



City Council Meeting Schedule October 2022

The City broadcasts City Council meetings on the City's website
<https://www.go2kennewick.com/CouncilMeetingBroadcasts>.

October 4, 2022

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

October 11, 2022

Tuesday, 6:30 p.m.

WORKSHOP MEETING

1. Water/Sewer Rate Study
2. Entertainment District Partnership Update (A-1 Pearl)
3. Kennewick Public Facilities District Expansion Update

October 18, 2022

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

October 25, 2022

Tuesday, 6:30 p.m.

WORKSHOP MEETING

1. 2023 TPA Budget & Marketing Plan
2. Existing Facilities and Six-Year Capital Improvement Plan
3. Comp Plan Amendments Part Two
4. Comp Plan Amendment (CPA) 2022-0005

To assure disabled persons the opportunity to participate in or benefit from City services, please provide twenty-four (24) hour advance notice for additional arrangements to reasonably accommodate special needs.

Please be advised that all Kennewick City Council Meetings are Audio and Video Taped

Council Workshop Coversheet



Agenda Item Number	1.	Meeting Date	10/11/2022
Agenda Item Type	Presentation		
Subject	Water & Sewer Rate Study Update		
Ordinance/Reso #		Contract #	
Project #		Permit #	
Department	Public Works		

Info Only	<input type="checkbox"/>
Policy Review	<input checked="" type="checkbox"/>
Policy DevMnt	<input type="checkbox"/>
Other	<input type="checkbox"/>

Summary

City council adopted a rate increase for both the water and wastewater utilities for the 2021/2022 budget in 2020. The rate study presented at that time required ongoing rate increases to support ongoing operations and capital projects as well as projected debt service. Public works along with the City's consultant FCS Group will be presenting an update to the rate study including proposed rate increases, comparisons to local cities, revenue requirements and projected needs.

Through	Jeremy Lustig Oct 06, 15:37:31 GMT-0700 2022	Attachments: <input type="text" value="Presentation"/>
Dept Head Approval	John Cowling Oct 06, 15:38:25 GMT-0700 2022	
City Mgr Approval	Marie Mosley Oct 07, 08:06:22 GMT-0700 2022	



City Council Workshop



Water and Wastewater Rate Study Update

Cary Roe, P.E. Public Works Director, City of Kennewick
Angie Sanchez Virnoche, Principal FCS GROUP
Chase Bozett, Senior Analyst FCS GROUP

October 11, 2022



Discussion Outline

- Background
- Rate setting overview
- Summary of findings
- Staff recommendations



Background

- Water and Wastewater initial Rate Study completed in 2016
 - » Covered 20-year time period
- City practice to revisit rate plan during biennium budget process for next two-year rate period
- 2020 study resulted in maintaining original rate path

Utility	2021	2022	2023	2024
Water	5.15%	5.15%	5.15%	5.15%
Wastewater	7.40%	6.65%	6.65%	6.65%



Background (cont.)

- Each update incorporates current financial, operating and engineer needs informed by:
 - » Utility budgets
 - » General Sewer Plan adopted in 2015
 - » Wastewater Treatment Facilities Plan adopted in 2015
 - » Facilities Plan amended in 2020
 - » Water Comprehensive Plan in 2016
 - » Water Capacity Analysis 2018
 - » Water Treatment Plant Condition Assessment 2019
 - » Reservoir Condition Assessment
 - » UGA Study Update



Deferred Capital

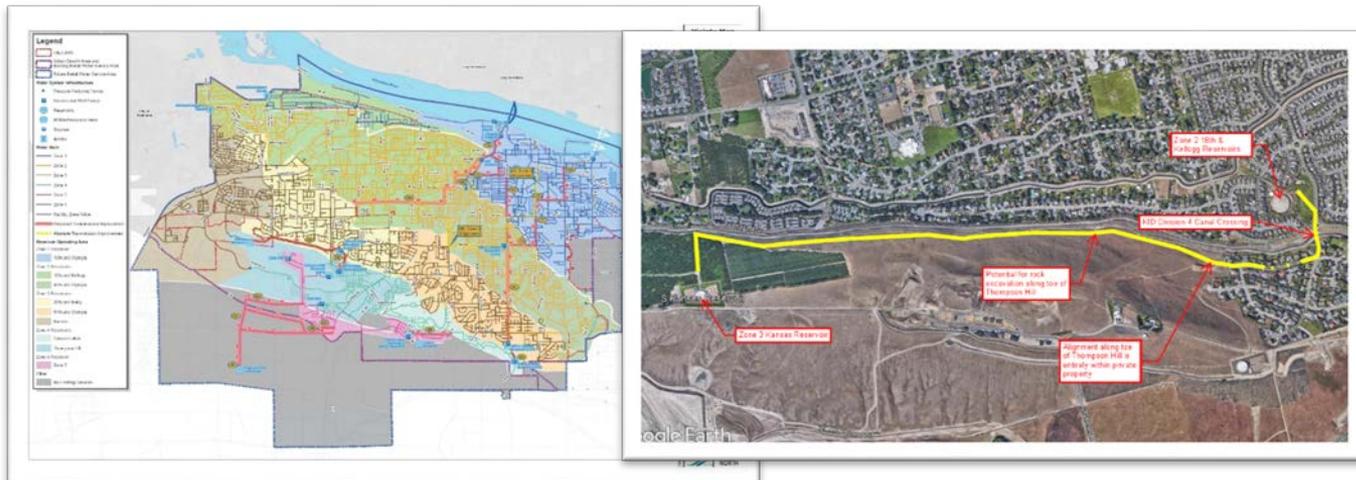
- Water Treatment Plant Repairs and Improvements
 - » Upgrade existing pumping capacity (low lift, permeate, backwash, high service)
 - » Replace Membranes and coat membrane filtration basins
 - » Replace leaking Sodium Hypochlorite Tanks (4)
 - » Replace Aging chemical systems and feed pumps
 - » Replace existing surge tank (designed for 5MGD capacity) severely undersized for today's capacity
 - » Estimate Cost \$9.4 million





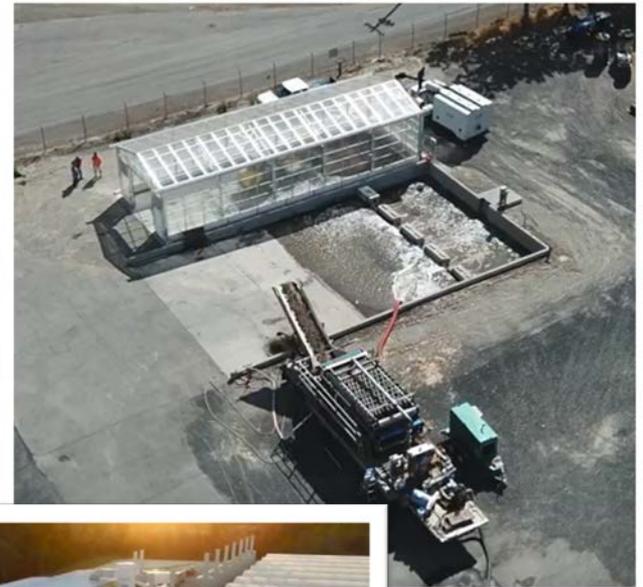
Deferred Capital

- Transmission Mains and Pump Station Upgrades
 - » Zone 1 RC 5 Transmission Main – Estimated cost \$1,270,500
 - » Zone 1 Transmission Main Phase 1 thru 4 – Estimated cost \$9,062,900
 - » Zone 1 Golf Course Pump Station Transmission Main - \$506,100
 - » Zone 2 East Olympia Transmission Main – Estimated cost \$2,824,800
 - » Zone 3 West Transmission Main – Estimated cost \$4,075,500
 - » Zone 3 West Transmission Main Phase 2 – Estimated cost \$1,059,300
 - » Zone 4 East Transmission Main – Estimated cost \$1,059,300
 - » Pump Station Capacity Upgrades and Surge Mitigation - \$8,690,000



Deferred Capital

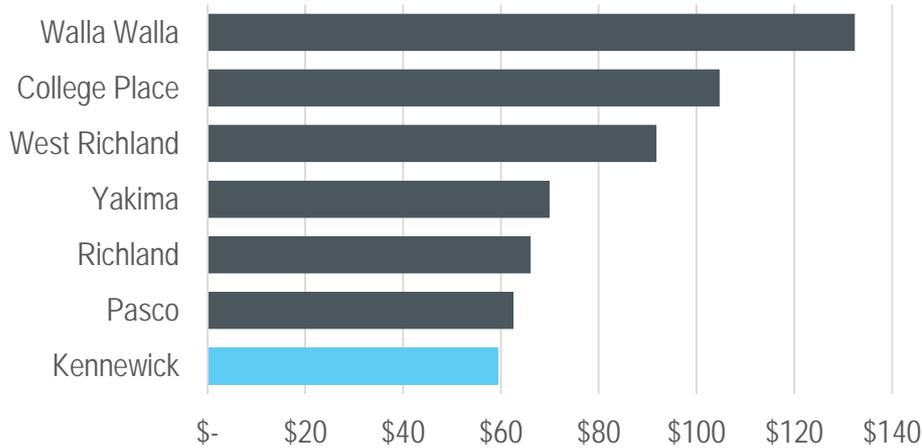
- Wastewater Treatment Plan Upgrade
 - » Project improves how biosolids are managed resulting in Class A biosolids
 - » Progressive design build – alternative delivery method
 - » Funding
 - \$23M in SRF loans (20 years, 1% interest)
 - \$6.1M Green Project Reserve (potentially forgivable)
 - » Schedule
 - CC Award PDB, Step 1 (Pre-construction): Dec 2022
 - CC Award PDB, Step 2 (Construction): Summer 2023





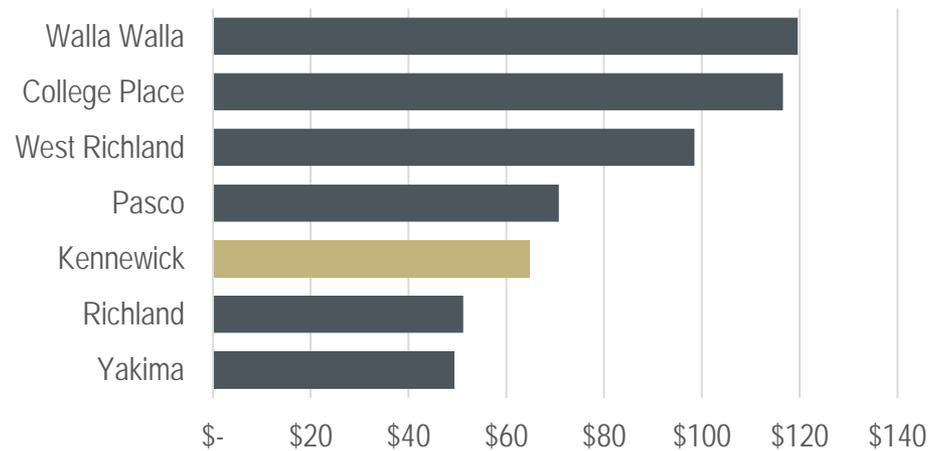
2022 Residential Bimonthly Bill Comparisons

Water



Note: Assumes residential meter 1" and 20 ccf bi-monthly usage

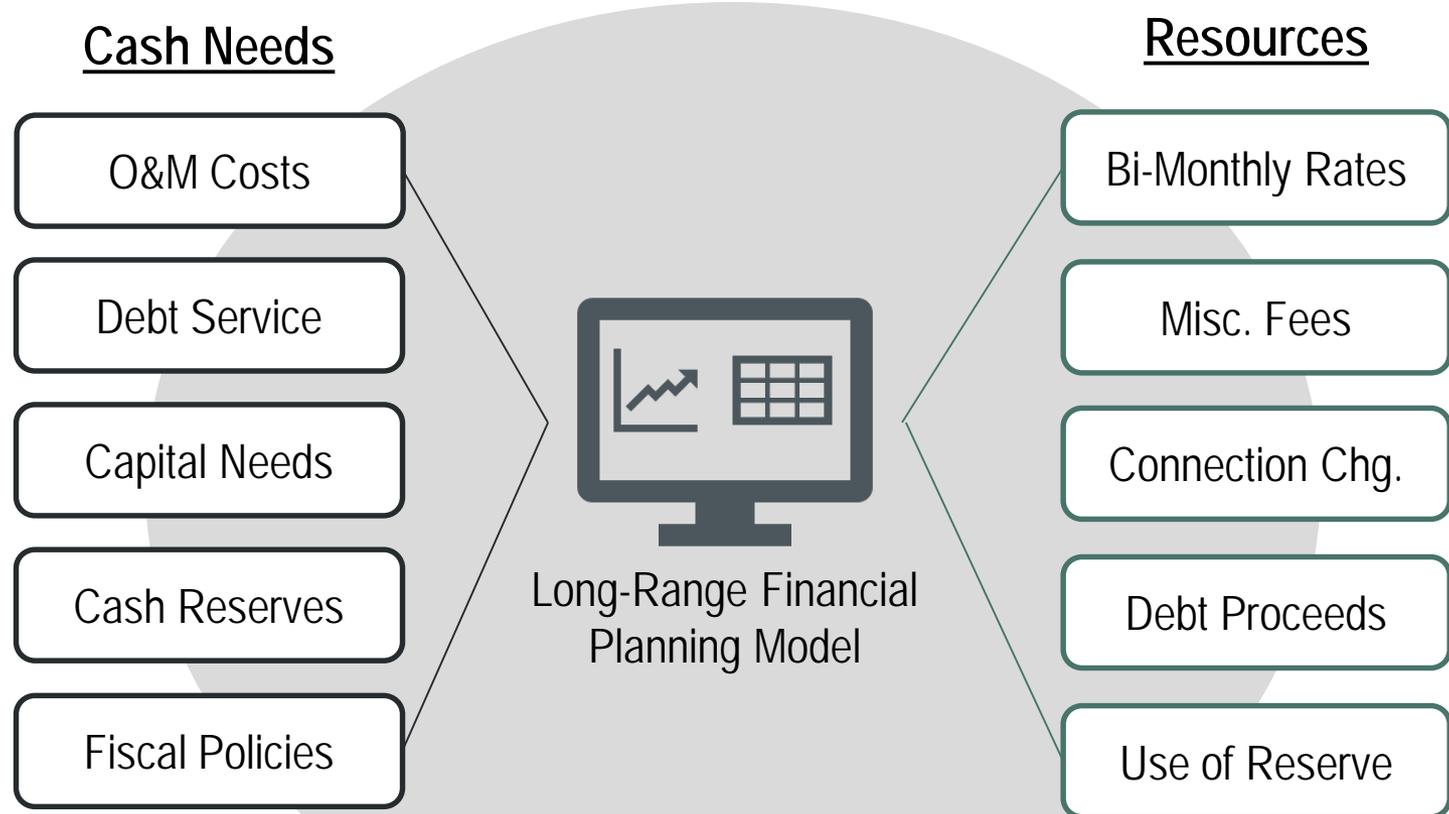
Wastewater



Note: Assumes 11 ccf bi-monthly usage where applicable



Overview of Rate Study



Craft a multi-year rate and financing plan to support the operations and capital needs of each utility



Rate Update Key Factors

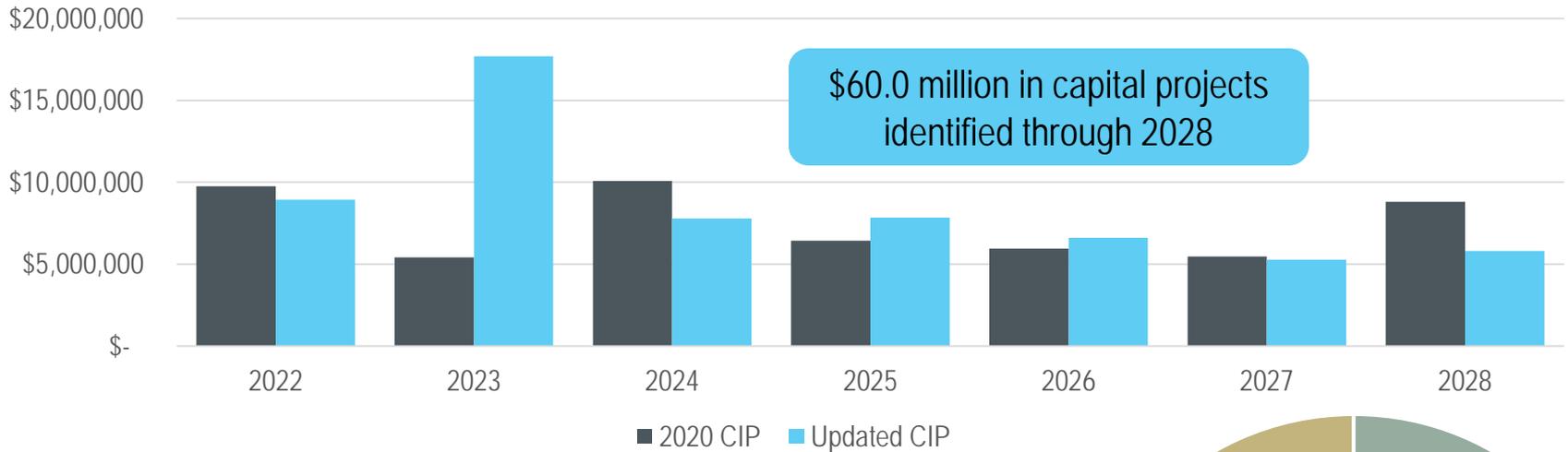
- Rate update for 2023/2024 rate-setting period (previewing to 2028)
- Operating budget used as baseline for revenue and expenses
 - » 1.50% annual growth rate
- Existing Debt
 - » Water - \$2.3M reducing to \$1.2 in 2026
 - » Sewer - \$890K reducing to \$550K 2029
- Incorporated City provided CIP
- Fiscal policy targets
 - » Operating reserve 90 days O&M water, 60 days O&M sewer
 - » Capital reserve 1% of original cost asset value
 - » System reinvestment target equal to annual depreciation
 - » Debt service coverage target 1.50



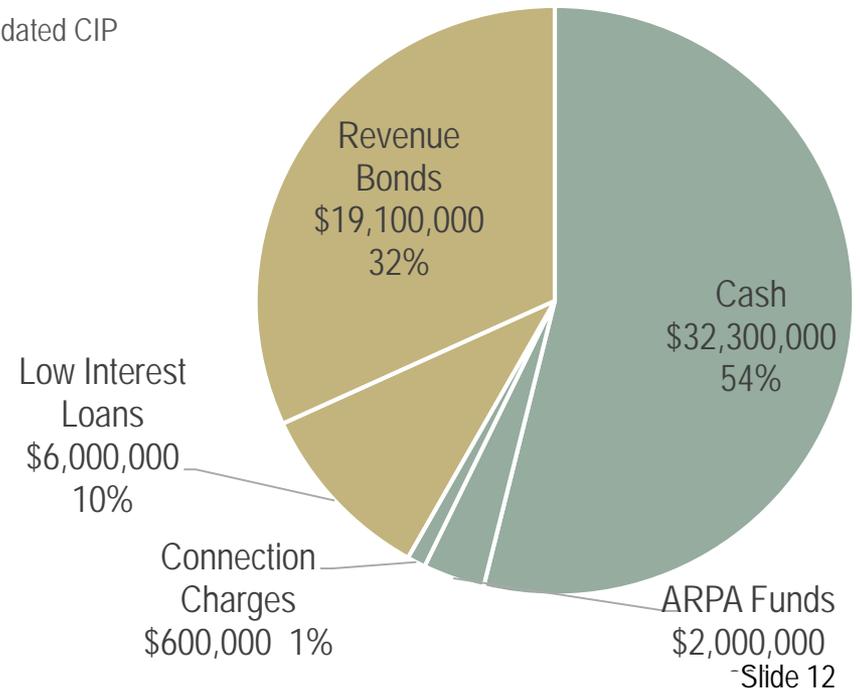
Water Revenue Requirement



Capital Improvement Plan - Water

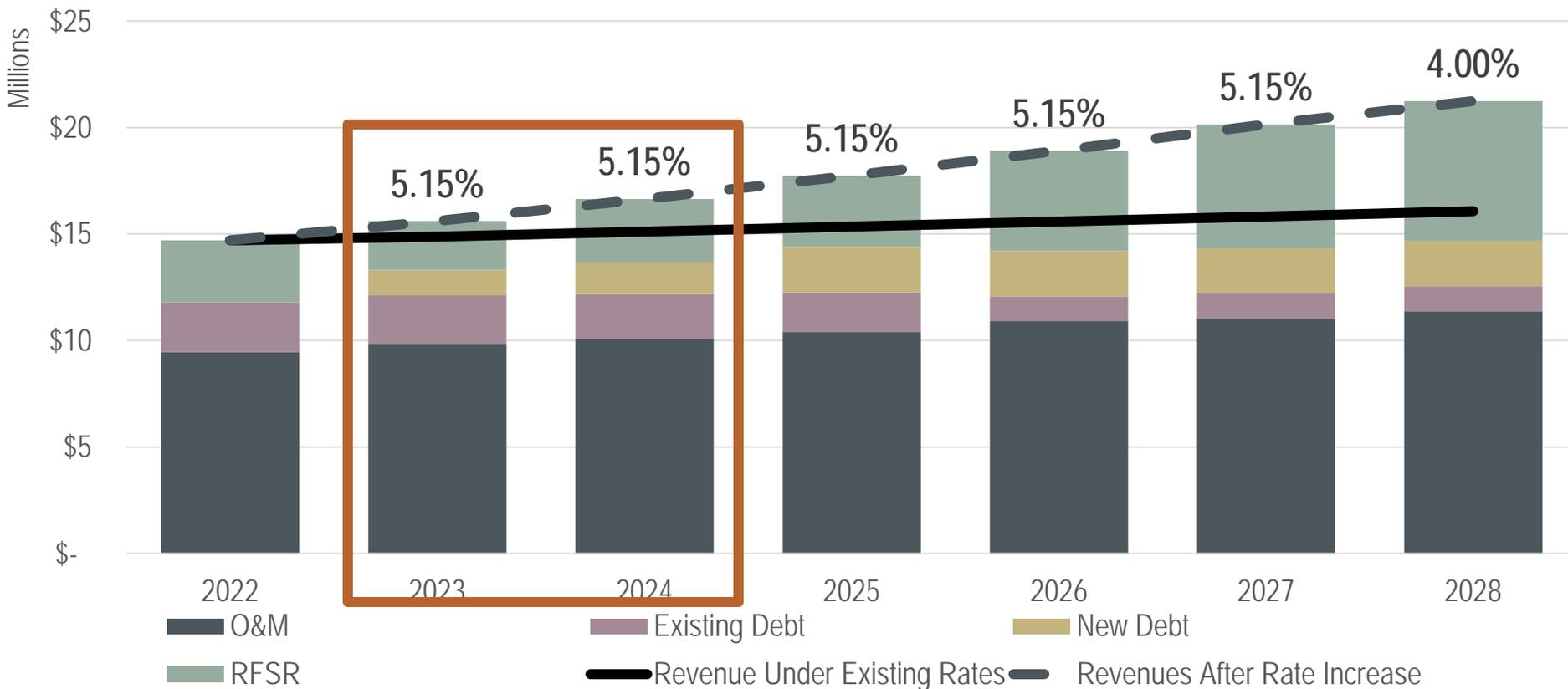


- **Capital costs higher ~ \$8.1 million**
 - » Completion of AMR project
 - » Additional WTP Capacity costs
- **\$25.1 million (42%) debt financed**
 - » \$6.0 million PWTF loan secured
 - » \$11.7 million revenue bond in 2023
 - » \$7.4 million revenue bond in 2025
 - » New debt service \$1.1M (2023) - \$2.1 (2025)





Revenue Requirement Summary - Water



- **Maintain original rate path**

- » Allows City to continue to meet operating and capital needs
- » Support new debt service and
- » Continue phase in of system reinvestment policy - allowing for larger cash funding of capital



Water Residential Bill Impacts

Water Sample Bill	Existing	2023	2024	2025	2026	2027	2028
Proposed Increase		5.15%	5.15%	5.15%	5.15%	5.15%	4.00%
Sample Residential Bi-Monthly Bill	\$ 59.38	\$ 62.44	\$ 65.65	\$ 69.03	\$ 72.59	\$ 76.33	\$ 79.38
Sample Residential Monthly Bill	\$ 29.69	\$ 31.22	\$ 32.83	\$ 34.52	\$ 36.30	\$ 38.16	\$ 39.69
Monthly Increase		\$ 1.53	\$ 1.61	\$ 1.69	\$ 1.78	\$ 1.86	\$ 1.53

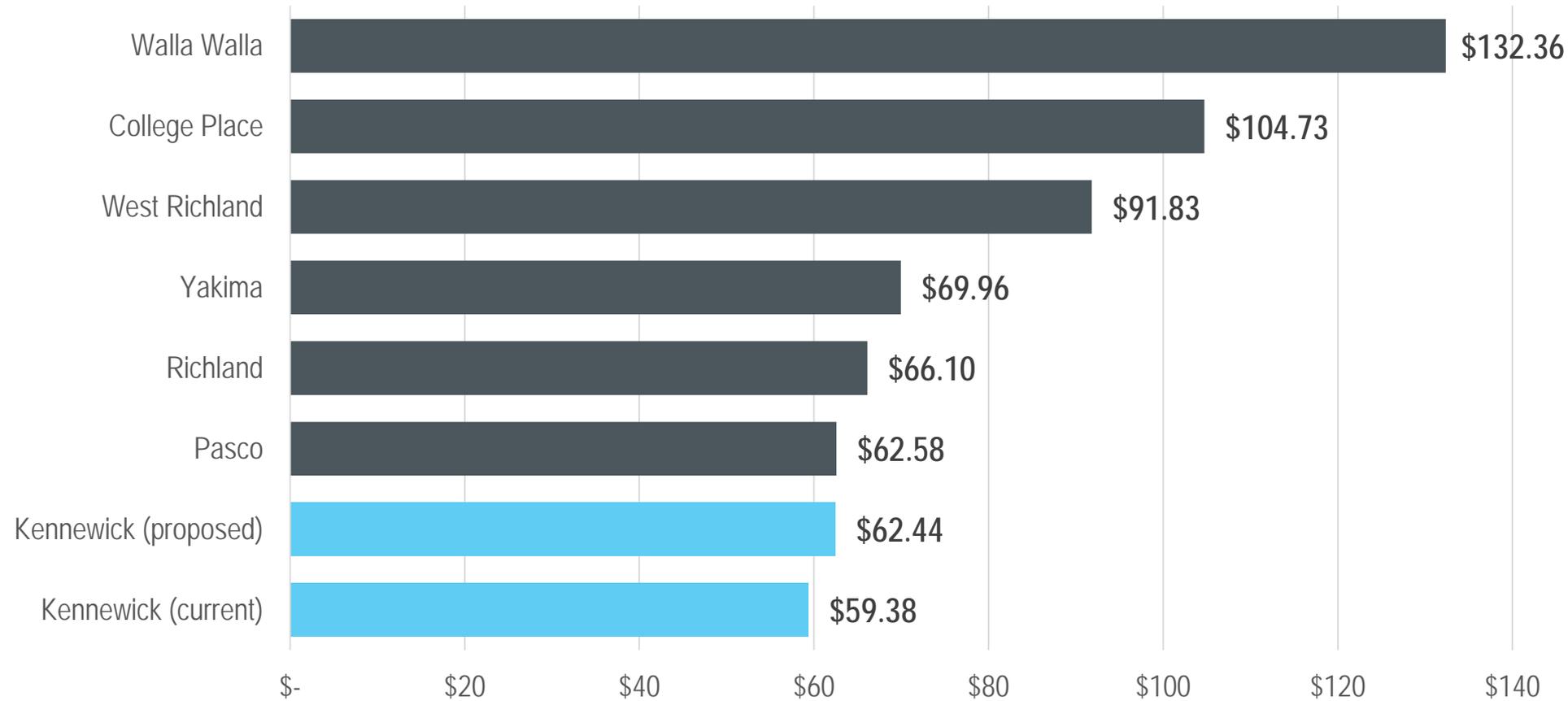
Assumes 1" meter and 20 ccf bimonthly usage

- Rate plan can be maintained for 2023/2024 biennium
 - » Approximately \$1.55 monthly increase
- City practice to annually index fees and charges to Consumer Price Index
 - » Approximately \$1.00 more than current City indexed rate policy



Jurisdictional Survey

Residential Bi-Monthly Bill (1" Meter, 20 ccf)

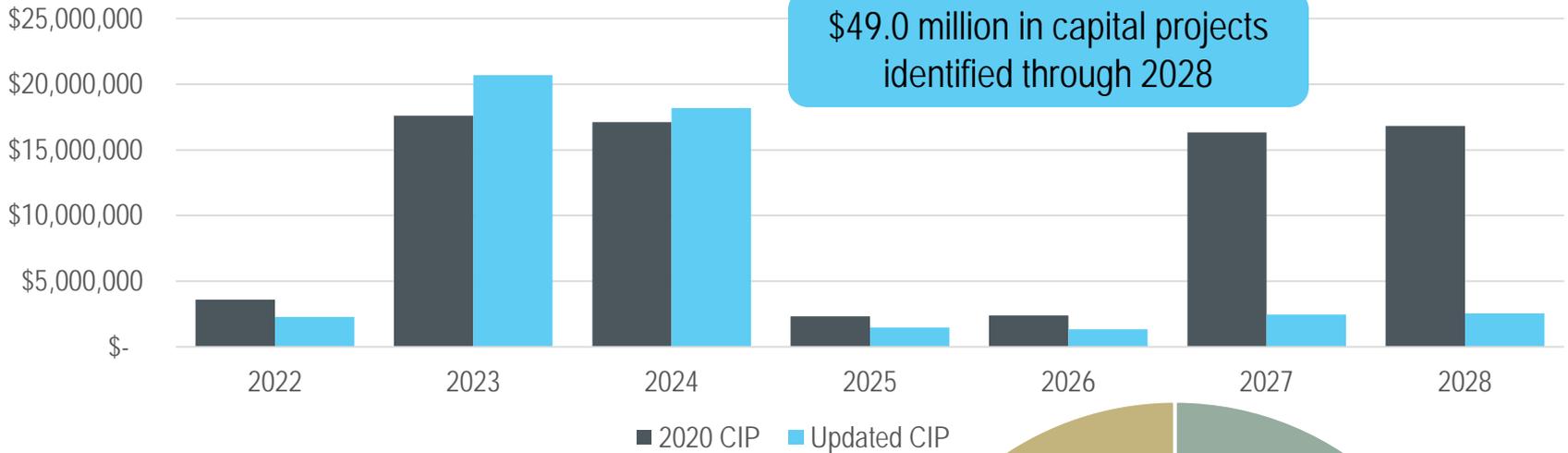




Wastewater Revenue Requirement



Capital Improvement Plan - Wastewater

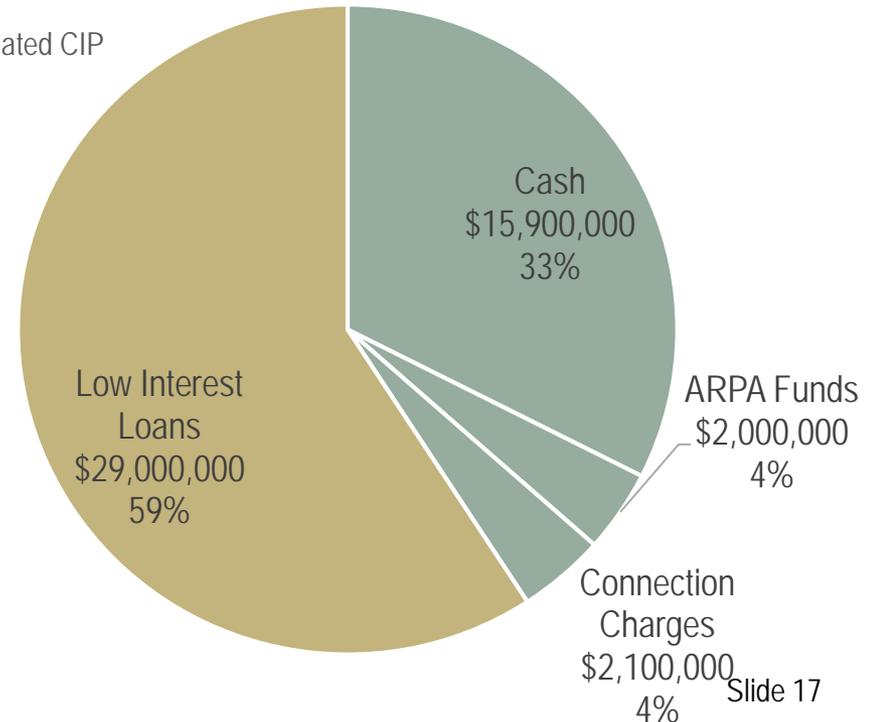


- **Capital costs lower**

- » Alternative WWTP Design
- » Grit removal project moved beyond 2028

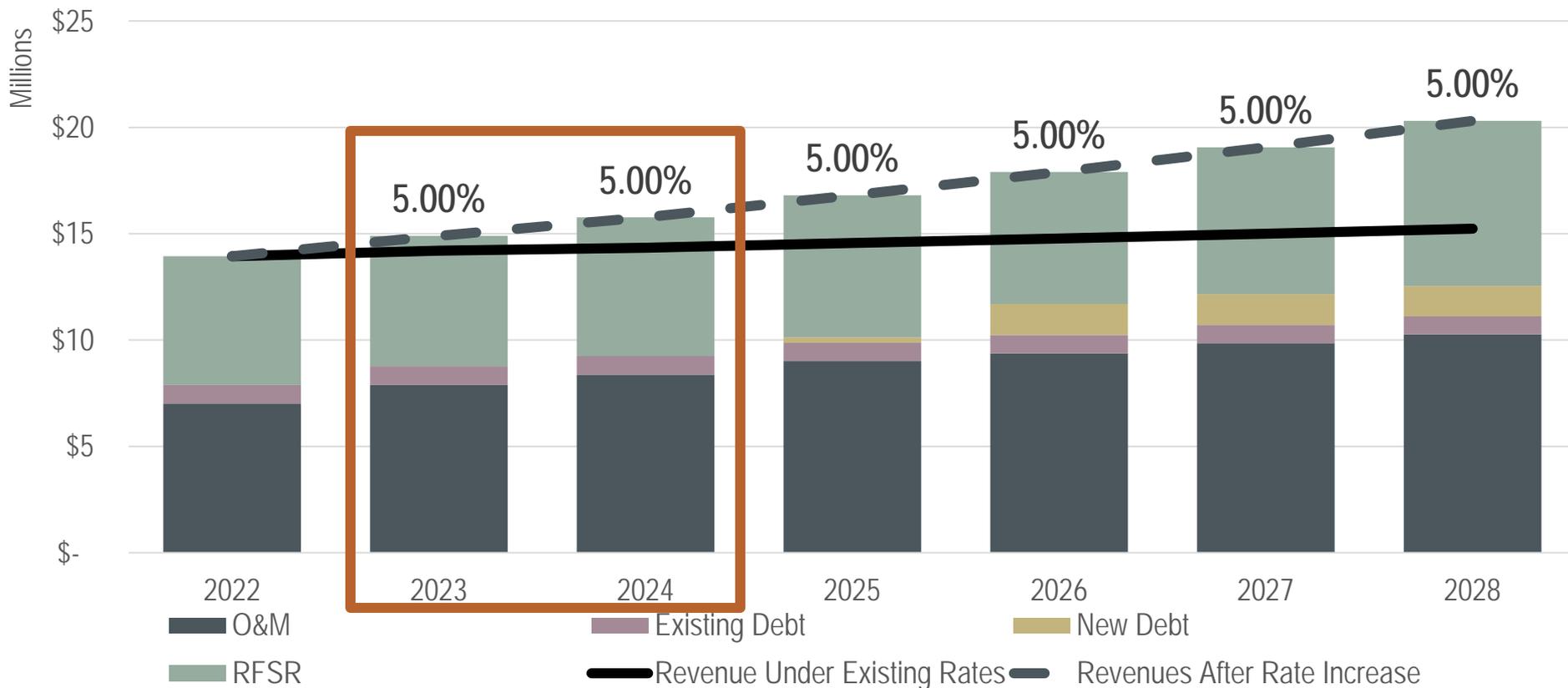
- **\$29.0 million (59%) debt financed**

- » \$23.0 million SRF loan secured
- » \$6.0 million Green Project Reserve
 - Potentially eligible for forgiveness
- » New debt service \$253K (2025) to \$1.5M (2026)





Revenue Requirement Summary - Wastewater



- **Adjust original rate path down**

- » Reduced WWTP capital costs with progressive design build – alternative delivery method
- » Reduced borrowing costs with City secured low interest loans (partial loan forgiveness)



Wastewater Residential Bill Impacts

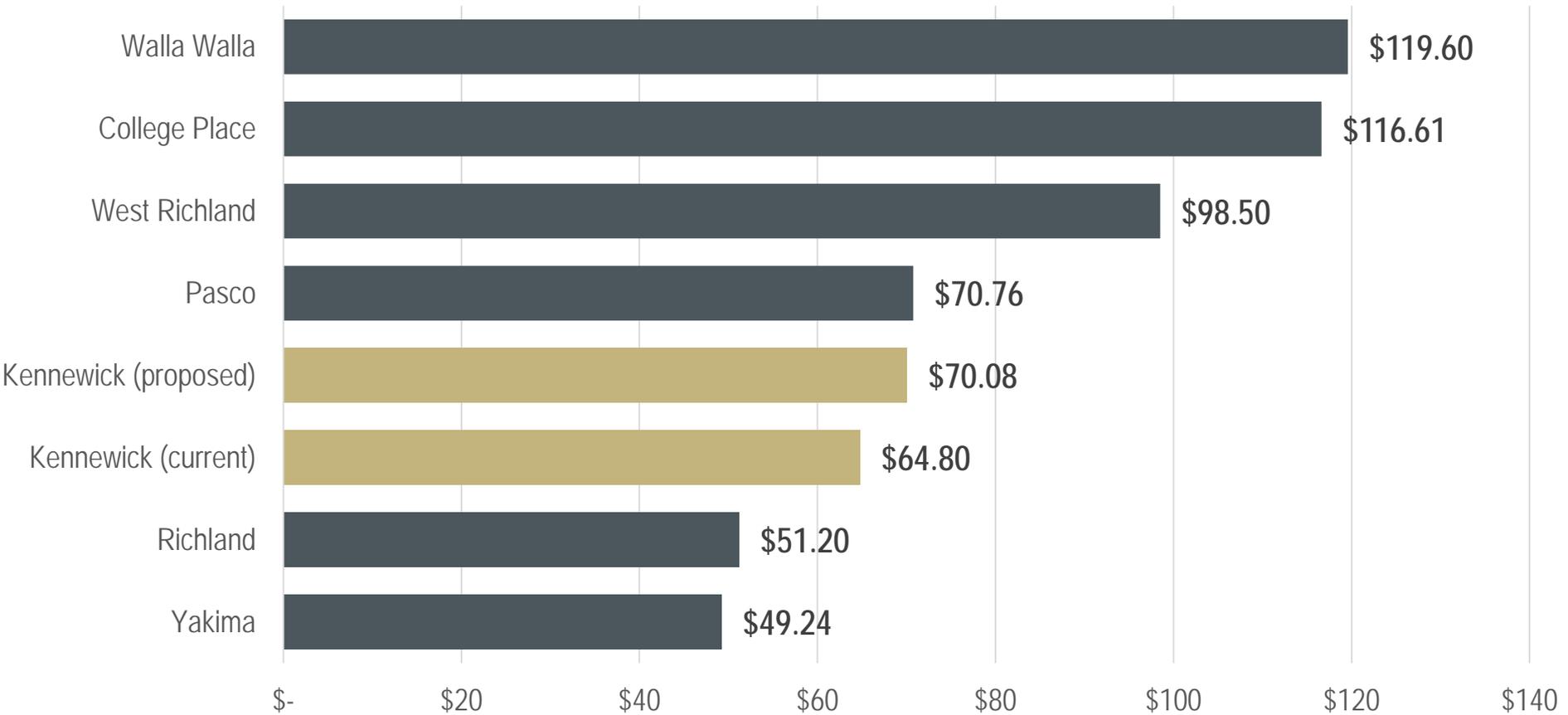
Wastewater Sample Bill	Existing	2023	2024	2025	2026	2027	2028
Proposed Increase		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Sample Residential Bi-Monthly Bill	\$ 64.80	\$ 68.04	\$ 71.44	\$ 75.01	\$ 78.76	\$ 82.70	\$ 86.84
Sample Residential Monthly Bill	\$ 32.40	\$ 34.02	\$ 35.72	\$ 37.51	\$ 39.38	\$ 41.35	\$ 43.42
Monthly Increase		\$ 1.62	\$ 1.70	\$ 1.79	\$ 1.87	\$ 1.97	\$ 2.07

- Rate plan can be reduced for the 2023/2024 biennium
 - » Approximately \$1.65 monthly increase
- City practice to annually index fees and charges to Consumer Price Index
 - » Approximately \$1.00 more than current City indexed rate policy



Jurisdictional Survey

Residential Bi-Monthly Bill (11 ccf water usage if applicable)





Staff Recommendation



Staff Recommendation

- **Maintain existing rate path for the water utility**
 - » Monthly increase to average residential bill of \$1.53 in 2023 and \$1.61 in 2024
- **Lower wastewater rate increases to 5.00% annually**
 - » Monthly increase to average residential bill of \$1.62 in 2023 and \$1.70 in 2024
- **Implement rate changes effective January 1st, 2023**

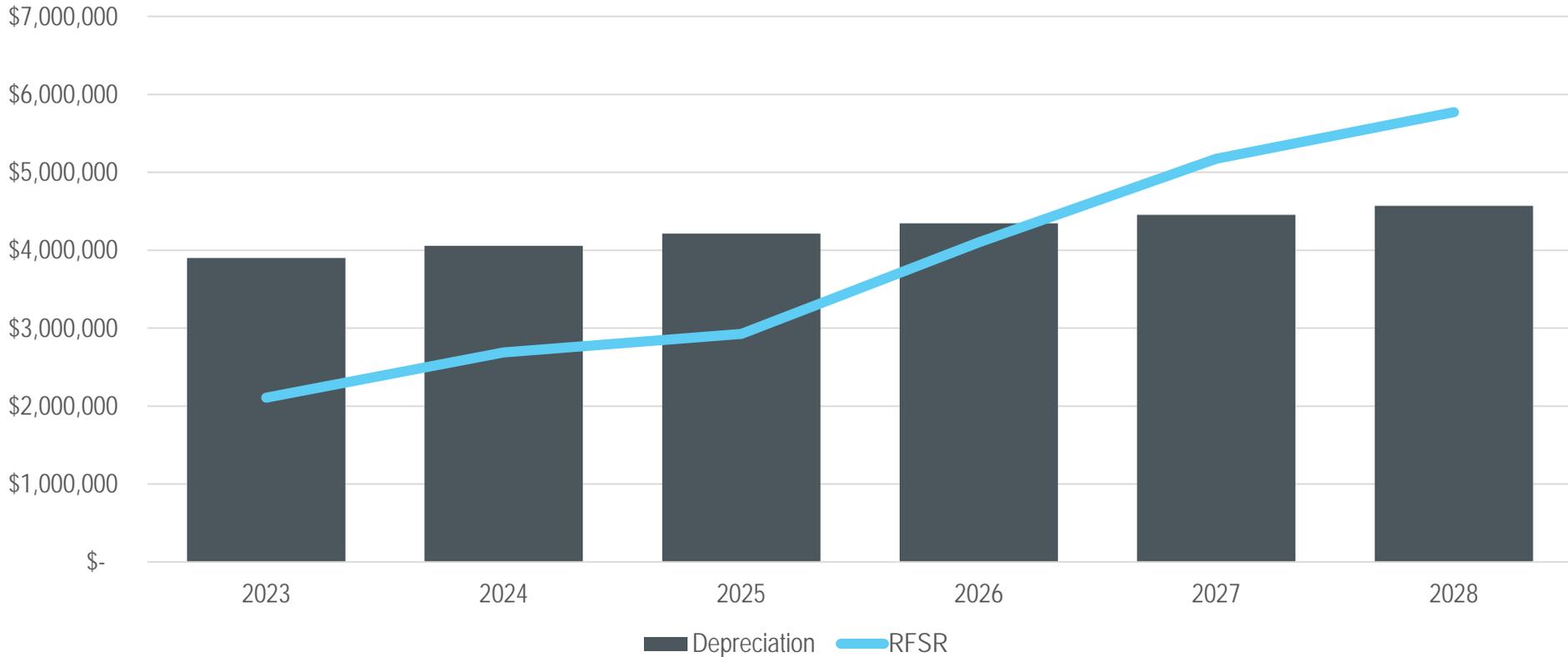
Thank you! Questions?

Angie Sanchez Virnoche, Principal
(425) 336-4157
AngieS@FCSTGroup.com

www.fcsgroup.com



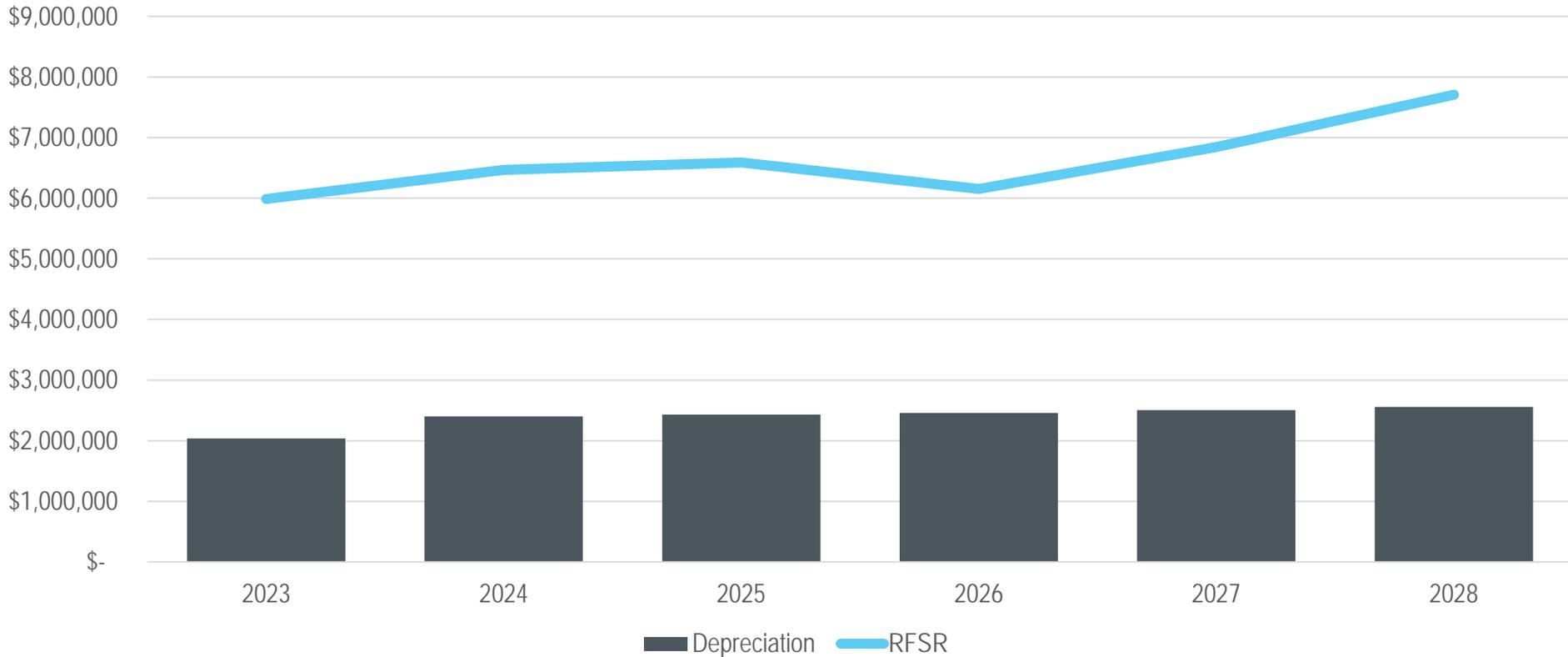
Water Rate Funded System Reinvestment



- Full policy phased in over the next few years and fully achieved by 2027
- Previous forecast capped RFSR at 35% of depreciation to maintain the rate plan



Wastewater Rate Funded System Reinvestment



- Full policy achieved in first year and for all other years of the forecast
- Average policy achievement is 275% of depreciation

**Council Workshop
Coversheet**



Agenda Item Number	2.	Meeting Date	10/11/2022
Agenda Item Type	Presentation		
Subject	Entertainment District Partnership Update		
Ordinance/Reso #		Contract #	
Project #		Permit #	
Department	City Manager		

Info Only

Policy Review

Policy DevMnt

Other

Summary

At the October 11, 2022, City Council workshop, A-1 Pearl Development Group will provide Council with an update on the Entertainment District Public Private Partnership project.

Through

Attachments: Presentation

Dept Head Approval

Dan Legard
Oct 05, 09:19:19 GMT-0700 2022

City Mgr Approval

Marie Mosley
Oct 07, 08:09:28 GMT-0700 2022



A1 PEARL
Development Group

Presents:

Three Rivers Convention Center Hotel

Kennewick, WA

152 Guestrooms

Marriott Franchise Hotel:

aloft®
HOTELS



Project Partners

A-1 Pearl Development Group

With two generations of hospitality experience, the Patel family has owned and operated flagship hotels 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.



<https://a1pearl.com/>

Fowler General Construction

FGC has successfully completed hundreds of projects across commercial, multi-family, retail, school system, and industrial sectors for Federal, County and Civil Governments, as well as private developers. Since its founding in 2004 with only 5 employees, Fowler General Construction has grown to 280 teammates. Throughout Washington, Oregon, Idaho, and Montana. FGC 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.



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 into a public private partnership with A-1 Pearl, an A-1 Hospitality affiliate. This agreement, adopted Sept. 3 2019, calls for the City to develop a 33,000 square foot 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 +\$20mm in economic impact and \$210mm of investments. Their ongoing support will be an asset to secure this project's success.



A1-Pearl Team



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 hotel in Washington and Oregon. Vijay is on the board of the Washington Tourism and Marketing Authority.

John Payne | Construction

John is the president of Fowler General Construction, one of the largest contracting companies in Eastern Washington with over \$175m in annual revenues. He's a Tri-Cities native with over 25 years of experience in construction and project management. John plays a key role with his knowledge and expertise in Design-Build project delivery.



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.



Taran Patel | Management

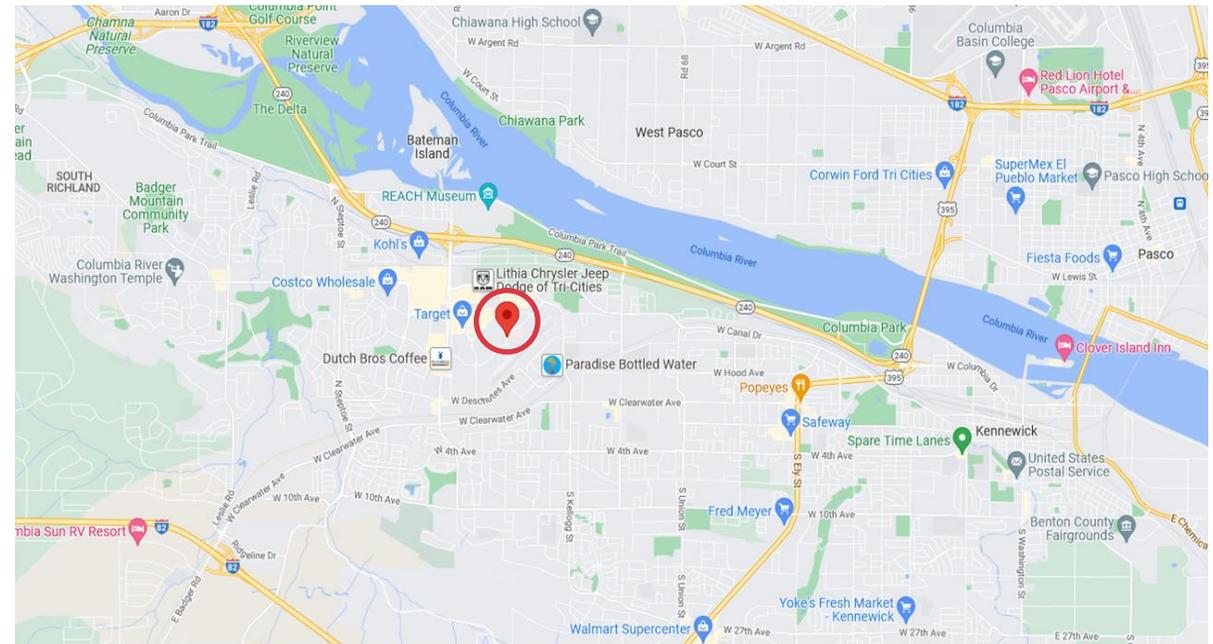
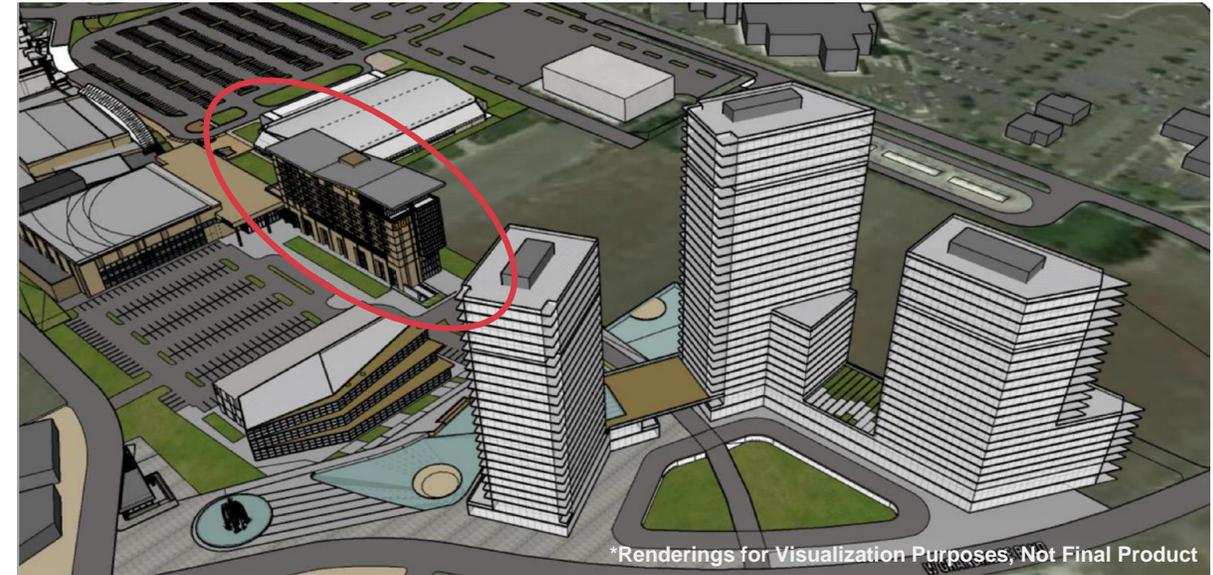
Taran is the VP of A1 Hospitality Group and an active member of the Oregon Restaurant and Lodging Association. He is also on the executive board of the International Hotel Group (IHG) owners association. Taran was mentioned on the list of "Thirty Under 30" rising hotel executives by the Hotel Management magazine.



Location Detail:

6916-6930 West Grandridge Boulevard, Kennewick, WA 99336

- Public-Private Partnership executed jointly with City of Kennewick
- Aloft-branded hotel with 152 guestrooms connected to the Three Rivers Convention Center, adjacent to Toyota Center and the Three Rivers Transit Center
- 6-Story Hotel with elevated 6th floor lounge and conference/private dining area
- Future 40,000 sqft retail center
- More than 600,000 people per year attend events at the campus spend more than \$34mm annually (2017 Market Study)
- City committed to 75,000 sqft 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

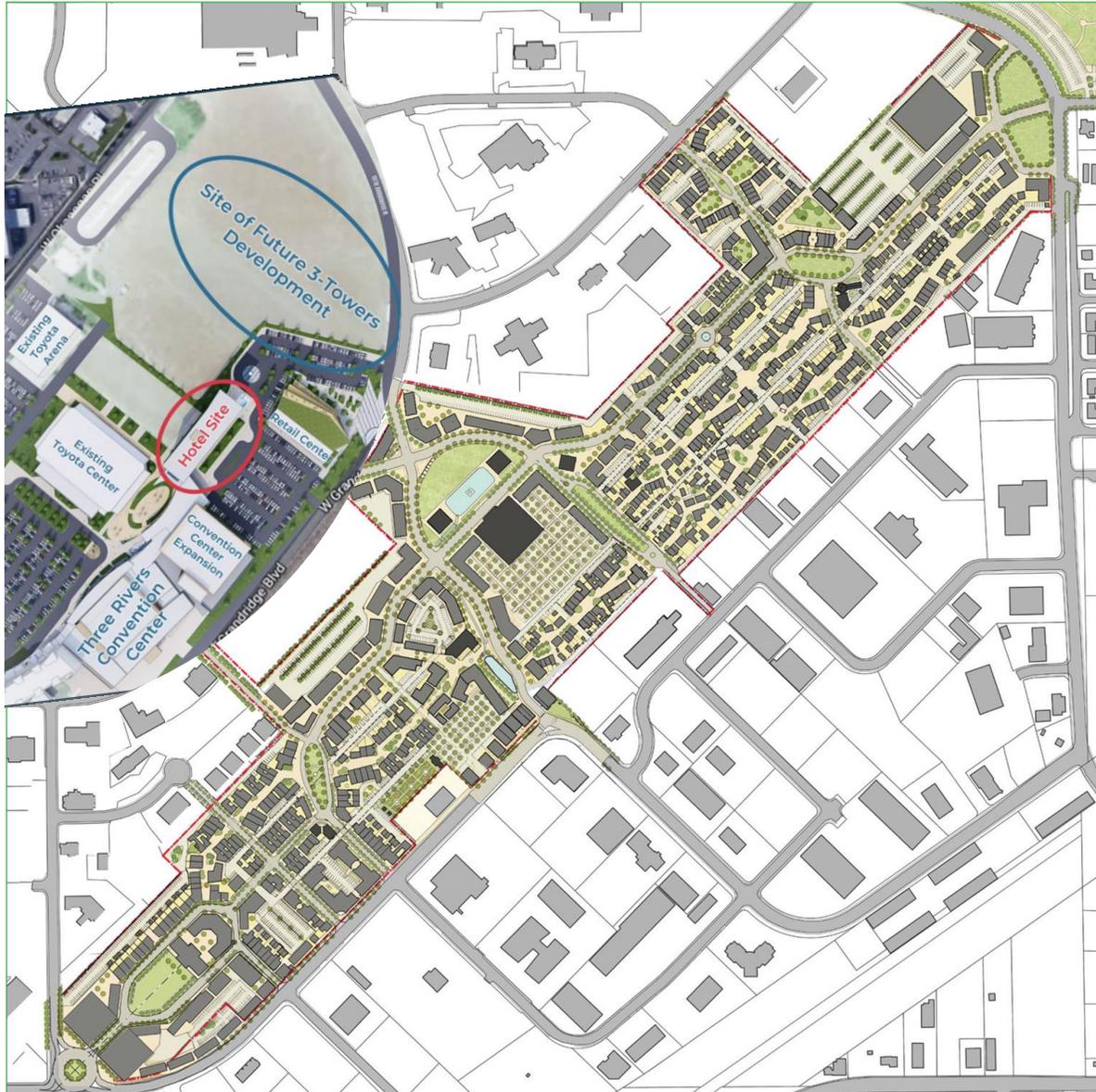


Location Detail



Immediately Adjacent to Major Redevelopment of Vista Field Airport

For more information see www.vistafield.com

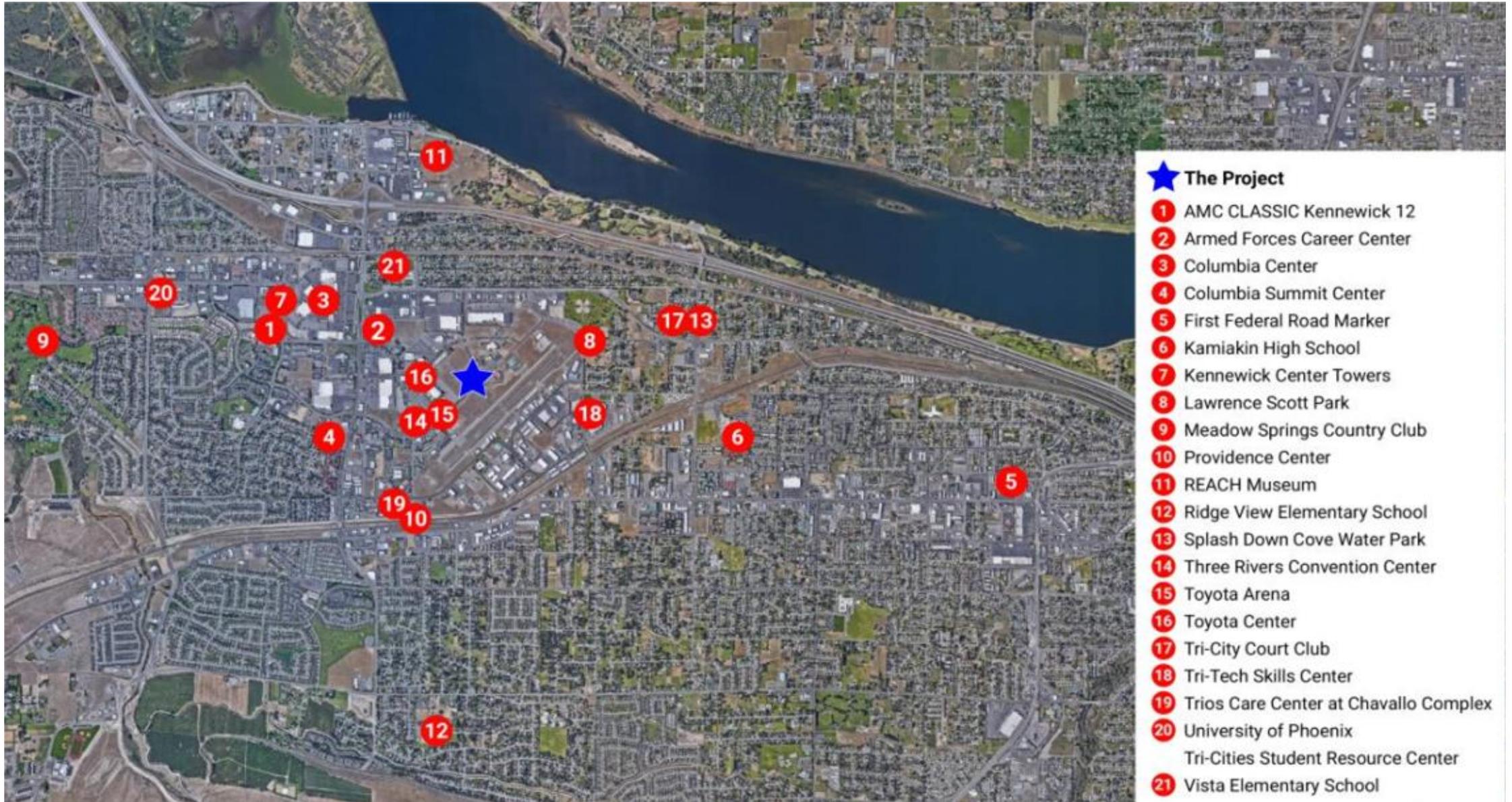


- Port of Kennewick closed airport in 2014
- Planned lively urban core following the “New Urbanism model—a neighborhood-scale planning approach focused on mixed-uses, vibrant public spaces, private amenities, and multi-modal access”
- Projected to attract \$400,000,000 in private investment
- Project lacks any dedicated hospitality and will be a major demand generator

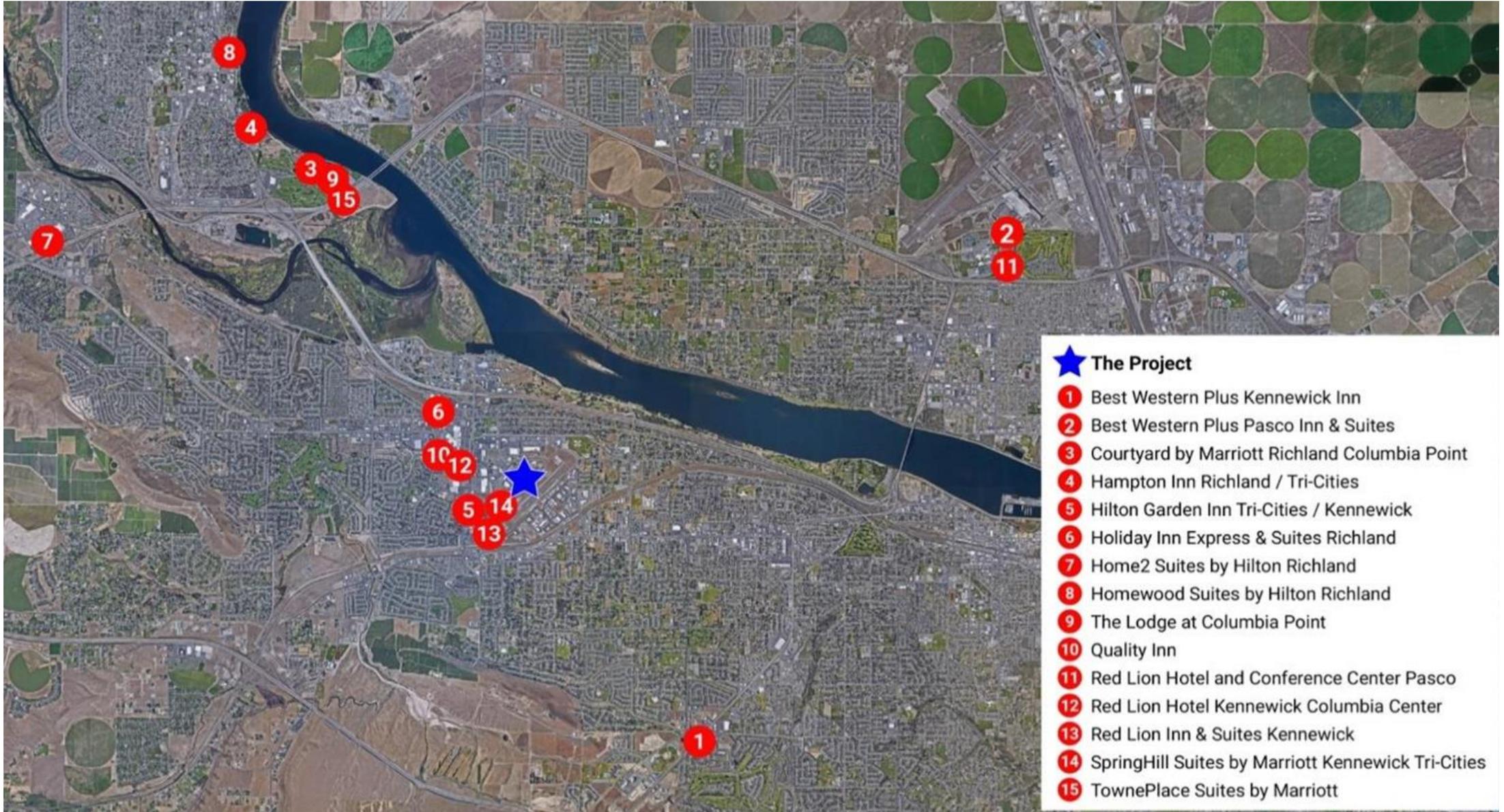


*Renderings for Visualization Purposes, Not Final Product

Key Demand Generators



Hotel Offerings in Kennewick







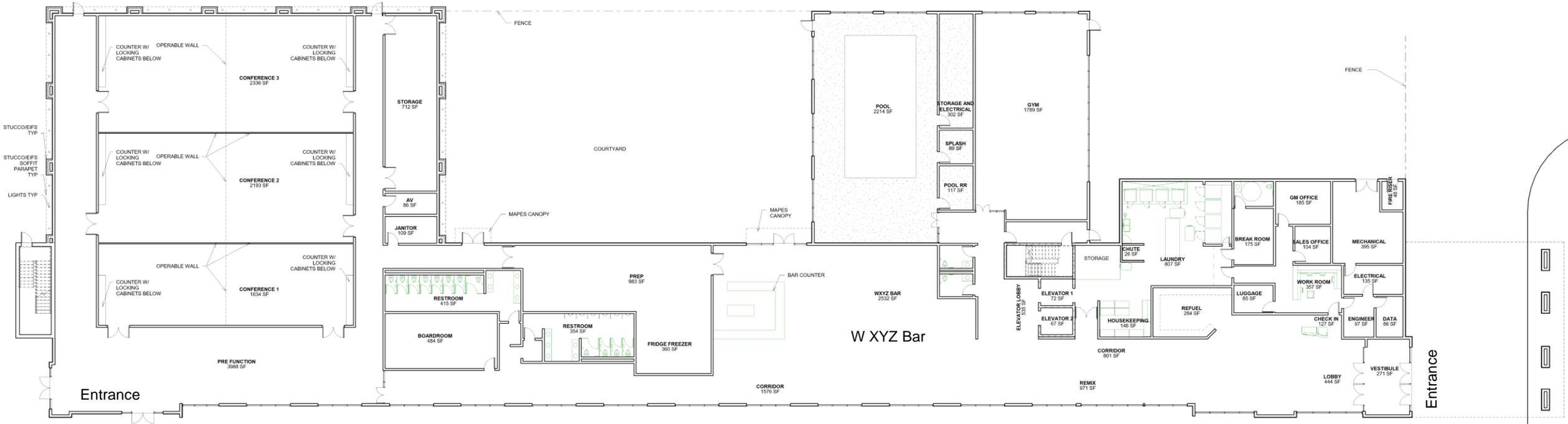


*Renderings for Visualization Purposes, Not Final Product

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

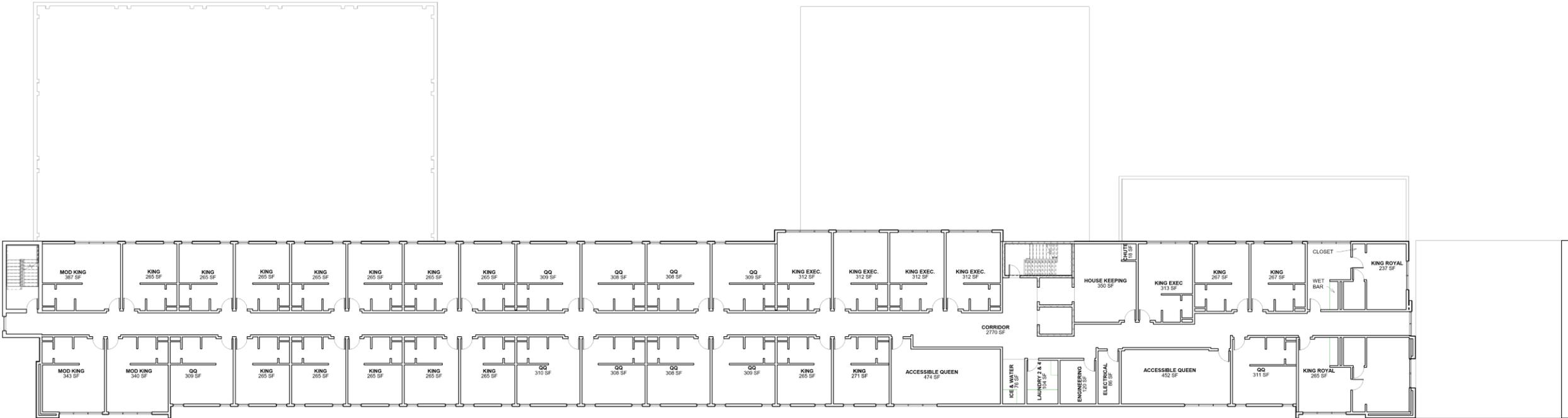


Entrance

Entrance

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



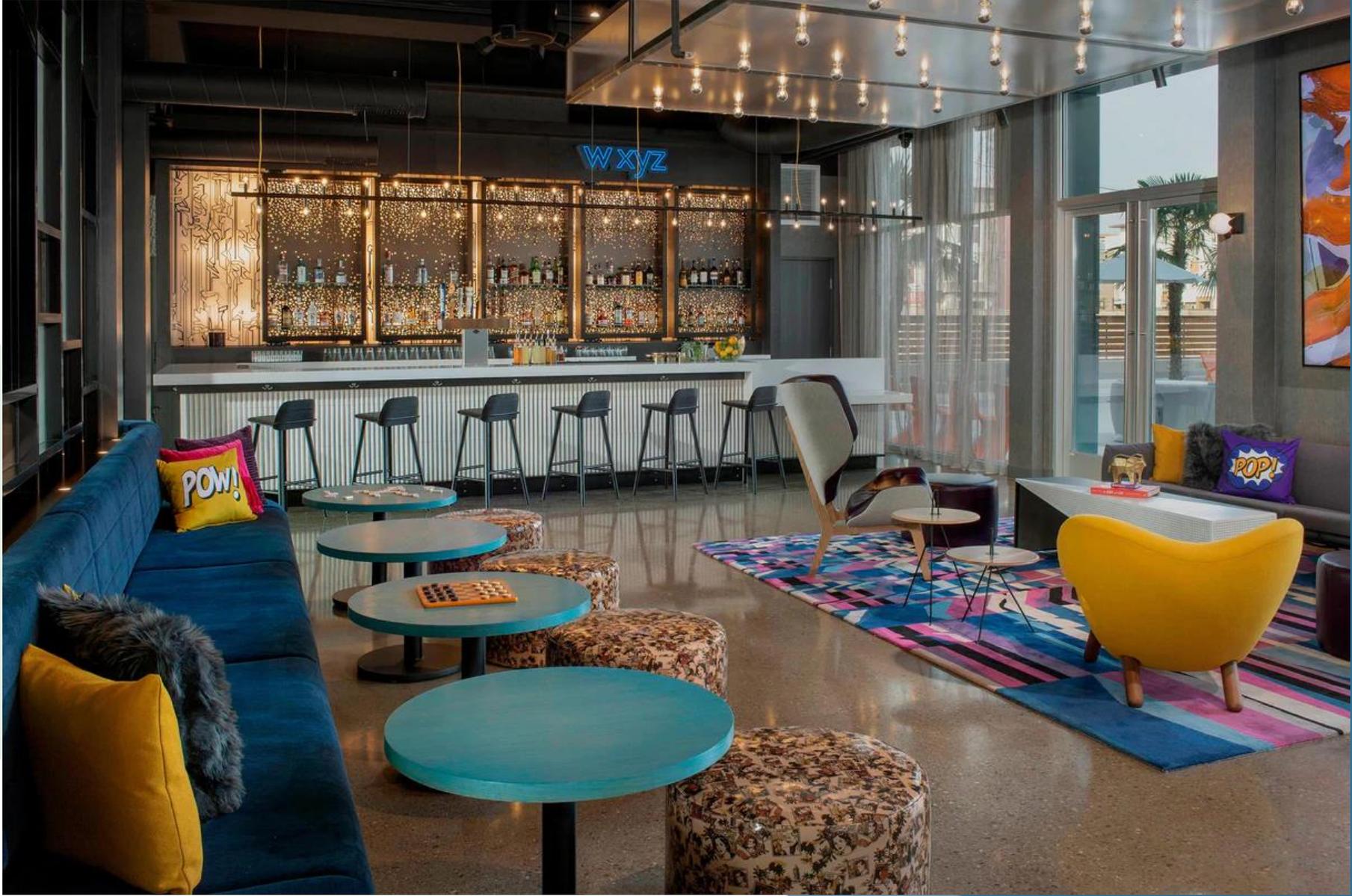
Lobby



Lobby



Shared Space and W XYZ Bar Concept



Shared Space



Room Layout



Room Layout



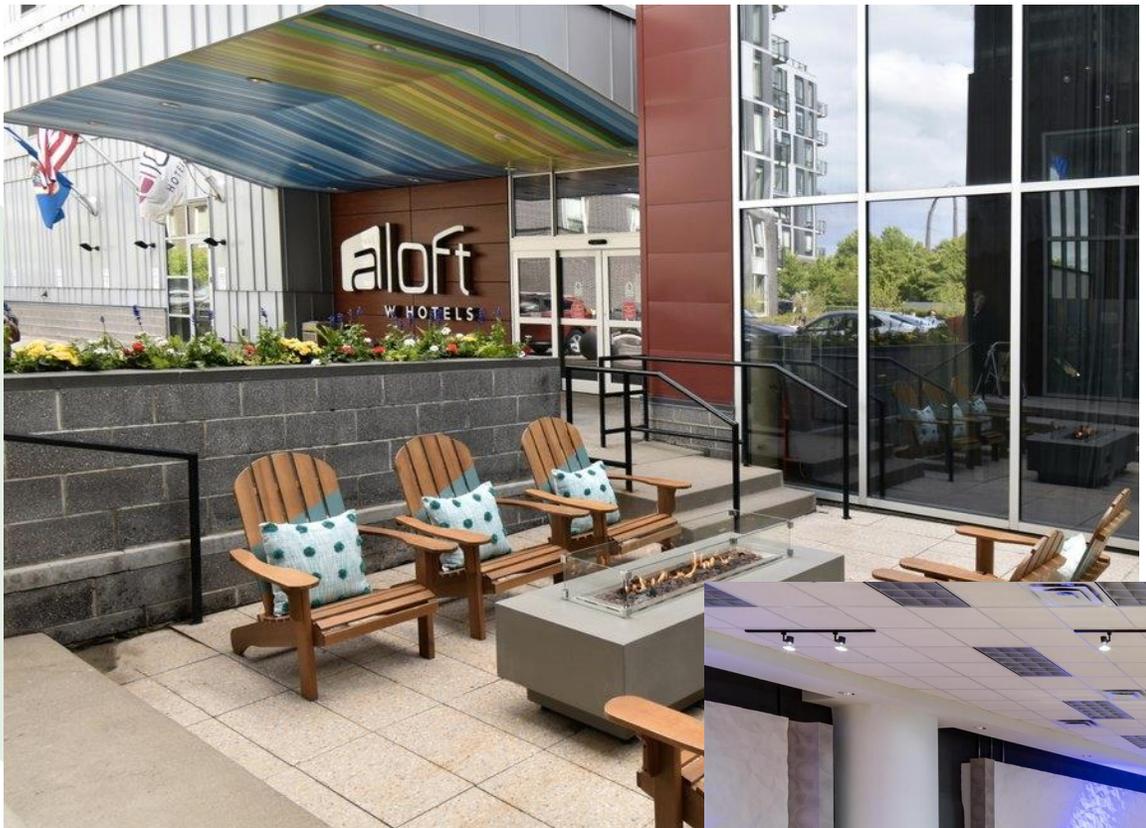
Room Layout



Bathroom



Aloft Brand Concept Images



Aloft Brand Concept Exterior Images



Aloft Brand Concept Exterior Images



W XYZ Bar Concept



W XYZ Bar Concept



W XYZ Bar Concept



W XYZ Bar Concept



Rooftop Bar Concept



Next Steps

Engage Capital Markets Advisory - Completed

Capital markets consultants have preexisting relationships with institutional capital providers, and help developers speak the language of Wall Street. Redpoint is a dedicated hospitality capital markets advisor and will be a key partner for financial modeling and structuring debt and equity.

Target Institutional Opportunity Zone Equity – In Progress

The Federal Opportunity Zone program provides a significant number of tax incentives to invest in certain designated areas across the county. Many qualified opportunity zone funds have been created to deploy capital into these designated areas—wherein this property is ideally situated. Nationally, there are more funds available than there are qualified projects in which to invest monies. Based on our initial underwriting, we anticipate this project will be very attractive to these funds.

Commence Architectural Design & Infrastructure – RFP Process

There are many steps involved in creating the final drafts of all construction drawings necessary to obtain entitlement approval from the city, and these stages incur significant costs. A-1 anticipates initiating the creation of these documents in early 2023.

Target Delivery of Operating Hotel in 2025

There are still many unknowns in the development process, but we believe 2025 operations to be a feasible goal.



Excited to be a part of the Future of Kennewick



Thank you!



Council Workshop Coversheet



Agenda Item Number	3.	Meeting Date	10/11/2022
Agenda Item Type	Presentation		
Subject	Kennewick Public Facilities District Expansion		
Ordinance/Reso #		Contract #	
Project #		Permit #	
Department	Finance		

Info Only	<input checked="" type="checkbox"/>
Policy Review	<input type="checkbox"/>
Policy DevMnt	<input type="checkbox"/>
Other	<input type="checkbox"/>

Summary

At the October 11, 2022, City Council workshop, the Kennewick Public Facilities District and City staff will provide Council with an update on the potential expansion of the Three Rivers Convention Center, including updated cost estimates for the project as well as an overview of a recently completed update to a feasibility study for the project provided by Johnson Consulting.

Through

Attachments:

CHJC Presentation
 TRCC Presentation

Dept Head Approval

Dan Legard
 Oct 05, 09:25:19 GMT-0700 2022

City Mgr Approval

Marie Mosley
 Oct 07, 08:11:09 GMT-0700 2022

Three Rivers Convention Center

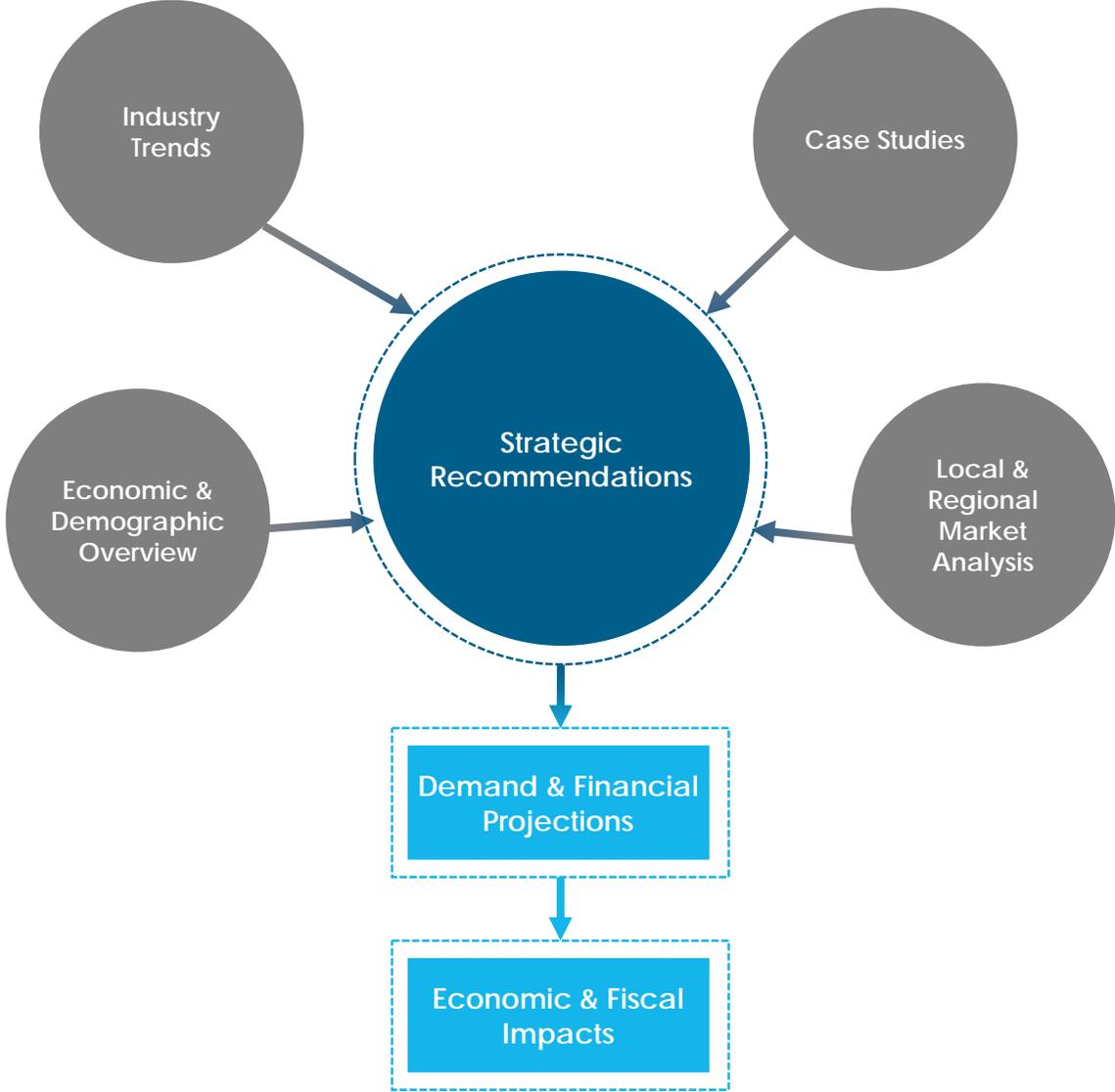
Market Analysis & Feasibility Study - Presentation Kennewick, Washington

October 2022



Study Introduction & Methodology

- Johnson Consulting was retained by the Three Rivers Convention Center to conduct a study to analyze the local and regional markets for a convention/sports facility.
- The study aims to foster the ability of the Three Rivers Convention Center to make informed decisions regarding the development and continuing operation of said facility.
- Broadly, the objective of this study is to answer the following questions:
 - **What is the local market’s potential capacity to support a new hotel and facility expansion?**
 - **What can broader industry trends and specific case studies offer in terms of best practices for the proposed facility updates?**
 - **What economic and fiscal impacts could be generated by the renovated facility?**
- In order to answer the questions above, Johnson Consulting developed and executed a comprehensive methodology for the study, which is illustrated by the figure on the right.
- The observations, analysis, and conclusions of the study will be presented throughout this presentation.



Economic and Demographic Implications

- Kennewick exhibits favorable economic, demographic, and market indicators across the board to support an increase in event facilities, as well as to attract business to such a facility.
- There is a substantial and growing population base in the Metropolitan Area, as well as within the 1-hour, 2-hour, and 3-hour drive times.
- The area is younger, well-educated and has higher median household incomes that indicate a propensity to spend comparatively high amounts on entertainment and recreation.
- There is a healthy diversity of businesses in the area, and the presence of Agricultural Industries that have strong demand for large conferences and trade show facilities.
- Large multi-use development projects such as Osprey Pointe and the Vista Fields Redevelopment plan offer a surge of business, residents, and amenity options for the region.



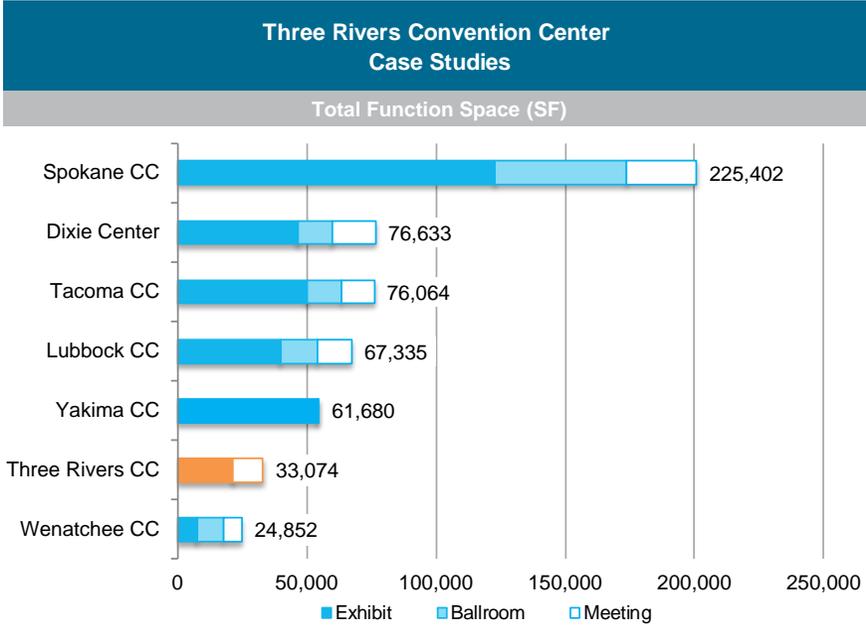
Vista Fields Redevelopment Plan Concept

Comparable Facilities and Case Study Findings

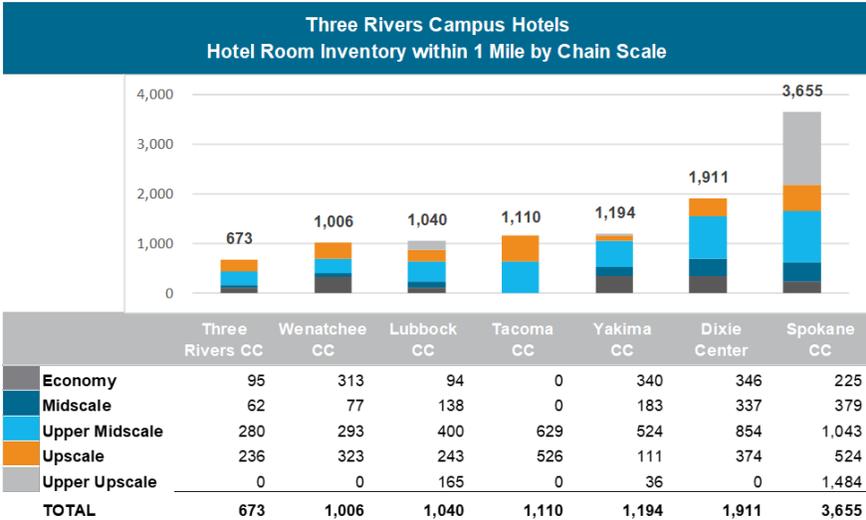
- TRCC is the second smallest in functional space
- TRCC has the smallest inventory of hotel rooms within 1-mile of their respective campus.
- All but one other facility analyzed have ballroom space.
- Only two comparable facilities have rooms in the Upper Upscale class category.

Key Developments:

- Yakima CC recently completed an 18,000 sf expansion, increasing their total useable space to 54,000 sf.
- Wenatchee CC has made major cosmetic renovations to their ballroom in a phase 1 development and are in contract for a phase 2 that includes renovation and expansion of their other spaces. Have hired an architect to add an expansion.



Excludes pre-function, lobbies, and outdoor areas
 Source: Relevant Facilities, Johnson Consulting



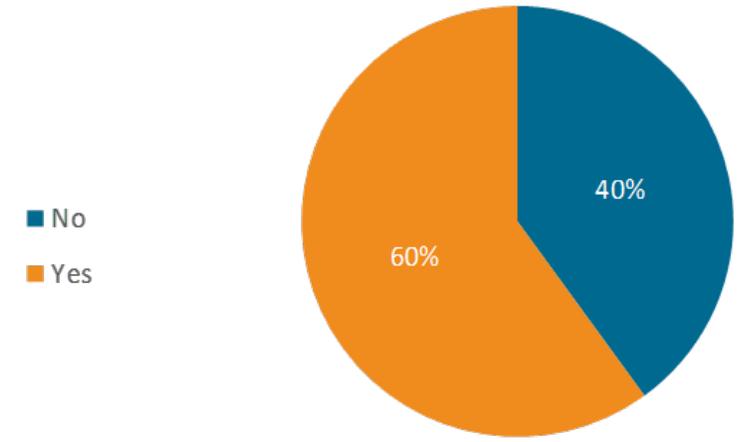
Source: CoStar, Johnson Consulting

Community Outreach & Survey Implications

- Demand is still strong for expansion in exhibit space and increased hotel inventory.
- To attract the widest range of event types and sizes, a multi-purpose hall that is flexible in the range of events that it can host and offer at least 30,000 sf of net usable space is recommended.
- Strengths:
 - Overall area, staffing, parking, food/beverage, walkability
- Weaknesses:
 - Lack of exhibit space, difficulty of transportation, a/v equipment, need additional walkable hotels

Three Rivers Convention Center Survey

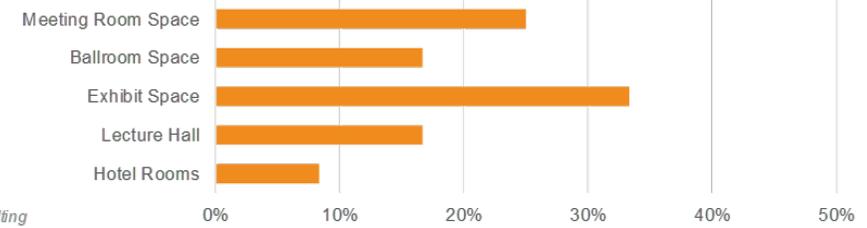
Within the next five years, will your event become too large for the TRCC?



Source: Johnson Consulting

Three Rivers Convention Center Survey Results

If the Three Rivers Convention Center was to expand, specifically which type(s) of additional space would best suit your needs? Tick as many as appropriate.



Source: Johnson Consulting

Community Outreach & Survey Implications (Contd.)



WASHINGTON ASSOCIATION *of*
WINE GRAPE GROWERS



7 April 2015

Corey Pearson
Executive Director
Three Rivers Convention Center
7016 West Grandridge Blvd.
PO Box 6588
Kennewick, WA 99336

Dear Corey;

As you can imagine, we are already in full planning mode for our February 2016 annual meeting, trade show and convention. It takes us a year to initiate and complete the preparation for a show that attracts over 2,500 attendees and fills the Toyota Center with over 180 booths.

The Washington Association of Wine Grape Growers board of directors was pleased to have made the decision to move our event back to the Tri-Cities and to the Three Rivers Convention Center. The facility largely meets our basic requirements; however we are experiencing strong growth that presents some physical challenges with the facility. As we look to contract for sufficient space in the future, we wanted to share our concerns with you.

First, please understand that we regard our vendors as integral to our success; their well-being is paramount to our future. And, our vendors truly dislike being relegated to what they refer to as the "icy outback" of the skating rink in the Toyota Center. We have a handful that have not just left us after this year's show, but likely will never return regardless of changes we make. To make matters worse, they left loudly and defiantly.



I am again writing—this being my fourth letter—encouraging the Kennewick Public Facilities District to give serious consideration to expansion of the present convention and event facilities. We are thrilled to see that your growth plans include a substantial hotel (200+ rooms). But now, we need a basic box-like building attached to the current facility that would be able to hold our current and future trade show and attendee growth. We would like to see an exhibit hall (not unlike the TRAC exhibit hall) that could house our current booth spaces plus our growth plans for an additional 100 to 200 booths. We would also like to see a more conducive "general session" room that comfortably seats 300+ (not unlike a theatre setting). Also, we ask that you please consider including your facility users in a series of expansion planning meetings. WAWGG representatives would gladly participate.

Thank you for your consideration, and if you have any questions or need further clarification, please feel free to call me as we make our plans for future growth and location of our convention.

Sincerely,

Vicky Scharlau
Executive Director

CC: WAWGG Board of Directors: Kris Watkins, Tri-Cities Visitor and Convention Bureau

509-782-8234 phone • 509-782-1203 fax • www.wawgg.org
203 Mission Avenue, Suite 107 • PO Box 716 • Cashmere, WA 98815 USA

TRCC Event Demand and Attendance

Three Rivers Convention Center Historical and Projected Event Demand							
	Avg. (2014-2019)	Year 1*	Year 2	Year 3	Year 4	Year 5**	Year 10
Conventions/ Trade Shows	28	30	32	35	37	40	42
Consumer Shows	4	4	5	5	6	6	6
Meetings/ Conferences	50	53	57	61	65	70	74
Concerts	1	1	2	2	3	4	4
Community/ Civic/ Social Events	134	142	151	160	170	180	185
Total	217	230	247	263	281	300	311
% Change		6%	7%	6%	7%	7%	1%

*Reflects the first full-year upon expansion, which may be a few years from today. The % change reflects growth from the six-year average (2014-2019).

**Assumed to be when the expanded facility reaches a stabilized operation.

Source: Three Rivers Convention Center, Johnson Consulting

Three Rivers Convention Center Historical and Projected Attendance							
	Avg. (2014-2019)	Year 1*	Year 2	Year 3	Year 4	Year 5**	Year 10
Conventions/ Trade Shows	39,660	55,332	63,712	74,795	84,508	97,200	104,580
Consumer Shows	4,596	6,320	8,525	9,150	11,730	12,480	12,798
Meetings/ Conferences	15,213	18,041	20,976	24,095	27,495	31,500	34,040
Concerts	467	868	1,872	2,008	3,216	4,560	4,680
Community/ Civic/ Social Events	25,256	29,790	34,143	38,913	44,427	51,060	53,395
Total	85,191	110,351	129,228	148,961	171,376	196,800	209,493
% Change		30%	17%	15%	15%	15%	1%

*Reflects the first full-year upon expansion, which may be a few years from today. The % change reflects growth from the six-year average (2014-2019).

**Assumed to be when the expanded facility reaches a stabilized operation.

Source: Three Rivers Convention Center, Johnson Consulting

TRCC Impacts

- The expanded TRCC is expected to generate close to 200,000 attendees and 70,600 room nights, annually
- This increased attendance and room nights volume is expected to generate \$130.8 million in total spending, \$26.4 million in increased earnings, approximately 1,000 jobs, and \$6.9 million in sales tax and hotel/motel tax revenues
- Compared to the impact of pre- and post-expansion TRCC, the incremental, or “true” impact due to expansion, is estimated to include \$82 million in total spending, \$16.5 million in increased earnings, approximately 620 jobs, and \$4.3 million in sales tax and hotel/motel tax revenues

Three Rivers Convention Center - Expanded Summary of <u>Annual</u> and <u>Incremental</u> Impact		
Indicator	Annual	Incremental*
Attendance	196,800	111,609
Room Nights	70,600	51,800
Economic Impact		
Direct, Indirect, and Induced Spending (\$Millions)	\$130.8	\$82.0
Increased Earnings (\$Millions)	\$26.4	\$16.5
Employment (FTE Jobs)	1,000	620
Fiscal Impact		
General Sales Tax (\$000's)	\$6,430	\$4,045
Hotel/ Motel Tax (\$000's)	451	293
Total (\$000's)	\$6,881	\$4,337

**Reflects the difference between post-expansion and pre-expansion impacts.
Source: Johnson Consulting*

Key Findings

- Kennewick, Washington is a mid-sized city with a growing population of younger, well-earning individuals.
- The corporate base is strong and continues to grow in its most prominent industries.
- These indicators have created increased demand in the event center market, an industry commonly found to be expanding in growing cities.
- A directed audit of the current facility inventory and market in Kennewick has indicated a clear gap in the event space market.
- Based off inventory alone, there is a clear opportunity area for event and meeting space that services groups in the 30,000 – 50,000 sf range.
 - To confirm these findings, a survey with potential stakeholders and event users was conducted.
 - Engagement with the community further solidifies these findings and indicates that a space of this size as well as an additional hotel would result in high utilization and fulfill a need in the market.
 - Expansion project is critical to the future of the TRCC.

Recommendations

- 1. The current recommendation of converting the 21,600 sf Great Hall into a ballroom will provide a feature commonly found in other venues of similar scale and event types held.**
- 2. Building 60,000 sf of new exhibit space will support current programming as well as attract new events in size and type, which could allow for a stronger and broader market capture for the Three Rivers Convention Center. This exhibit space will also retain events that have been lost in the past due to a lack of exhibit space accommodations.**
- 3. An additional 6,000 sf of meeting space will be necessary with the increased capacity from the other proposed expansions, and will further support the necessary meeting spaces proposed by user groups and event planners.**
- 4. The Three Rivers Campus has an underdeveloped hotel market within 1 mile of the Convention Center compared to comparable markets and regions. The overall hotel market for Kennewick is strong, but the hotels around the campus are concentrated in the Upper-Midscale hotel class. A more all-accommodating hotel option will be needed to support increased demand from expansion, as well as the recovery demand seen post COVID-19.**

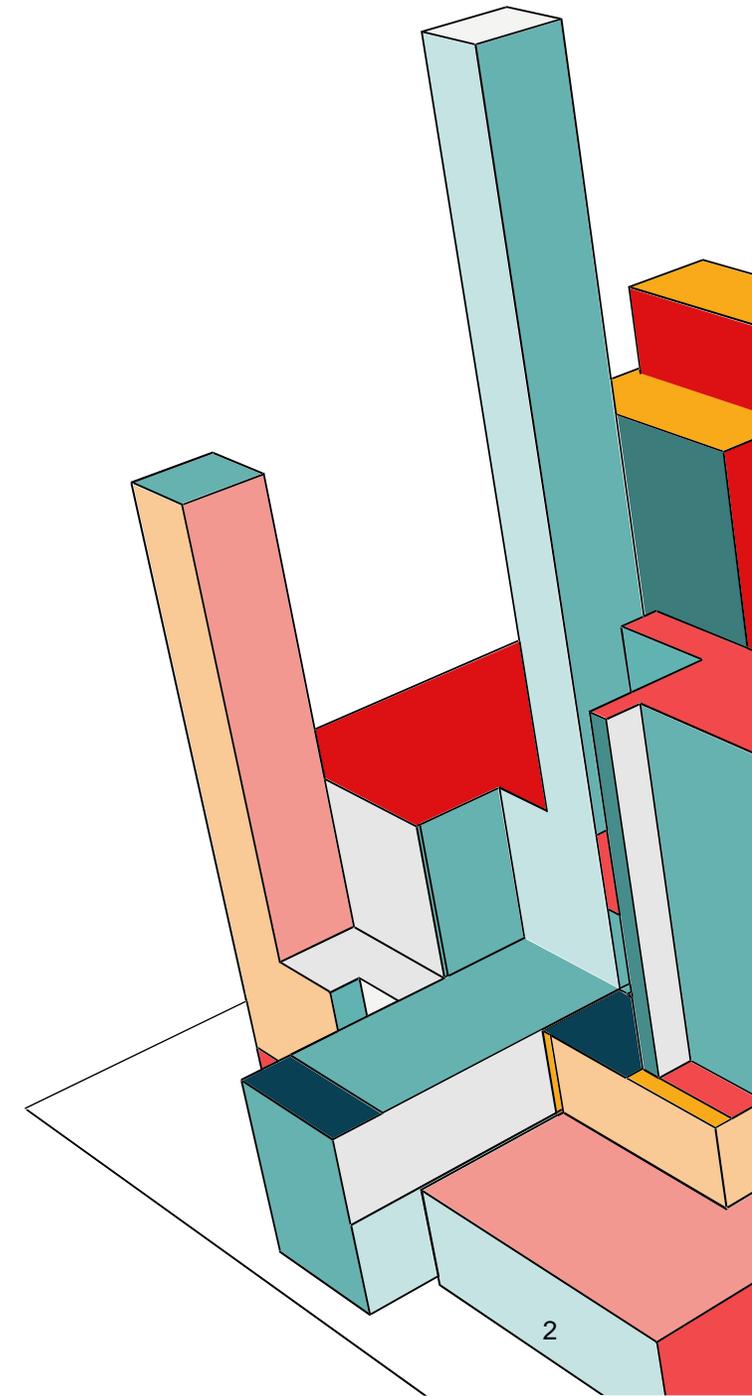
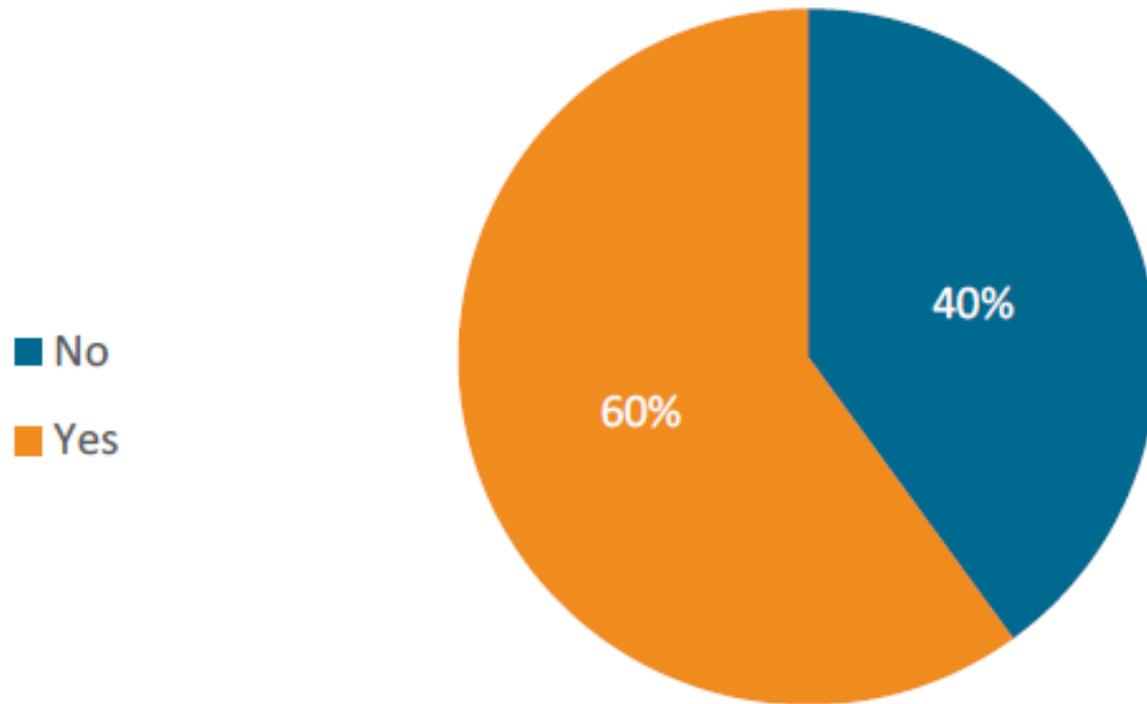


THREE RIVERS CONVENTION CENTER EXPANSION PROJECT

SURVEY RESULTS

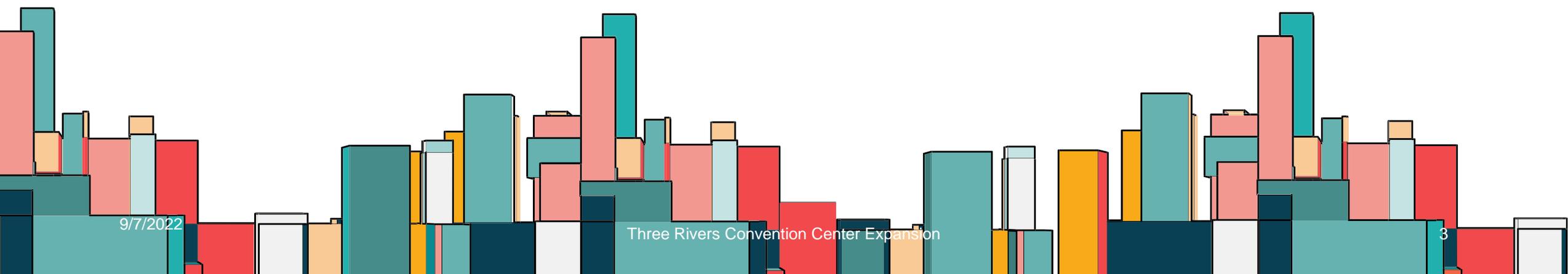
Three Rivers Convention Center Survey

Within the next five years, will your event become too large for the TRCC?



FACILITY COMPARISON

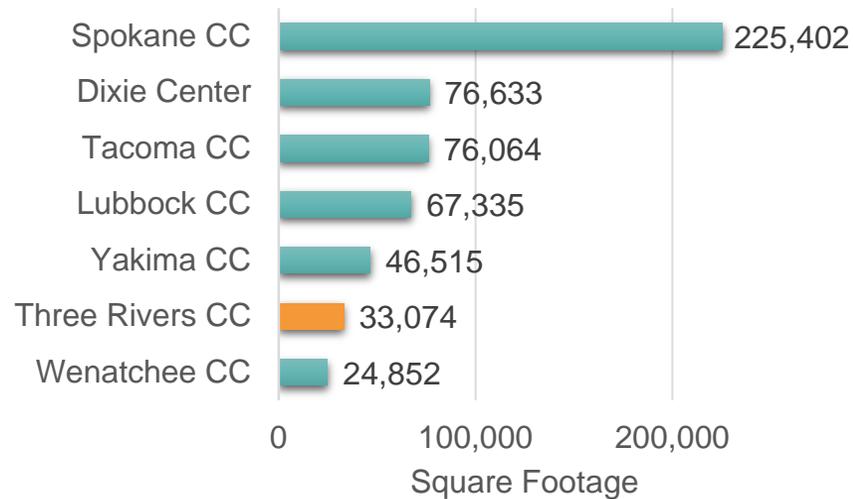
Three Rivers Convention Center							
Facility Comparison							
	Three Rivers Convention Center	Spokane Convention Center	Wenatchee Convention Center	Yakima Convention Center	Greater Tacoma Convention Center	Lubbock Memorial Civic Center	Dixie Center
Location	Kennewick, WA	Spokane, WA	Wenatchee, WA	Yakima, WA	Tacoma, WA	Lubbock, TX	St. George, UT
Facility Attributes							
Year of Construction (Expansion)	2004	1976 (2015)	1980	1969 (1995) (2021)	2004	1977 (2015)	1998 (2006)
Exhibit Space (SF)	21,600	122,749	7,560	45,716	50,000	40,000	46,550
Ballroom Space (SF)	-	50,750	10,080	-	13,650	14,105	13,205
Meeting Space (SF)	11,474	27,300	7,212	799	12,414	13,229	16,878
Total Function Space (SF)	33,074	225,402	24,852	54,000	76,064	67,335	76,633



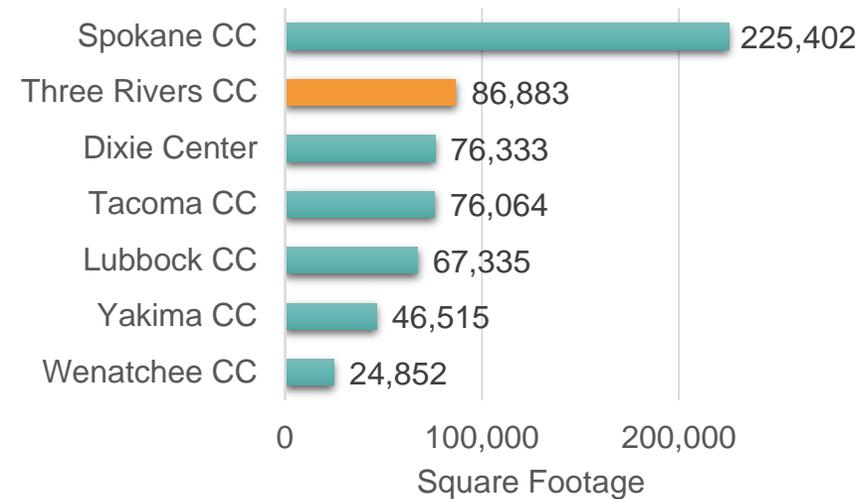
TOTAL SPACE COMPARISON

Total Function Space (SF)

Current



Post Expansion



COST ESTIMATE COMPARISON

2019

\$54.4M

\$428.09/sf

122,410sf

2022

\$69.7M

\$569.36/sf

122,410sf

\$32.1M

\$428.09/sf

75,000 sf

\$42.7M

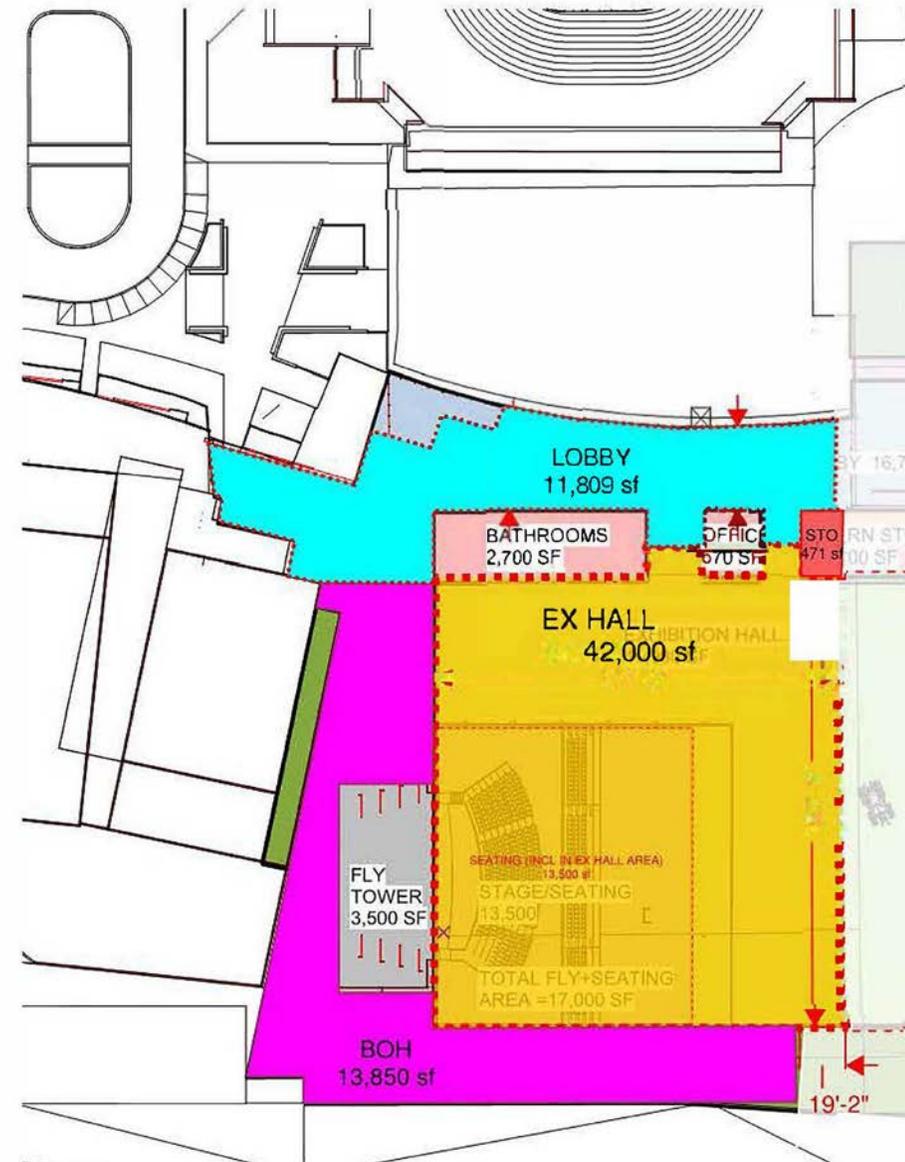
\$569.36/sf

75,000sf

PLANS

75,000 sq ft

- 42,000 sf Exhibit Hall
- 11,000 sf Lobby/Pre-Function
- 13,000 sf Back of House
- 3,500 sf Stage Area





City Council Meeting Schedule November 2022

The City broadcasts City Council meetings on the City's website
<https://www.go2kennewick.com/CouncilMeetingBroadcasts>.

November 1, 2022

Tuesday, 5:30 p.m.

WORKSHOP MEETING

1. 2023/2024 Biennial Budget Presentation

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

November 8, 2022

Tuesday, 6:30 p.m.

WORKSHOP MEETING

1. 2023 Property Tax Levy
2. Council Legislative Priorities
3. Stormwater Code Amendments

November 15, 2022

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

November 22, 2022

Tuesday, 6:30 p.m.

WORKSHOP MEETING

November 29, 2022

Tuesday, 6:30 p.m.

NO MEETING SCHEDULED

To assure disabled persons the opportunity to participate in or benefit from City services, please provide twenty-four (24) hour advance notice for additional arrangements to reasonably accommodate special needs.

Please be advised that all Kennewick City Council Meetings are Audio and Video Taped