.</p> <p>Additionally, A-1 Pearl Development Group will also provide a presentation to City Council with an update on their portion of the Entertainment District public-private partnership project.</p>		
<p><b>Attachments:</b></p> <ol style="list-style-type: none"> <li>1. Presentation - 3 Rivers</li> <li>2. Presentation - A1</li> </ol>		

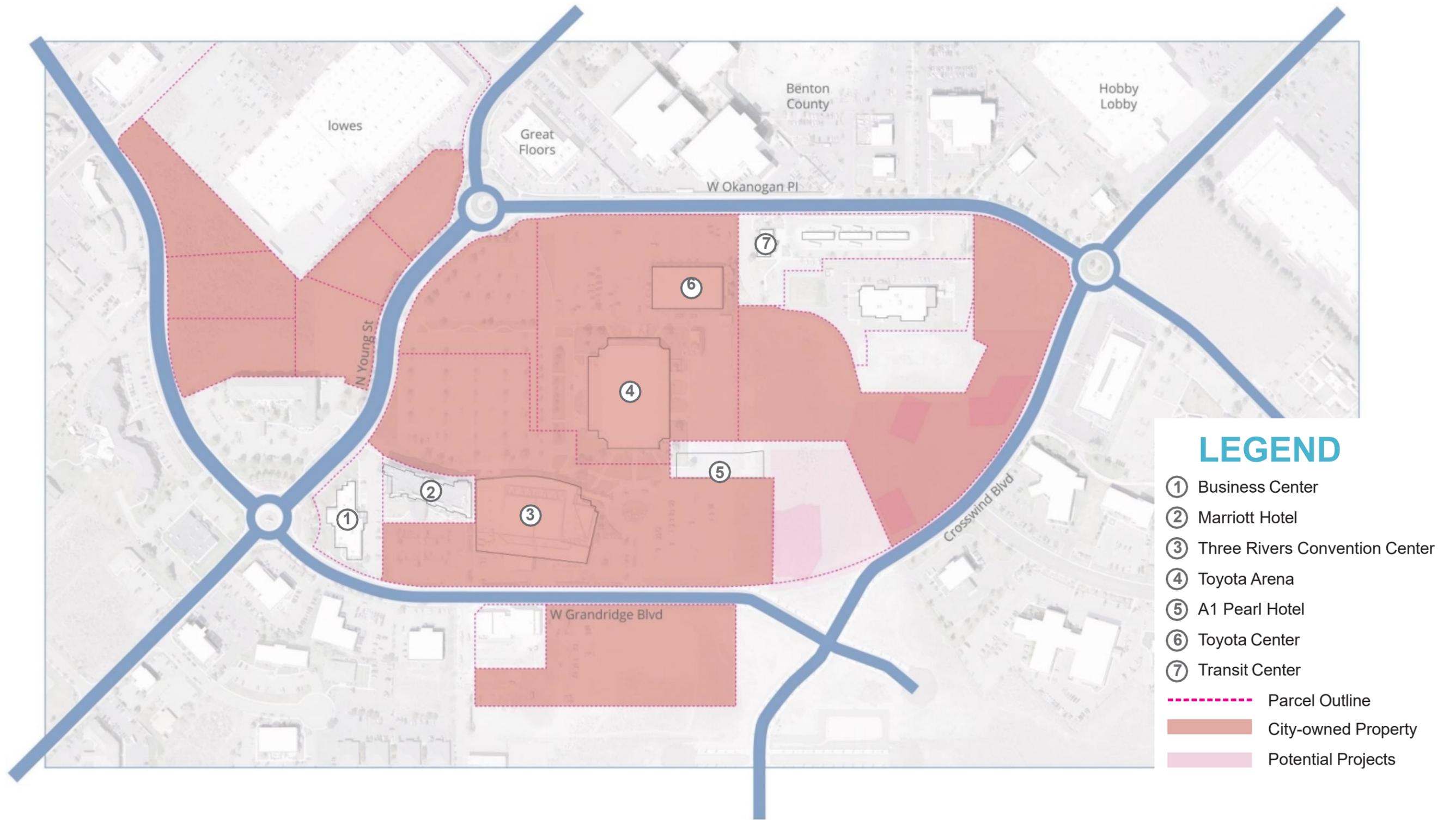
# Three Rivers Entertainment District **MASTER PLAN**



Google Earth

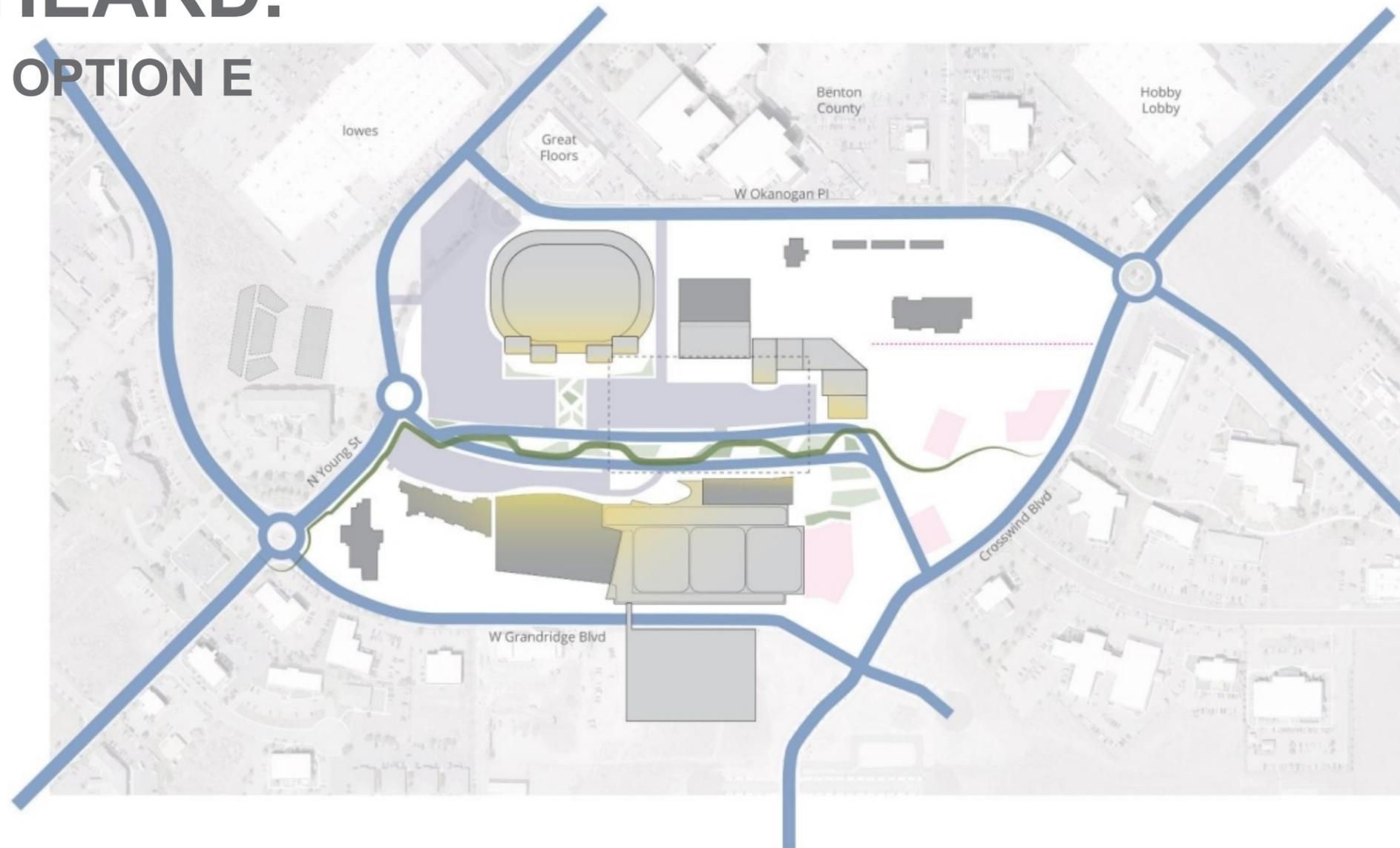


# PROPERTY BOUNDARY



# WHAT WE'VE HEARD.

## OPTION E



### PROS:

- low cost, fast revenue
- Grandridge blvd entrance
- parking structure with retail
- works with future development of A1 Pearl and Vista Fields
- mix of vertical and surface parking
- large central area is opportunity for civic use

### CONS:

- consider the noise of the plaza towards residents
- cost of underground parking that connects to major buildings
- should maximize retail space
- needs to include the Performing Arts Center

# DESIGN PRINCIPLES

**IDENTIFIABLE** Entertainment/Hospitality District branding; clearly defined entrances, boundary

**OASIS** Provides comfortable, exciting destination

**ACTIVATING** Promotes Invigorating community activities and gatherings

**INCLUSIVE** Thoughtful accessibility for all ages and mobilities

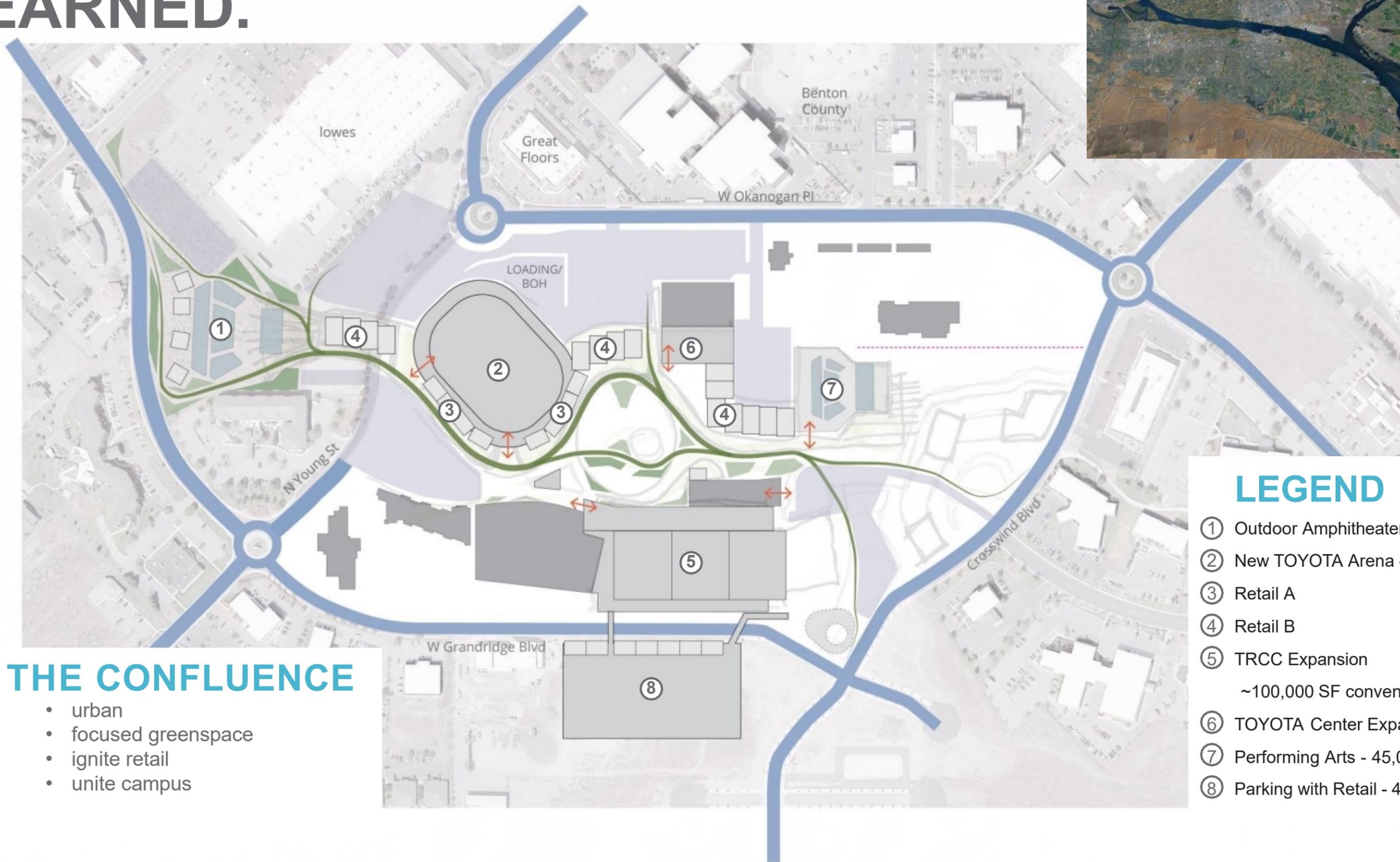
**CONNECTED** To culture, transportation, bike/walk pathways, and existing/future infrastructure

**INTUITIVE** Simple wayfinding, effective pedestrian and vehicular flow

**SMART** Wise investment of public dollars, strong cost recovery

**REGIONAL CENTER** connecting the three cities together in a central district

# WHAT WE'VE LEARNED.



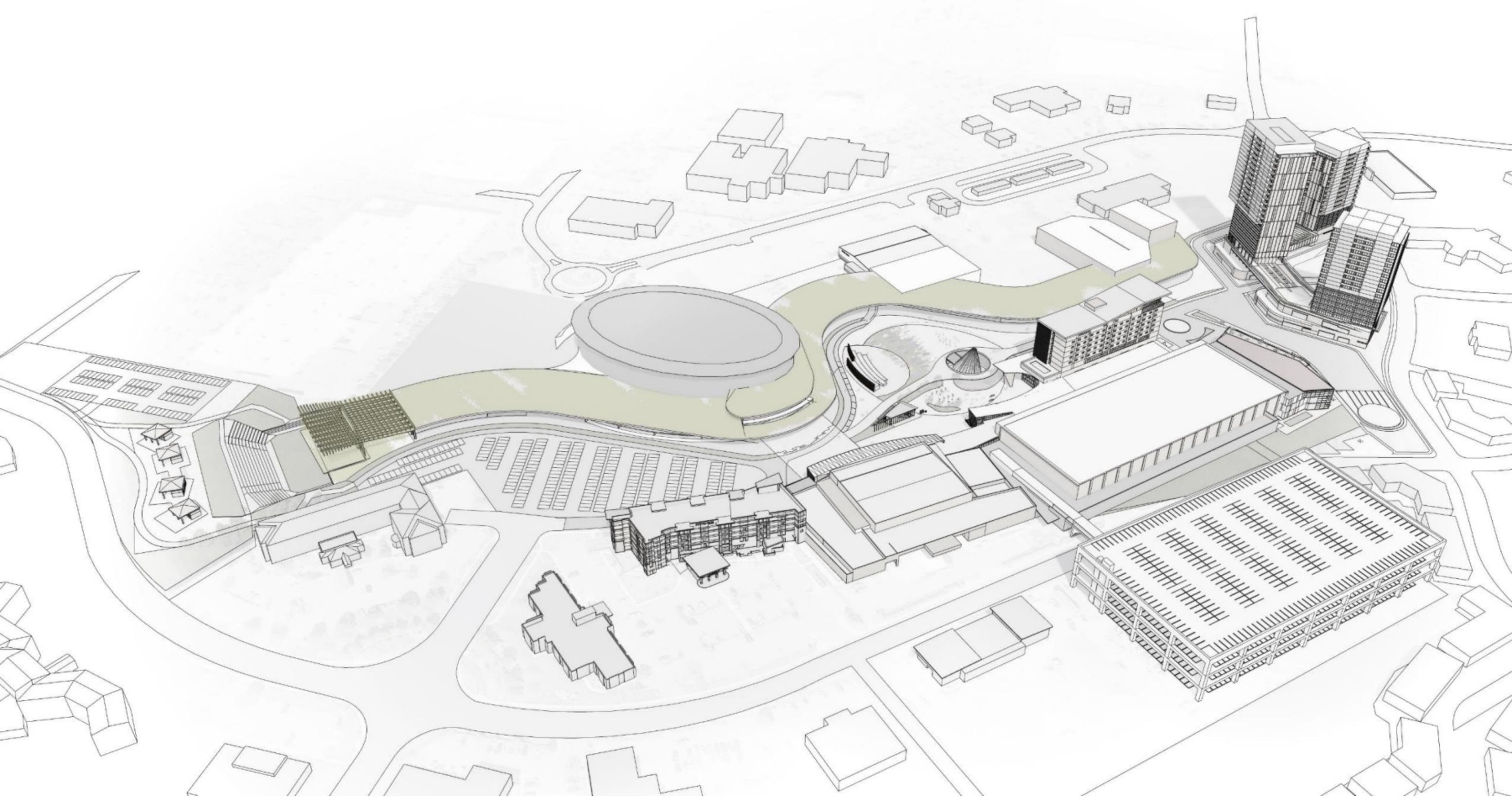
## LEGEND

- ① Outdoor Amphitheater
- ② New TOYOTA Arena - 12,000 seats
- ③ Retail A
- ④ Retail B
- ⑤ TRCC Expansion  
~100,000 SF convention space
- ⑥ TOYOTA Center Expansion - 20,000SF
- ⑦ Performing Arts - 45,000 SF
- ⑧ Parking with Retail - 400,000 SF

## THE CONFLUENCE

- urban
- focused greenspace
- ignite retail
- unite campus

# THE CONFLUENCE



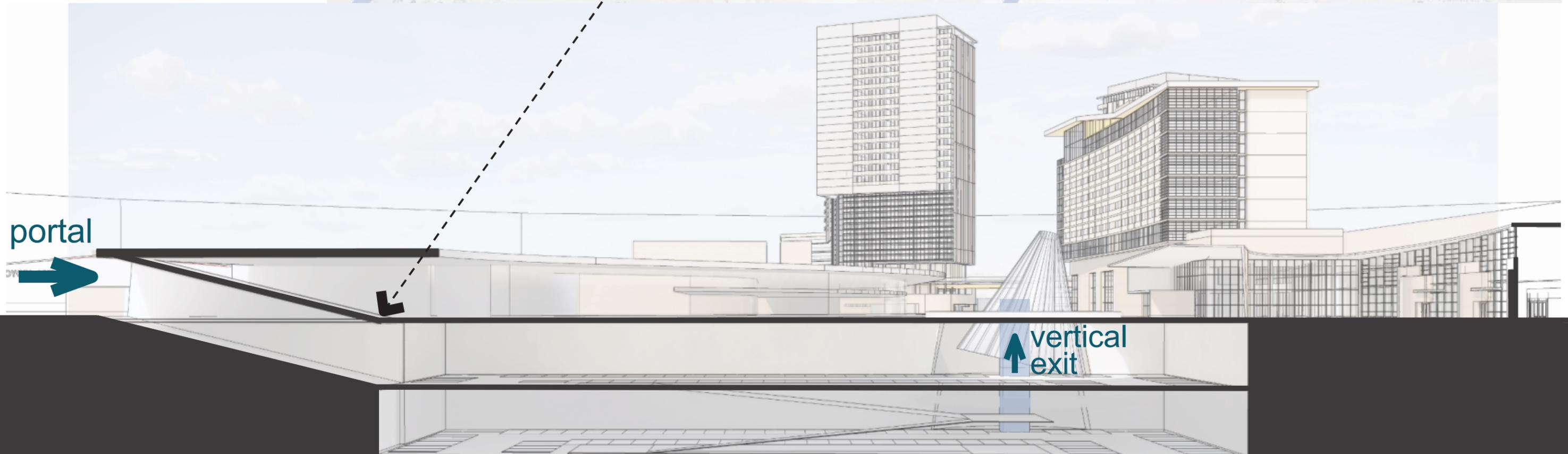
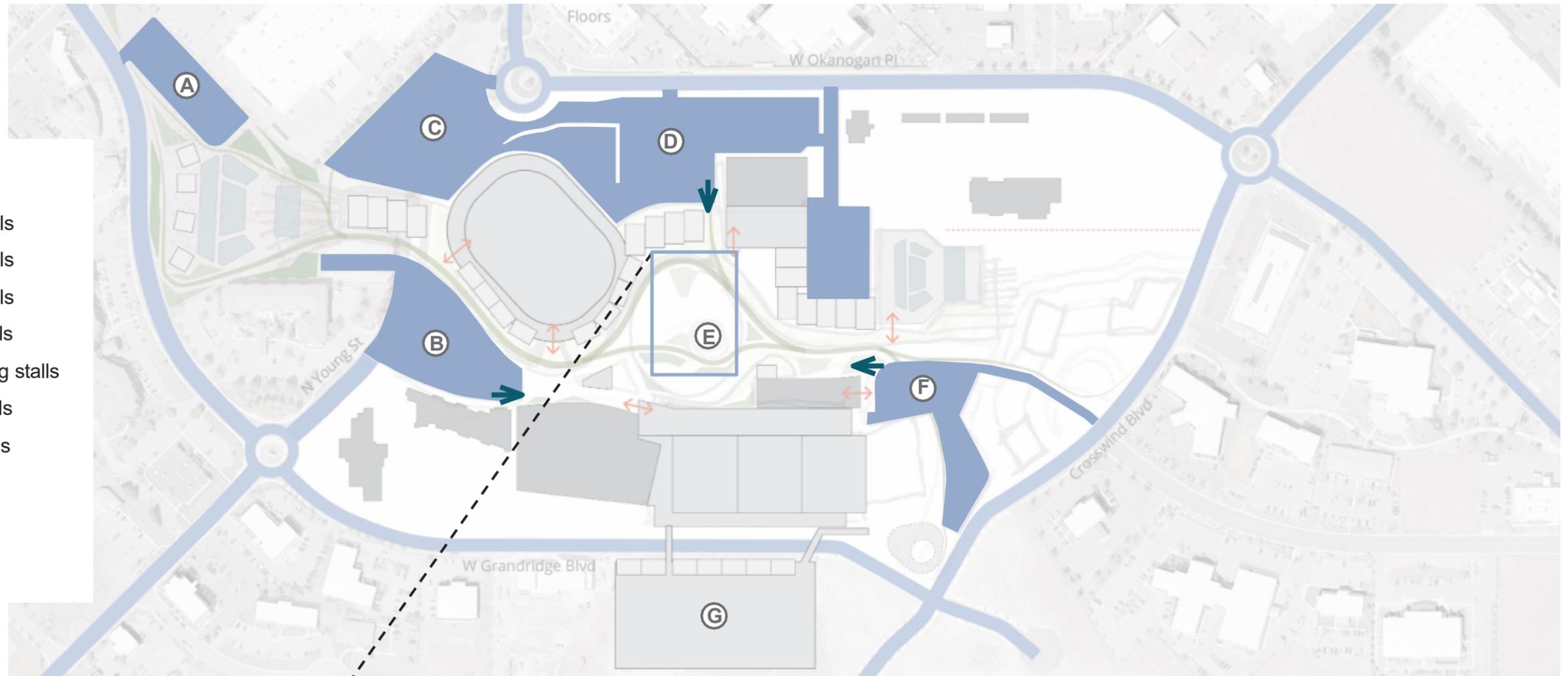
# PARKING

## COUNT

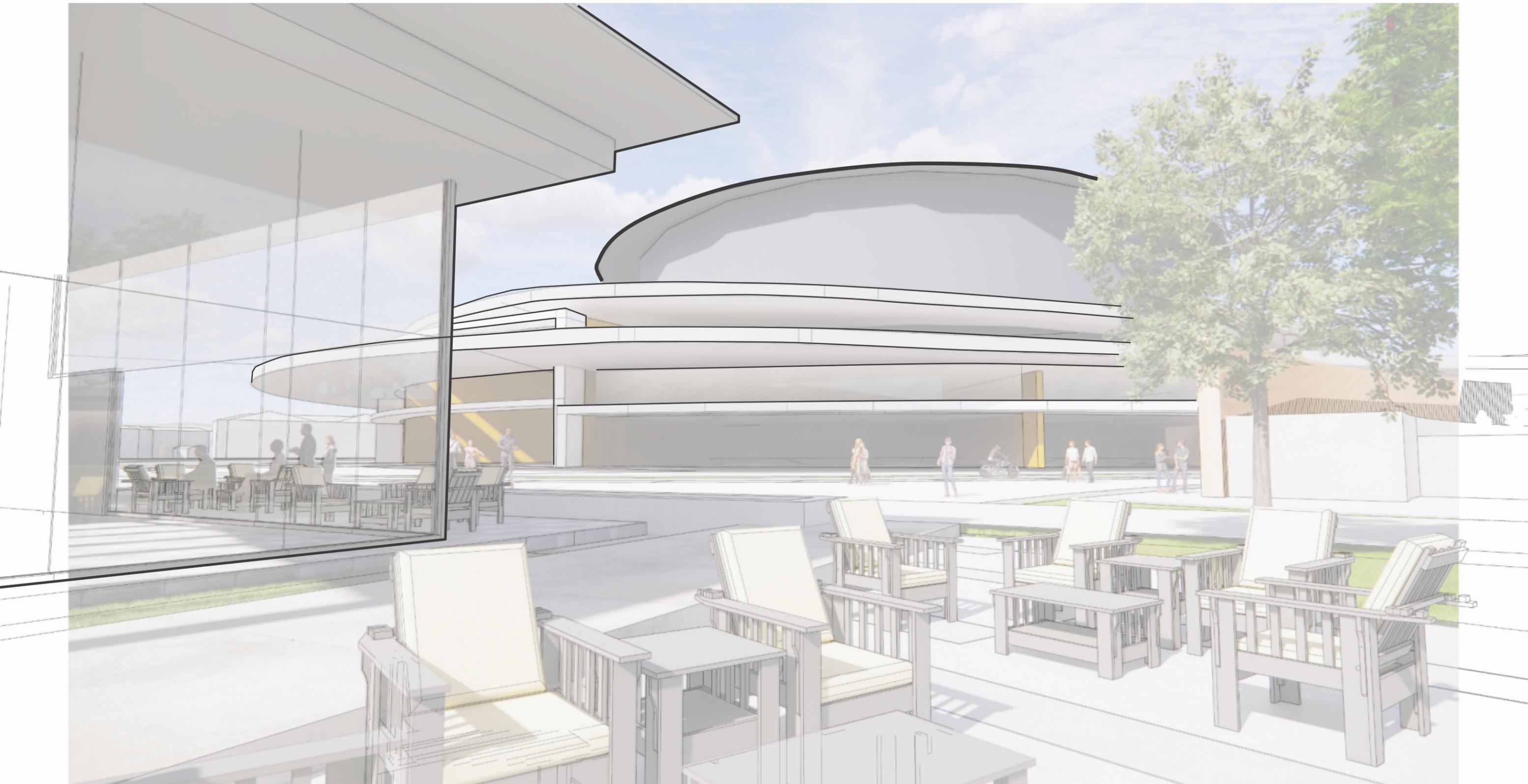
- Ⓐ 120 surface parking stalls
- Ⓑ 210 surface parking stalls
- Ⓒ 200 surface parking stalls
- Ⓓ 300 surface parking stalls
- Ⓔ 310 underground parking stalls
- Ⓕ 110 surface parking stalls
- Ⓖ 1,775 vertical parking stalls

## TOTAL

~ 3,025 parking stalls



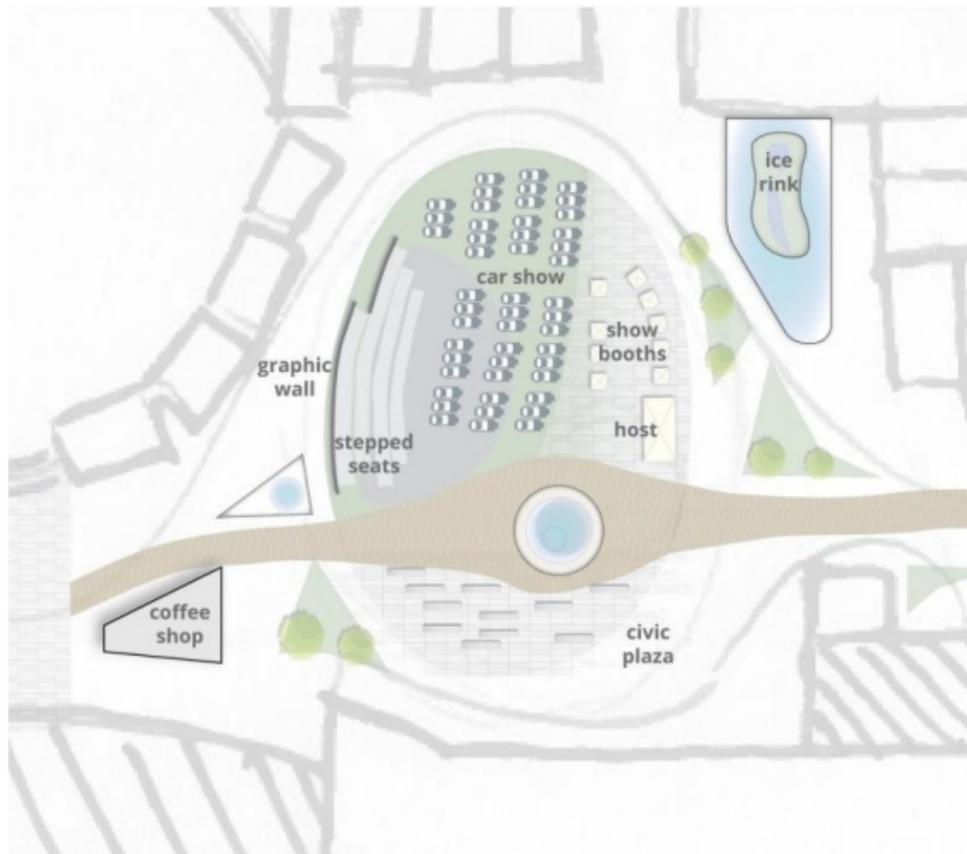
# RETAIL - LIFESTYLE CENTER



# THE EDDY - TRI-CITIES CENTER



## COMMUNITY



- large event space
- seating
- green space
- vehicular access

## PASSIVE



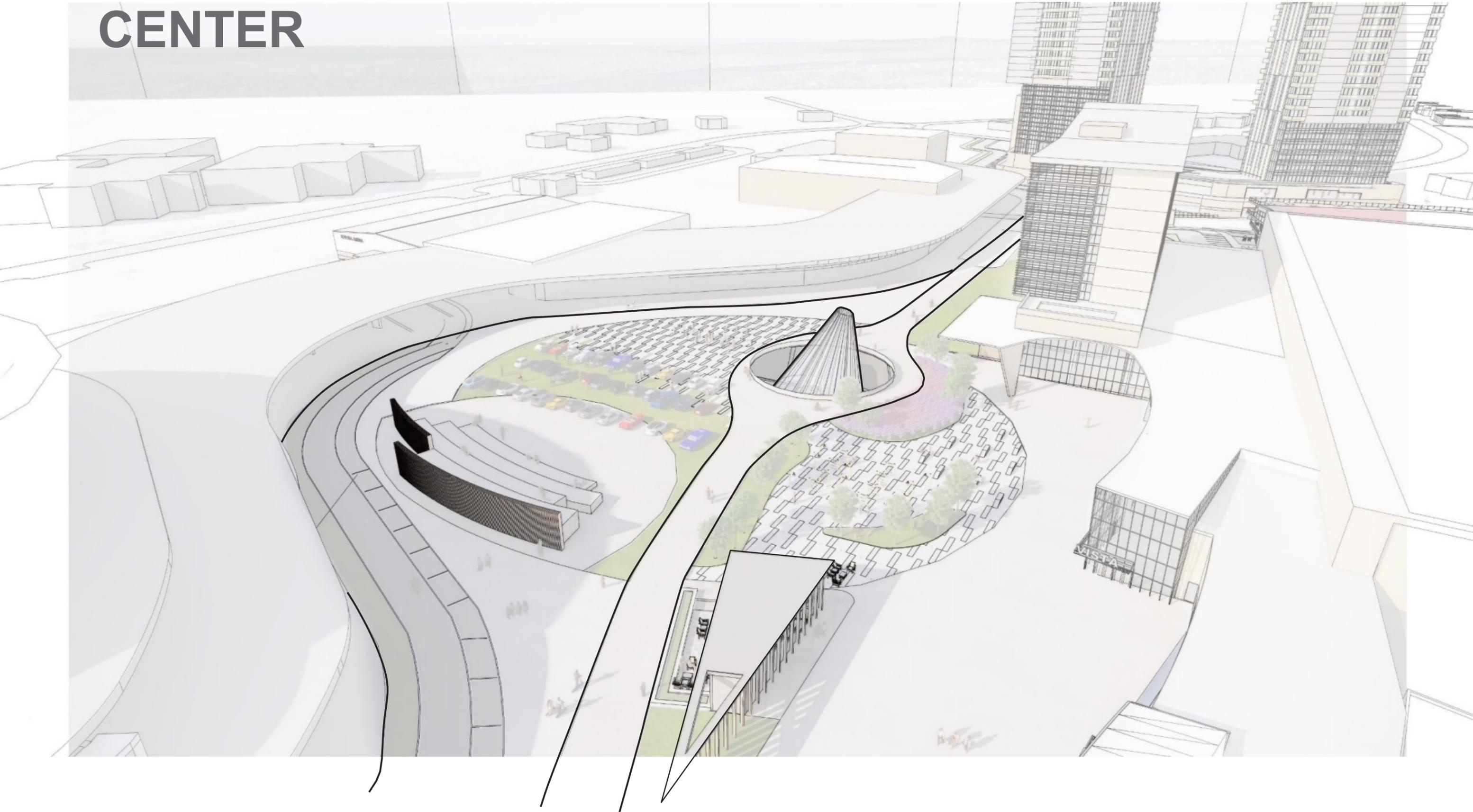
- whimsical garden
- meandering pathways
- play areas

## PROGRAM

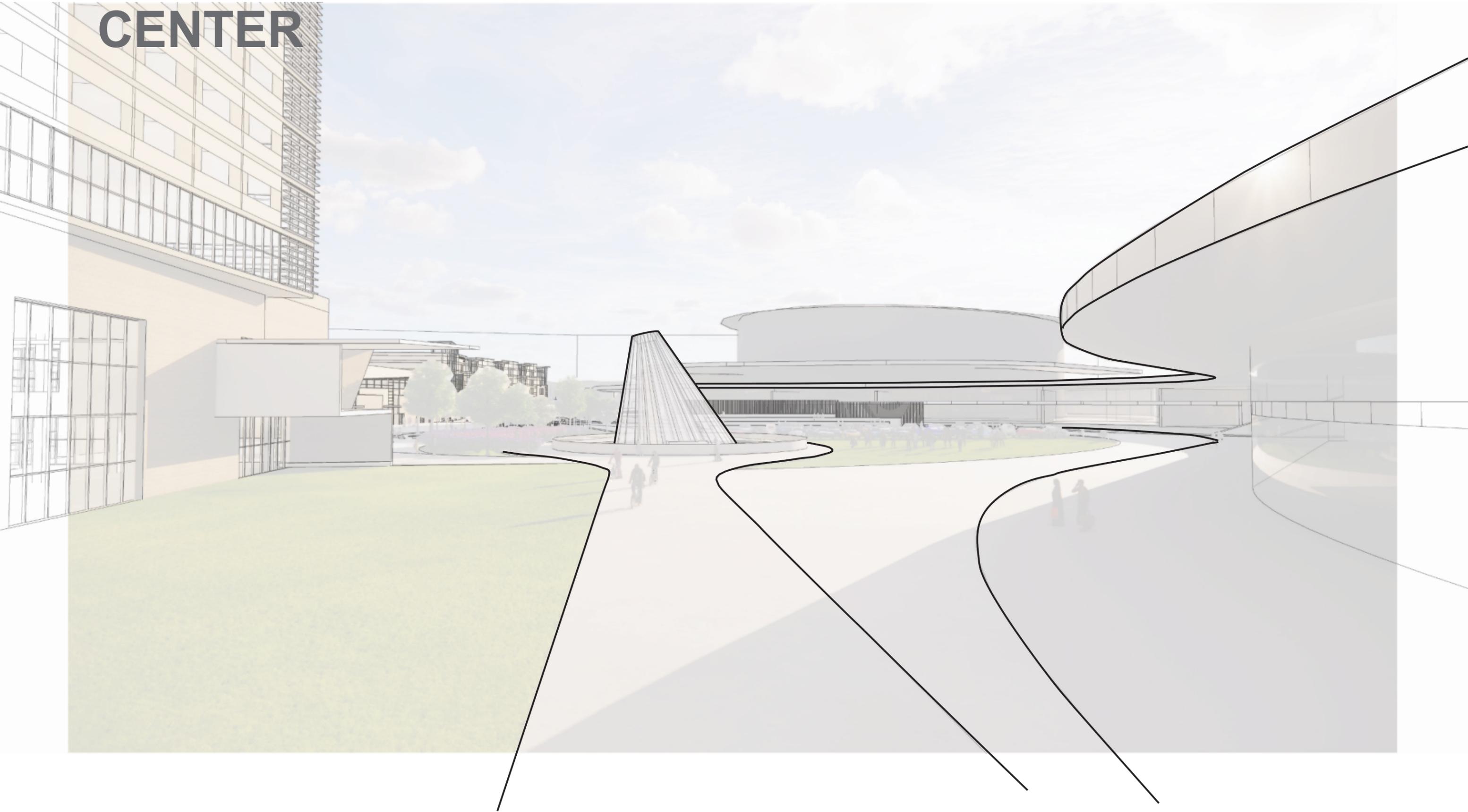


- expanded ice rink
- expanded overhang
- levels of program
- splash pads

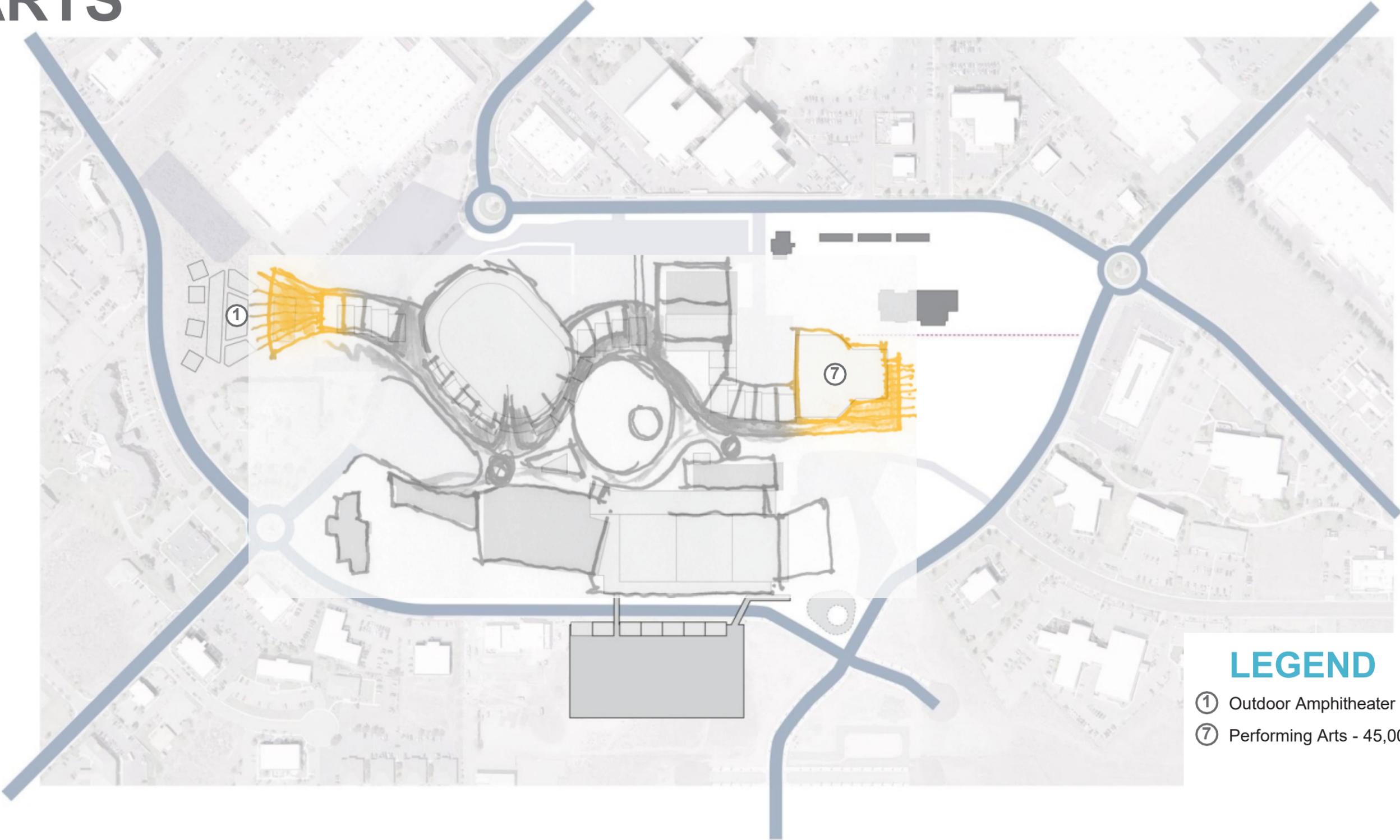
# THE EDDY - TRI-CITIES CENTER



# THE EDDY - TRI-CITIES CENTER



# ANCHORED BY THE ARTS

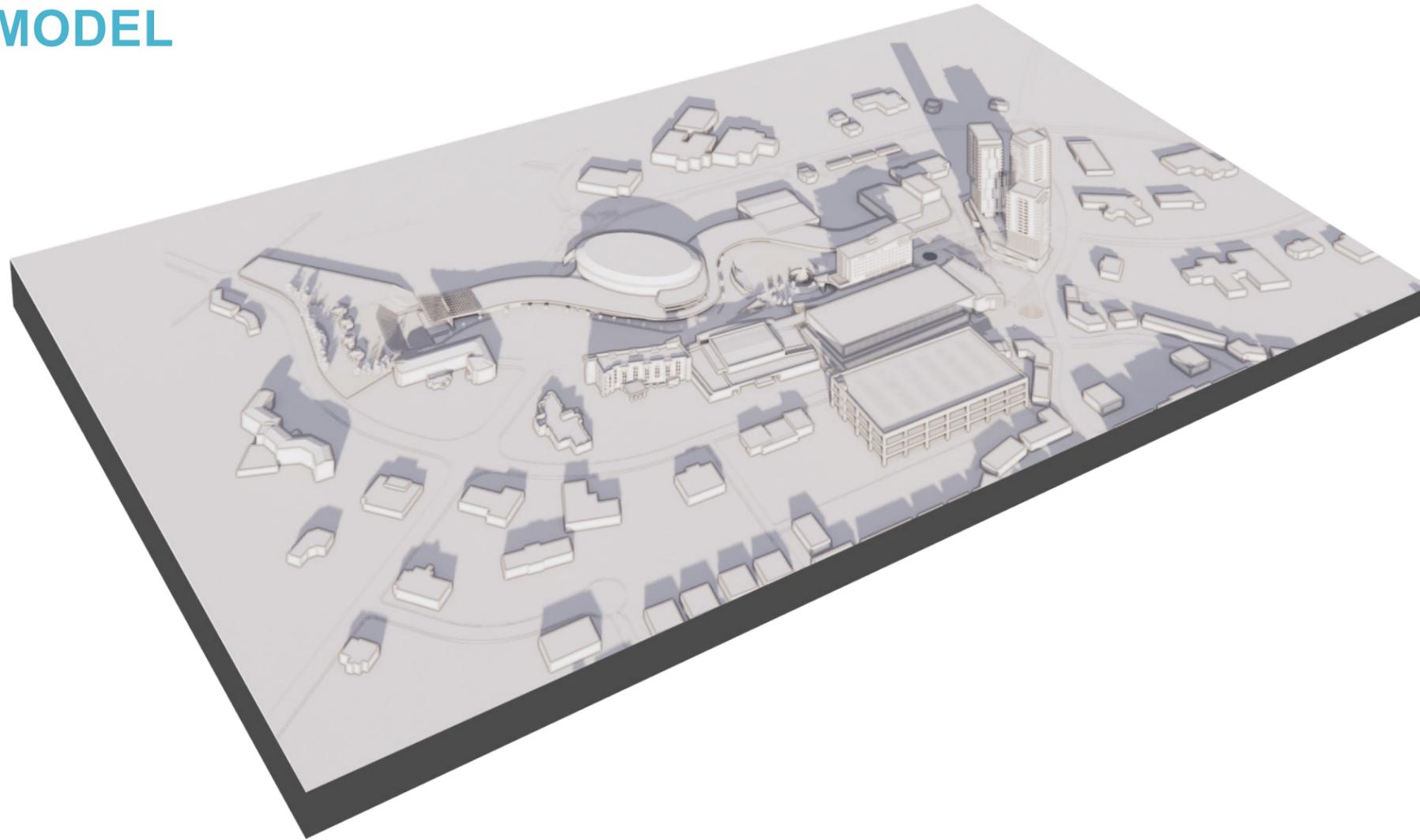


## LEGEND

- ① Outdoor Amphitheater
- ⑦ Performing Arts - 45,000 SF

# WHERE ARE WE GOING?

PHYSICAL  
MODEL



PRESS-READY  
GRAPHICS

CIVIL ENGINEER  
STUDY



# TRCC EXPANSION

## PRELIMINARY TIMELINE

Task	Aug '23	Sept	Oct	Nov	Dec	Jan '24	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan '26	Feb	Mar
1. FINALIZE Basic PROGRAM, SCOPE, BUDGET	█																			
2. Prepare RFP Documentation	█																			
3. Select Owner's Rep and Architect (Separately)																				
a 8/21 Ad	*																			
b 9/4 Proposals Due		*																		
c 9/11 Notify Shortlist			*																	
d 9/18 Interview/select				*																
e 9/25 KPFD Approval/Contract/NTP					*															
4. Prepare CPARB PRC Application for PDB			█																	
5. Submit PRC Application 10/20					*															
6. Prepare RFP Documentation	█																			
7. PRC Interview/Approval 11/30						*														
8. Ad for PDB GC 12/1							*													
9. PDB SOQ's Due 12/15								*												
10. Review / Shortlist 12/22									*											
11. Interviews 1/8										*										
12. Final Proposals Due 1/19											*									
13. Final Selection 1/26												*								
14. KPFD Approval/Contract/NTP 2/9													*							
15. PDB Pre-Construction Services																				
a Validation Period / Pre-construction Services (GC)																				
b Establish GMP (Guaranteed Maximum Price)														*						
16. A/E Services																				
a Pre- Design																				
b Schematic Design																				
c Design Development																				
d Construction Documents																				
e Early Site Package Permitting																				
f Remaining Permitting																				
g Bidding Assistance																				
h Construction Administration																				
i Substantial completion January 2026																				*
j Project Closeout																				
k Final Completion March 2026																				



A1  
3 Rivers Hotel, LLC

Presents:

Three Rivers  
Convention Center Hotel  
Phase 1 Development  
Private Offering

Kennewick, WA

153 Guestrooms

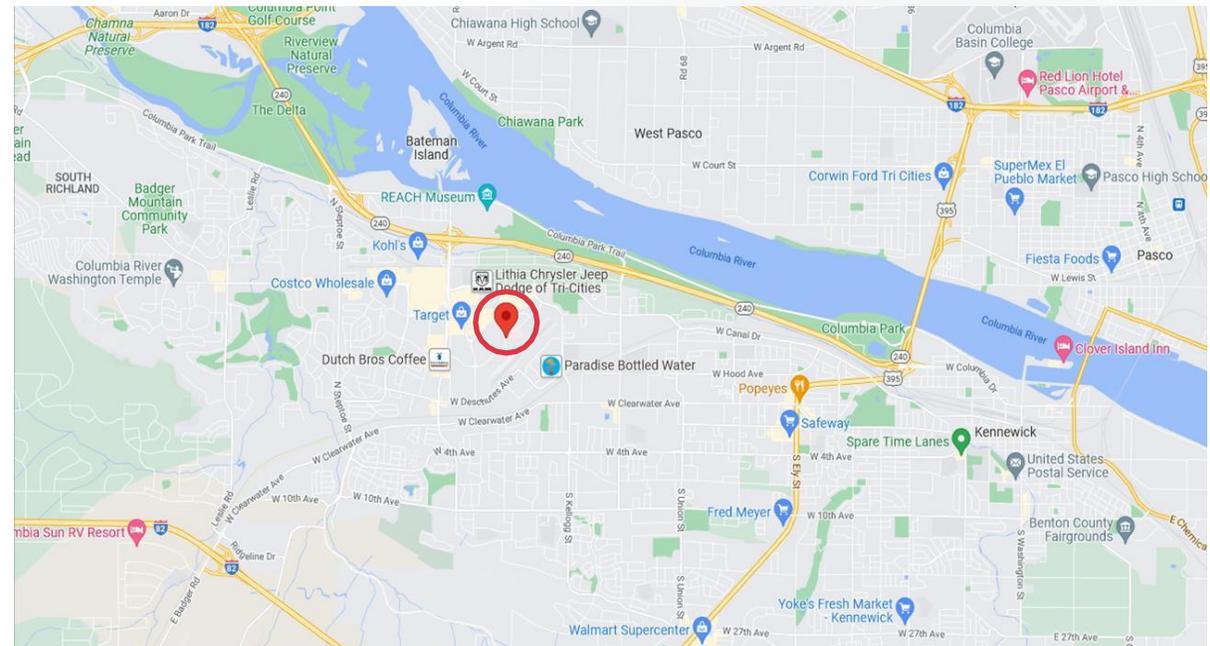
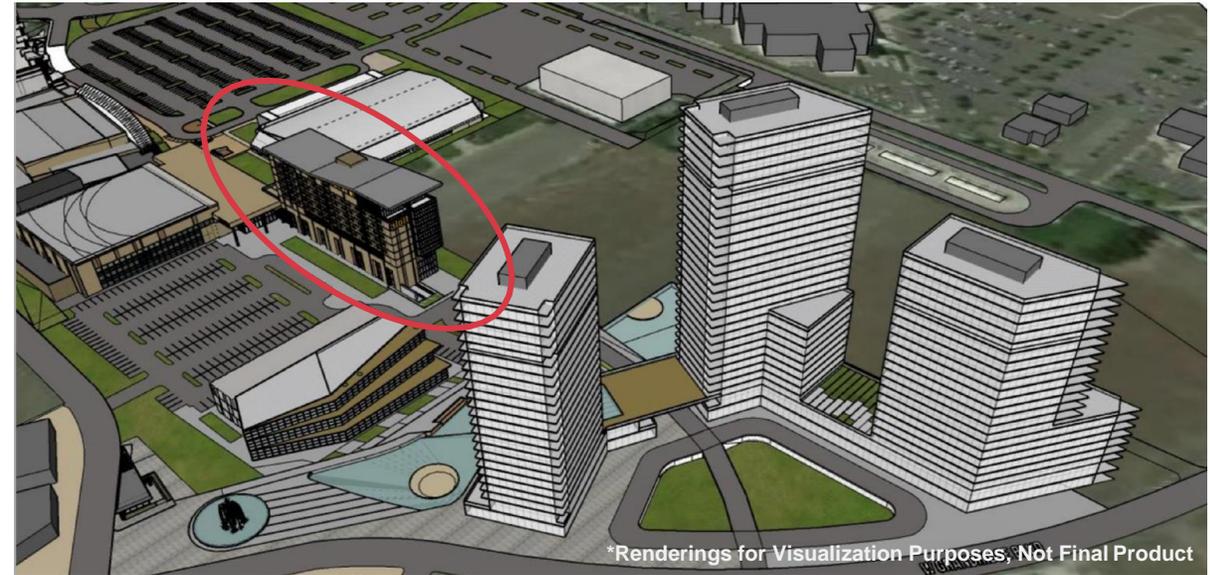
Marriott Franchise Hotel:



## Location Detail:

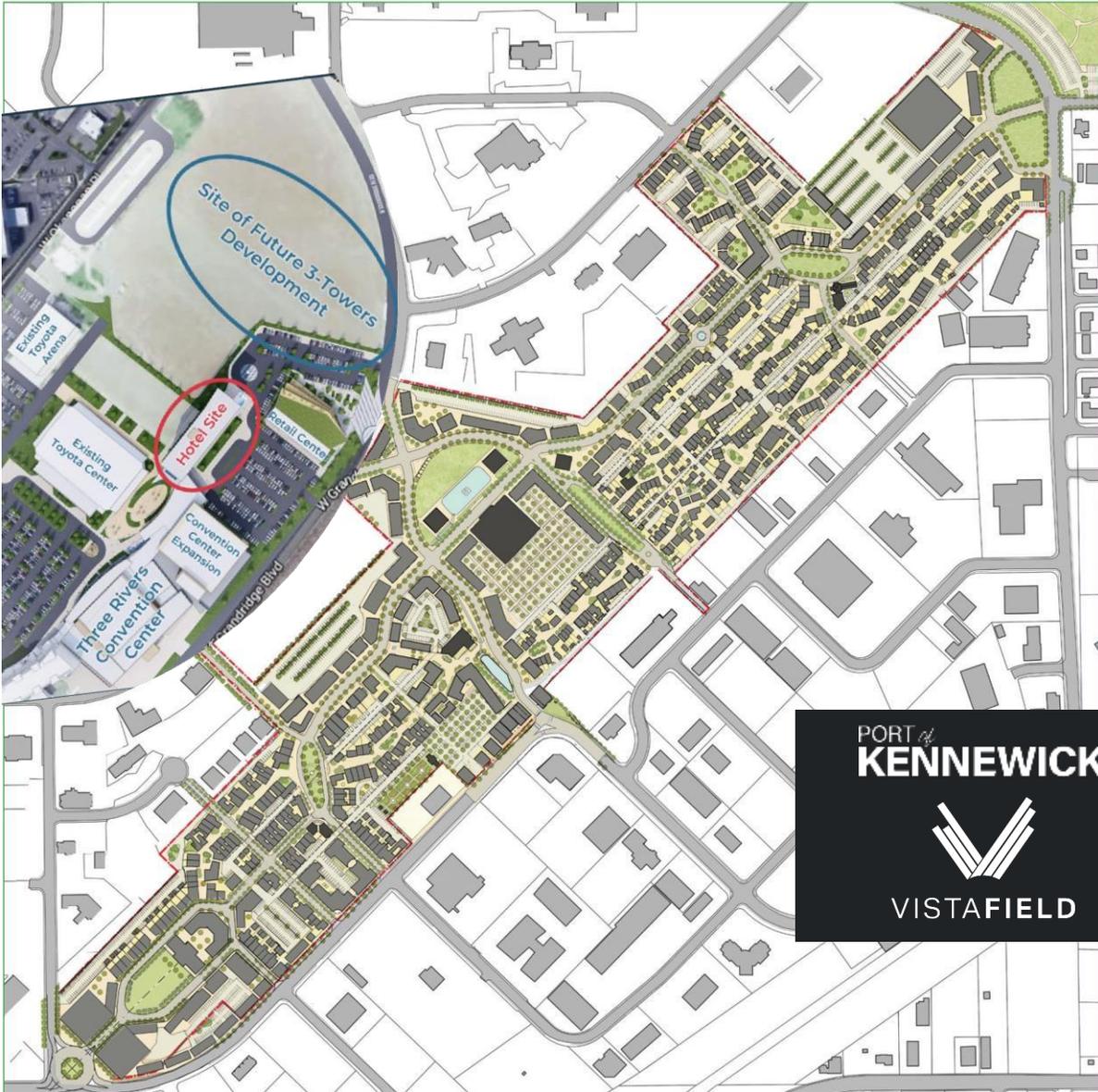
6916-6930 West Grandridge Boulevard, Kennewick, WA 99336

- Public-Private Partnership executed jointly with City of Kennewick
- Aloft-branded hotel with 153 guestrooms connected to the Three Rivers Convention Center, adjacent to the Toyota Center and the Three Rivers Transit Center
- 6-Story Hotel with elevated 6<sup>th</sup> floor lounge and conference/private dining area
- Future 40,000 sq/ft retail center
- More than 600,000 people per year attend events at the campus spend more than \$34M annually (2017 Market Study)
- City committed to 75,000 sq/ft addition to existing Convention Center including 13,500 seat Performing Arts Theater/flex-space
- Future Phases to include 3 office/residential towers with further retail as Kennewick grows



# Immediately Adjacent to Major Redevelopment of Vista Field Airport

For more information see [www.vistafield.com](http://www.vistafield.com)



- Port of Kennewick closed airport in 2014
- 103-acre redevelopment plan adopted by city ordinance, Dec 2017
- New execution to become lively urban core following the “New Urbanism model - a neighborhood-scale planning approach focused on mixed-uses, vibrant public spaces, private amenities, and multi-modal access”
- Projected to attract \$400,000,000 in private investment
- Project lacks any dedicated hospitality and will be a major demand generator

## MASTER PLAN HIGHLIGHTS

New Urbanism concepts will transform Vista Field into a vibrant, walkable, bikeable, transit-oriented urban core for the Tri-Cities.

- 103-acre site**
- 8 phases of development**
- 1 community-driven design**
- 4 years** of public involvement featuring a citizen task force, pattern-language process, a charrette, public meetings, and surveys
- 10-foot-wide** sidewalks and small-scale streets focusing on walking, biking, public transit, and inclusion of all modes of transportation
- 2.5-acre** central plaza, 1-acre open parks, and smaller, hidden-gem public spaces
- 750,000** square feet of retail, office, service and entertainment uses
- 800-seat** privately-funded performing arts center by the Arts Center Task Force
- 1,100** residential units ranging from single family homes on urban-sized lots to condominium and apartments



Proposed Phase 1 development, and showing the location for the privately funded Vista Arts Center (right).

# Federal Opportunity Zone Program

Provides major benefits to investors

## 1. Defer Existing Gain

The Investor has a pre-existing capital gain.  
Instead of paying today, pays in 2027 when filing 2026 return.  
Time-value-of-money (@9% - 50% reduction)

## 2. Reduce Existing Gain

The Investor has a pre-existing capital gain.  
If QOF held at least 7 years, a 15% step-up in basis,  
therefore a 15% reduction in tax.  
If QOF held at least 5 years, a 10% step-up in basis.

## 3. Eliminate Future Gain

If the Investor holds to QOF investment for at least 10  
years, the gain on the OZ investment can be fully  
sheltered from tax.

(cost basis raises to FMV)

Why not just do  
a 1031  
exchange?

### Opportunity Zone:

- Any asset, not just real estate
- No “like-kind” requirement
- Invest only the capital gain, not the full basis + gain
- Eliminates future capital gain entirely



# Development Team Partners



## Vijay Patel | Hospitality

Vijay is a renowned hotelier in the Pacific Northwest region of the US with over 30 years of experience in hotel management and development. He's the president of A1 Hospitality Group that currently owns and manages 8 flagship hotels in Washington and Oregon. Vijay is on the board of the Washington Tourism and Marketing Authority.

## John Payne | Construction

In 2004, Mr. Payne formed Fowler General Construction, Inc. with only five employees. Today, with more than 280, Fowler has successfully completed hundreds of projects across commercial, multi-family, retail, school systems, and industrial sectors for private and public owners throughout Washington, Oregon, Idaho, and Montana. Fowler has earned recognition for undertaking large and complex projects, fostering innovation, encouraging sustainable practices, embracing emerging technologies, and making a difference for their clients, employees, and community. We don't just build buildings; we build successful relationships.



## Taran Patel | Management

A second-generation hotelier, the Patel family has owned and operated flagship hospitality properties since 1994. Possessing a diverse portfolio of industry-leading brands, including Marriott, IHG, and Wyndham throughout Oregon and Washington, A-1 Hospitality's dedication to the highest quality guest experience has led to their properties being the first choice among travelers looking for a "Home away from Home", supporting the long-term financial well-being of their company and delivering excellent returns to investors.



## Kamran Hasan | Finance

Kamran has over 20 years of experience in real estate and finance with an expertise in development projects and strategic partnerships. He's a managing director of MHR Capital, a private equity firm based in Chicago and has consulted in large scale development projects in US and abroad.



# Project Partners

## Aloft Hotels, Marriott International

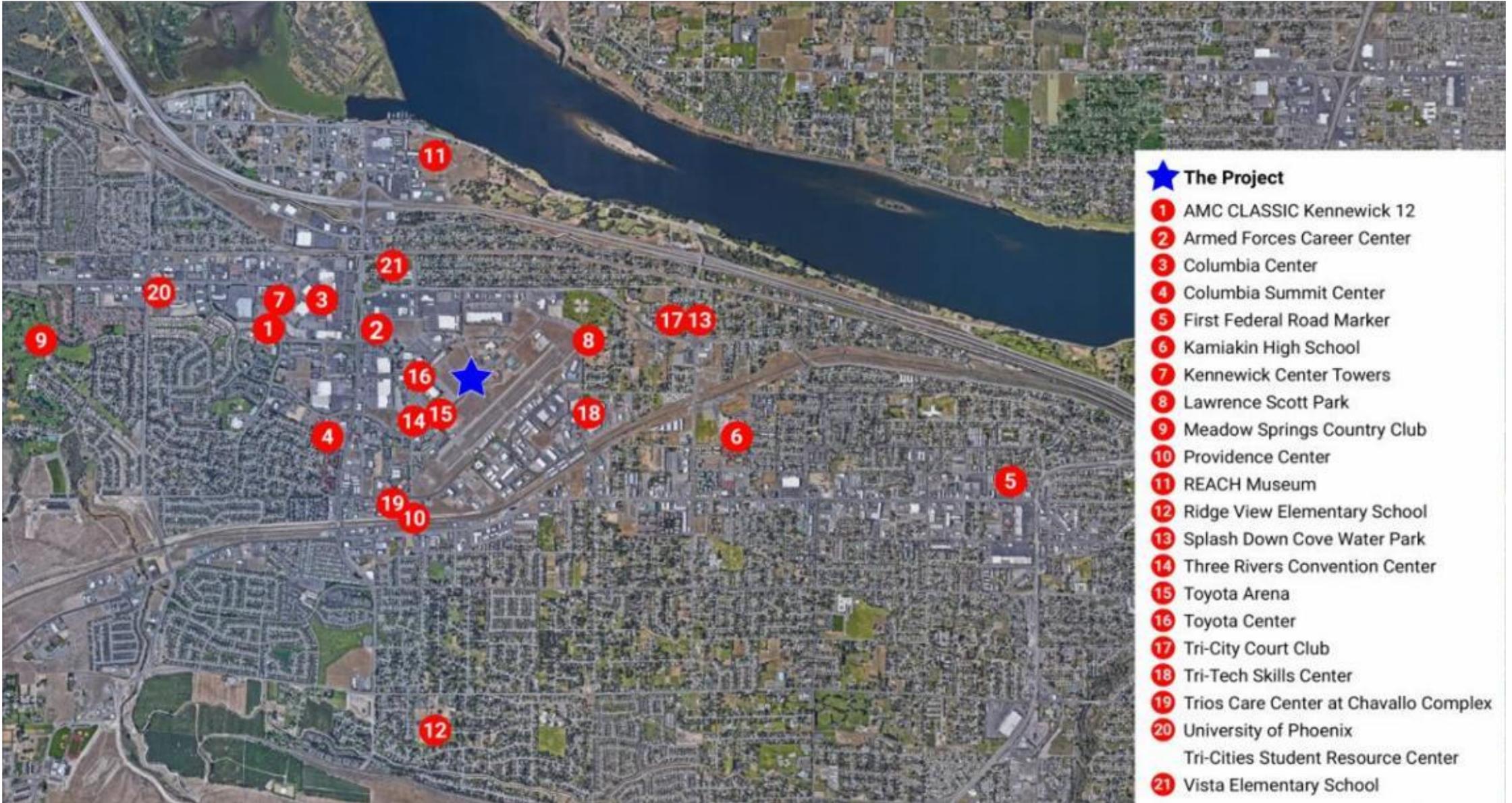
With an executed franchise agreement for Marriott's distinctive select service brand, Aloft, this project will consist of urban-inspired spaces and vibrant social scenes for the next-gen traveler. Fresh, purposeful environments and vibrant spaces that bring people together, Aloft Hotels is open in space and spirit. The next generation of hotel, using technology and design to enhance experiences and move at the pace of our guests, the music, dining, and energy of Aloft will bring life to the Three Rivers Convention Center campus.

## City of Kennewick

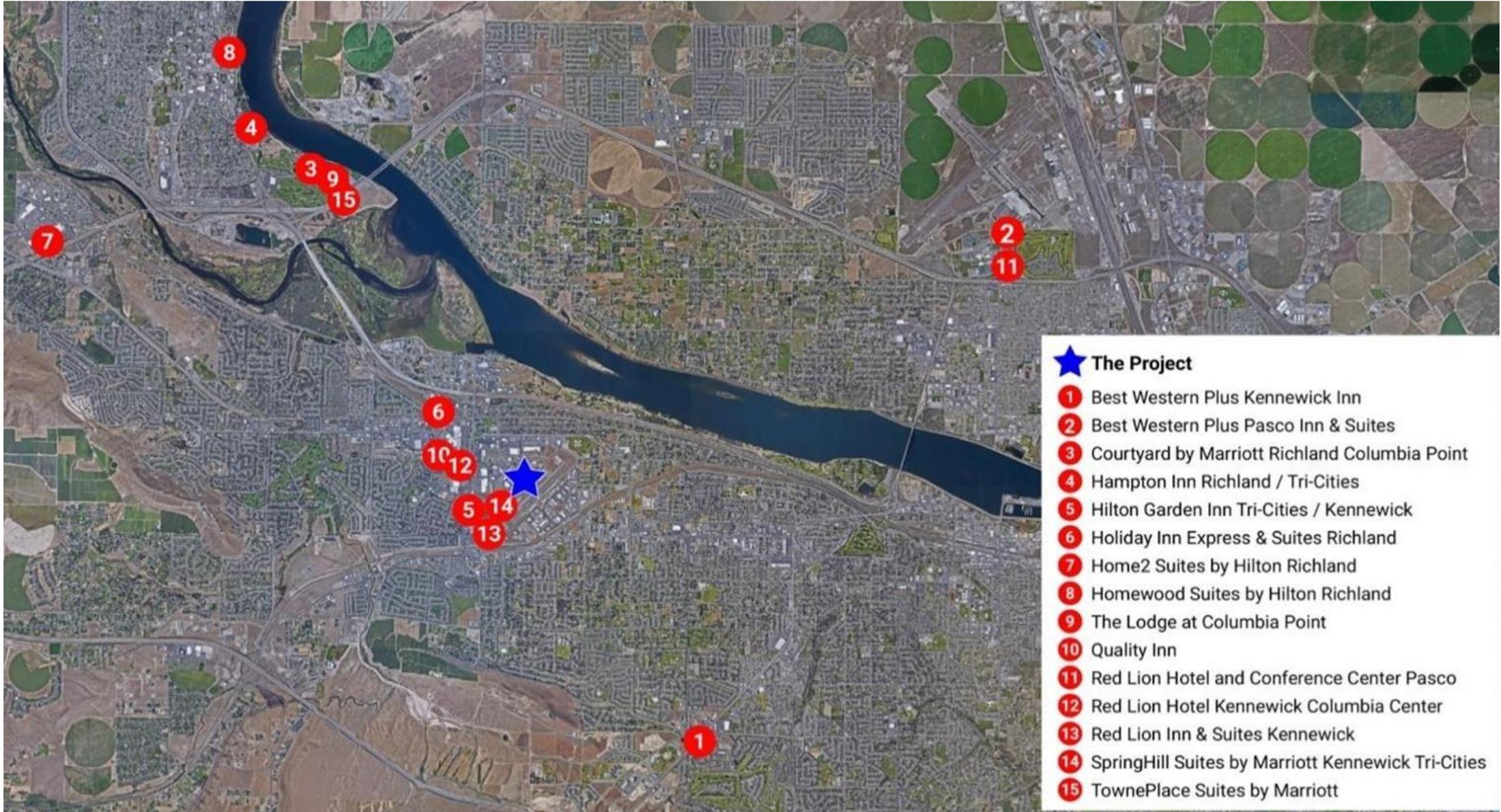
The City's ongoing investment in the development of a lively and flourishing city caused them to enter a public-private partnership with A1 3 Rivers Hotel, LLC, an A1 Hospitality affiliate. This agreement, adopted September 3, 2019, calls for the City to develop a 33,000 sq/ft addition to the existing Convention Center along with a 2,000 seat flex-space Performing Arts Theater. In addition to not requiring any new taxes, the project is expected to generate +\$20M in economic impact and \$210M of investments. Their ongoing support will be an asset to secure this project's success.



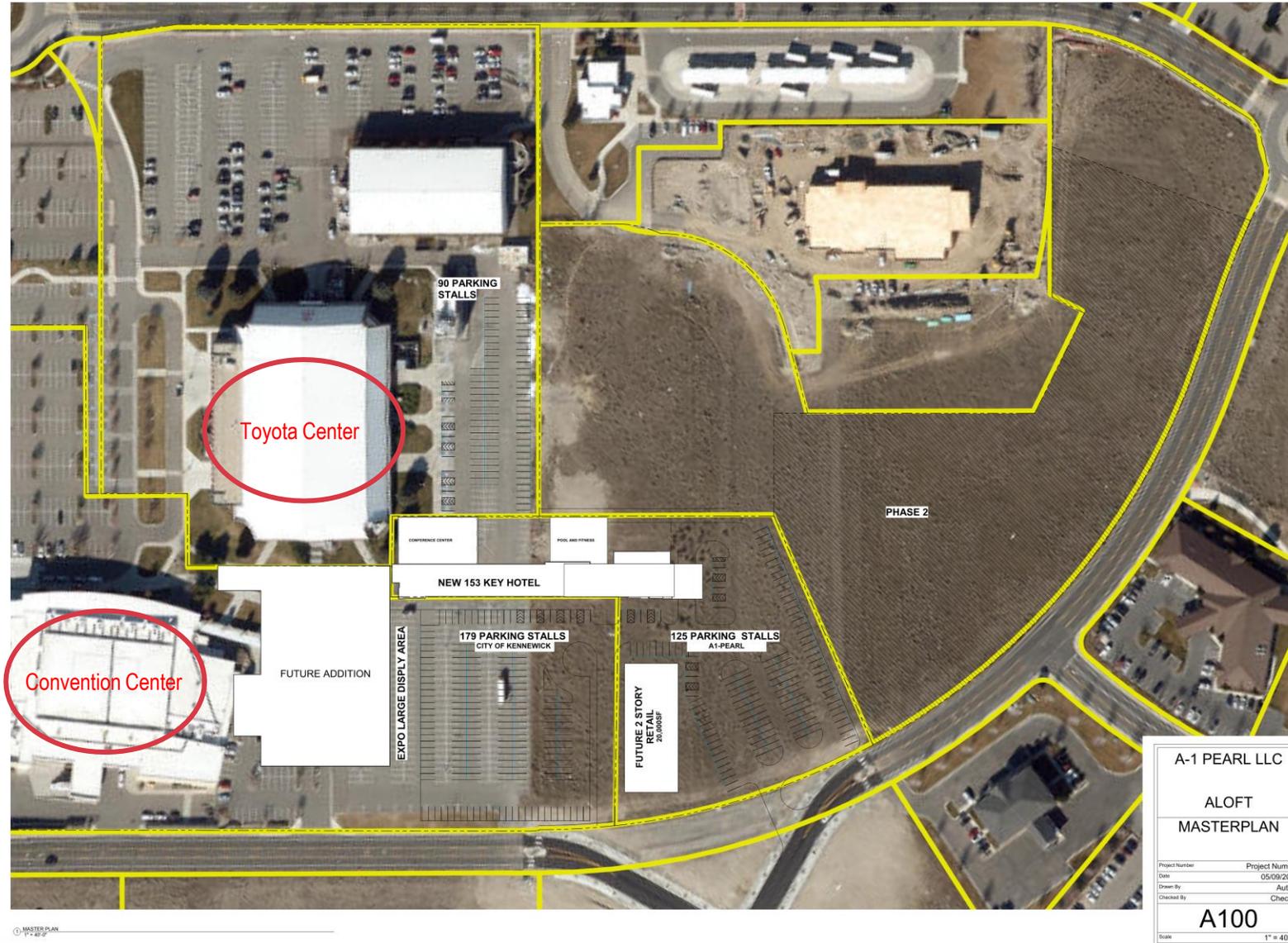
# Key Demand Generators



# Hotel Offerings in Kennewick



# Location Detail



\*Renderings for Visualization Purposes, Not Final Product



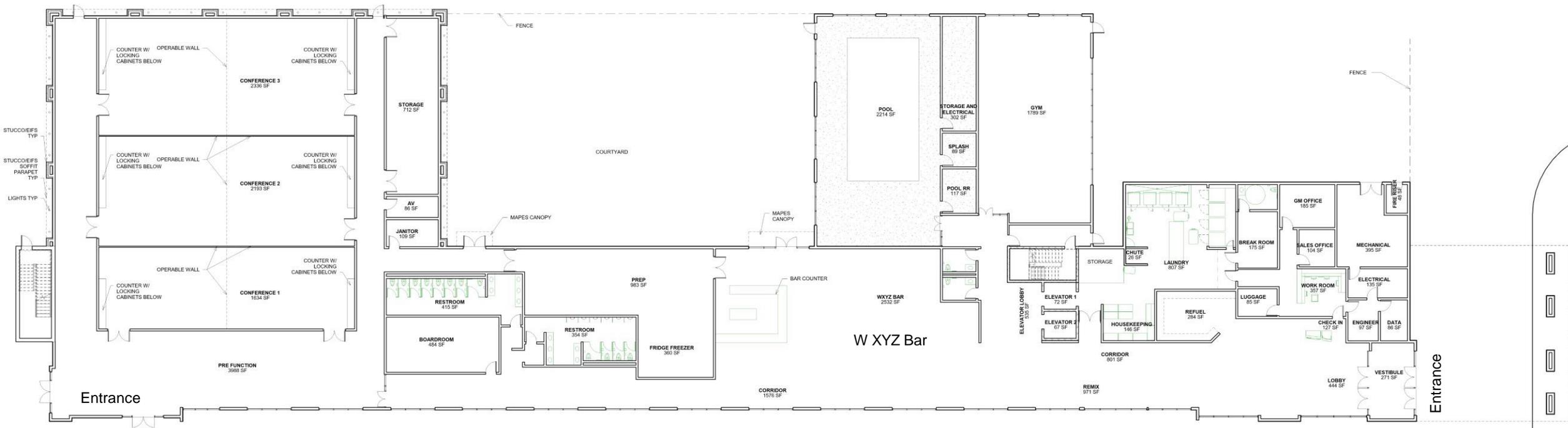




# Floorplates: Ground Floor Plan

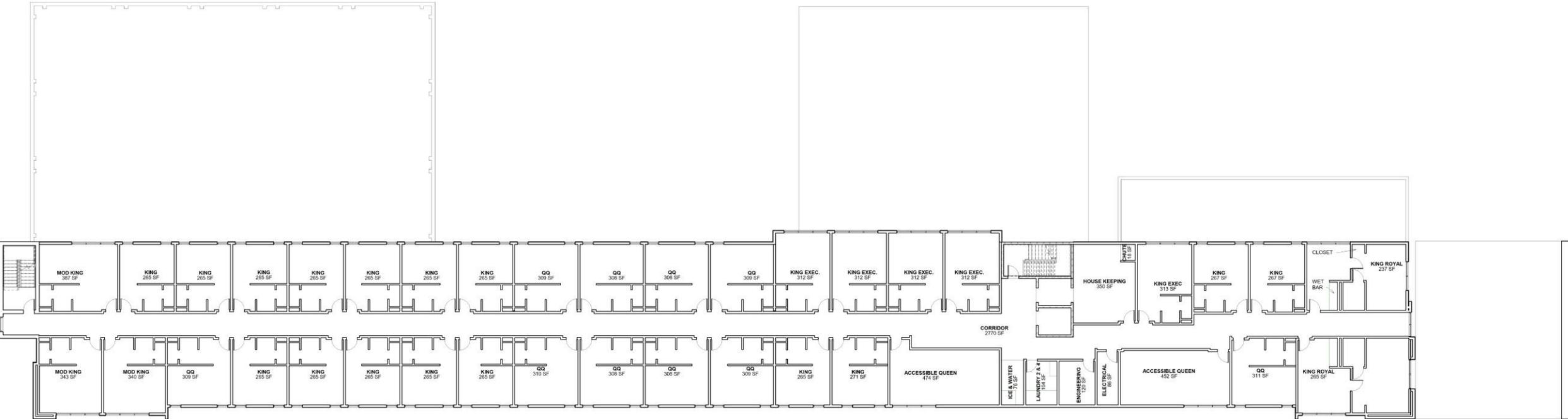
SQFT	Meeting	Corridor	Back of House	Vertical Circulation	Bar	Remix	Refuel	Prefunction	Gym	Pool	Total
Level 1	6,830	3,130	7,280	660	2,580	740	1,020	4,000	1,870	2,860	31,280

## Conference Center



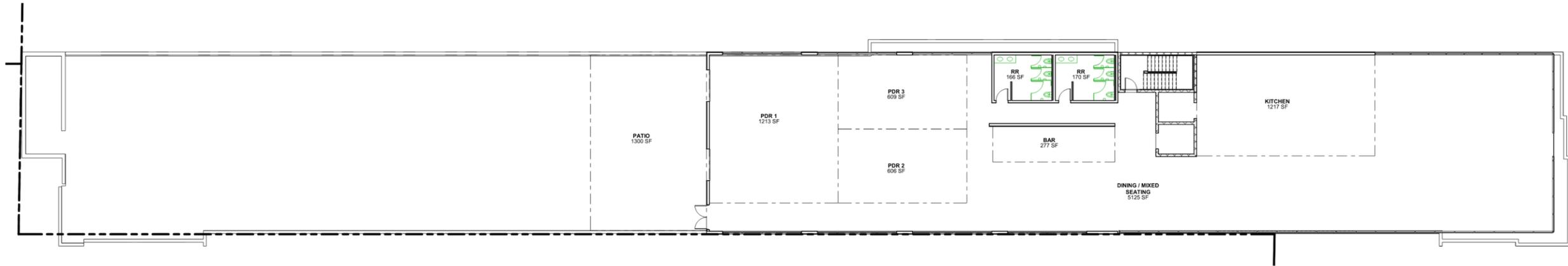
# Floorplates: Floors 2-5

SQFT	Guest Rooms	Corridor	Back of House	Vertical Circulation	Total
Level 2	1620	2800	840	590	17850
Levels 2-5 TOTAL:	54480	11200	3360	2360	714000



# Floorplates: Floor 6

SQFT	PDR	Dining	Back of House	Vertical Circulation	Bar	Total
Level 6	2450	5100	1550	370	300	9770



# Lobby



# Lobby



# Shared Space and WXYZ Bar Concept



# Room Layout



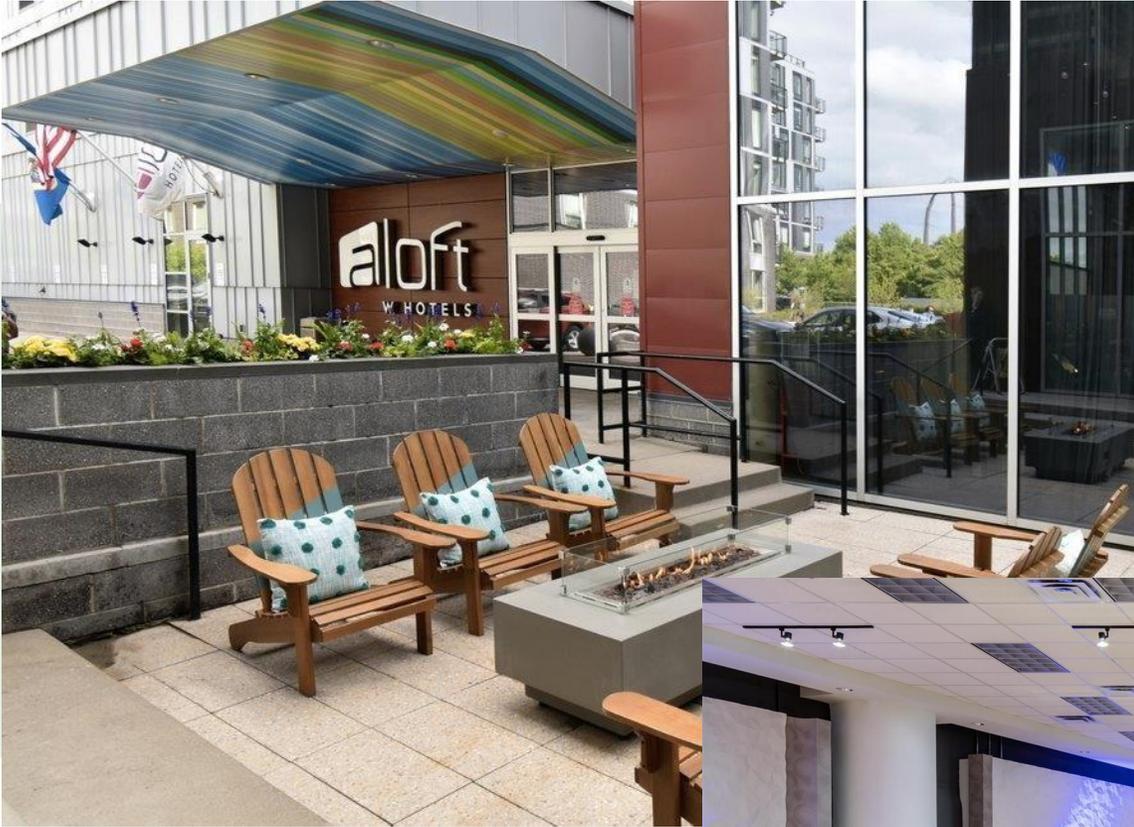
# Room Layout



# Bathroom



# Aloft Brand Concept Images



*“The proposed subject hotel has an opportunity to offer an upscale product type that exceeds the current branded hotel offerings and is positioned below the Lodge at Columbia Point, an upscale boutique hotel. Based on our market analysis, there is sufficient market support for the proposed Aloft Hotel. Our conclusions are based primarily on the needs of the Three Rivers Convention Center, which is often unsuccessful at securing larger convention events due to the lack of nearby hotel rooms, and the planned Vista Field redevelopment.”*

*-- HVS Report August 2021*

**FIGURE 1-2 PRIMARY COMPETITORS – OPERATING PERFORMANCE**

Property	Number of Rooms	Est. Segmentation			Estimated 2018				Estimated 2019					
		Commercial/ Government	Leisure	Meeting and Group	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
SpringHill Suites Kennewick Tri-Cities	116	55 %	15 %	30 %	116	65 - 70 %	\$120 - \$125	\$80 - \$85	116	65 - 70 %	\$125 - \$130	\$85 - \$90	100 - 110 %	110 - 120 %
Hilton Garden Inn Tri-Cities Kennewick	120	55	15	30	120	70 - 75	105 - 110	75 - 80	120	65 - 70	110 - 115	75 - 80	100 - 110	100 - 110
Red Lion Columbia Center Kennewick	162	45	25	30	162	65 - 70	100 - 105	65 - 70	162	60 - 65	100 - 105	65 - 70	100 - 110	85 - 90
Fairfield by Marriott Kennewick	62	65	20	15	62	50 - 55	100 - 105	50 - 55	62	50 - 55	105 - 110	55 - 60	80 - 85	80 - 85
Hampton by Hilton Kennewick at Southridge	80	65	25	10	80	70 - 75	125 - 130	90 - 95	80	70 - 75	125 - 130	95 - 100	110 - 120	130 - 140
Comfort Suites Kennewick At Southridge	94	60	30	10	<i>Hotel Not Open</i>									
Lodge at Columbia Point	82	50	35	15	82	60 - 65	180 - 190	120 - 125	82	65 - 70	190 - 200	125 - 130	100 - 110	170 - 180
<b>Sub-Totals/Averages</b>	<b>716</b>	<b>54 %</b>	<b>22 %</b>	<b>24 %</b>	<b>622</b>	<b>67.4 %</b>	<b>\$120.99</b>	<b>\$81.57</b>	<b>622</b>	<b>66.5 %</b>	<b>\$124.83</b>	<b>\$83</b>	<b>103 %</b>	<b>115.7 %</b>
Secondary Competitors	453	50 %	37 %	13 %	340	62.4 %	\$85.90	\$53.57	340	61.2 %	\$83.69	\$51	95 %	71.3 %
<b>Totals/Averages</b>	<b>1,169</b>	<b>53 %</b>	<b>27 %</b>	<b>20 %</b>	<b>962</b>	<b>65.6 %</b>	<b>\$109.21</b>	<b>\$71.68</b>	<b>962</b>	<b>64.6 %</b>	<b>\$111.07</b>	<b>\$72</b>	<b>100 %</b>	<b>100.0 %</b>

*\* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.*

# Future Retail

The Phase 1 Land Purchase is 3.55 acres within the City of Kennewick's Three Rivers Entertainment District. The Hotel will have a joint parking agreement with the City allowing expansion on the A1 property. A1 3 Rivers Hotel, LLC and the City envisions a complimentary expansion 20,000 sq/ft building that supports family and adult entertainment with examples such as: Forum Social (Bellevue), Lucky Strike, or a Dave & Busters type of businesses. This type of facility/business will be interconnected to the Hotel and Convention Center and would enhance the occupancy in the hotel. The A1 3 Rivers Hotel, LLC group business plan accounts for the retail expansion and would require substantial commitments from the tenant(s) prior to initiating a capital call for the retail.

