



**City Council RETREAT - SPECIAL MEETING Agenda**

**March 7, 2026 at 8:30 AM**

**City Hall Council Chambers - 210 W 6th Ave and Virtual**

---

**1. AGENDA**

**8:30 a.m.** Welcome, Introductions and Agenda Overview and Overarching Principles and Summary of Council Calls

**8:40 a.m.** Identify and Discuss Benefits from Good Government

**9:00 a.m.** 2025 in Review and Update on 2026 Work Plan

**9:45 a.m.** Review the Existing Set of Strategic Priorities

**10:00 a.m.** BREAK


**10:15 a.m.** Review of Budget Forecast

**11:45 a.m.** LUNCH

**12:30 p.m.** Headwinds: Change as a Process, not an Event

**1:00 p.m.** Strategic Priority Areas

**3:15 p.m.** Next Steps



**City of Kennewick  
Mayor and City Council  
Meeting Agenda  
March 7<sup>th</sup>, 2026**

**Facilitated by Patrick Ibarra  
The Mejorando Group**

1. Overview of today's meeting agenda and desired results. (8:30-8:40)
2. Identify and discuss benefits from Good Government. Group discussion about the benefits of Good Government. (8:40 – 9:00) Refer to page 2
3. 2025 in Review and Update on 2026 Work Plan: City Manager will share the status of her 2026 Work Plan, including a review of high-level accomplishments in 2025. (9:00 – 9:45)
4. Review the existing set of Strategic Priorities – Discuss to determine their continued use. (9:45 – 10:00)

Break 10:00 – 10:15

5. Review of Budget Forecast. The Finance Director will present an overview on the Budget forecast. (10:15 – 11:45)

Lunch 11:45 – 12:30

6. Headwinds: Change as a Process, not an Event – Explore the various trends impacting the role of government, the Kennewick community, and city departments. (12:30 – 1:00) Refer to page 3
7. Strategic Priority Areas – Based on the discussions so far and the draft Work Plan for 2026 presented by the City Manager, Mayor and Council will identify specific priorities, including capital projects, the City Manager should factor in as the next biennium budget preparation process gets underway. (1:00 – 3:15)
8. Next Steps... The City Manager will confer with city staff to finalize the Strategic Priority Areas, specifically the goals and objectives, and return an updated version at a future Council meeting for consideration and adoption. (3:15 – 3:30)





## BENEFITS FROM GOOD GOVERNMENT

***“Role of local government is to be the  
facilitator for a  
better quality of life.”***



# City of Kennewick

## 2026 City Council Retreat





# COMMUNITY SAFETY

Ensure the Safety of our Community by Maintaining Current Service Levels and Partnerships

## 2025 Accomplishments

- Enhanced officer and community safety through the implementation of a new Axon Contract for the Kennewick Police Department (KPD).
- Executed organizational restructuring within the Police Department to strengthen succession planning and improve operational efficiencies.
- Achieved a 19% reduction in overall crime rates.
- Expanded the School Resource Officer program to include middle schools.
- Strengthened emergency readiness and operational capacity within the Fire Department through the addition of six firefighters assigned to existing apparatus.
- Facilitated a leadership transition within the Fire Department, creating promotional opportunities for department personnel.
- Added three new ambulances to the emergency response fleet.
- Adopted an updated false alarm policy to reduce Fire Department responses to recurring alarms at residential and commercial properties.
- Initiated a trial shift schedule evaluation to assess potential operational improvements for the Kennewick Fire Department (KFD).
- Celebrated 24 graduates from the Pretrial Diversion Program.
- Continued ongoing support for the Columbia Valley Center for Recovery.
- Increased transport and mileage rates to achieve a higher level of cost recovery and keep pace with allowable Medicare reimbursement.

## 2026 Objectives

- Implement targeted strategies to combat criminal gang activity within the community.
- Maintain a proactive approach to crime prevention and ensure thorough investigation of criminal activity.
- Advance the full deployment of Axon technology across departmental operations.
- Strengthen proactive traffic enforcement initiatives to promote roadway safety.
- Foster meaningful and ongoing engagement with the Kennewick community.
- Establish dedicated staffing for both engine and ambulance units at Fire Stations #3 and #5.
- Finalize administrative hiring processes within the Fire Department.
- Continue evaluating cost-saving opportunities within the Office of Public Defense and associated diversion programming.



# ECONOMIC DEVELOPMENT

Support Existing Businesses and the Creation of Sustainable Family Wage Jobs

## 2025 Accomplishments

- Started construction on the Three Rivers Convention Center Expansion project.
- Initiated construction on the public-private partnership development of the AC Marriott Hotel adjacent to the convention center.
- Completed a comprehensive downtown area-wide planning study.
- Provided supplemental financial support to the Historic Downtown Kennewick Partnership (HDKP).
- Supported the first commercial developments at the Vista Field site, including Blueberry Bridal and a new Japanese restaurant.
- Advanced regional retail growth by attracting the Tri-Cities' first Chick-fil-A location, catalyzing additional investment in surrounding commercial properties.
- Cultivated partnerships with local Tribal communities and executed Memorandums of Understanding to facilitate the reconveyance of shoreline property from the U.S. Army Corps of Engineers.

## 2026 Objectives

- Complete construction of the Three Rivers Convention Center Expansion project.
- Develop and advance a partnership with Heritage University to support future expansion within the downtown area.
- Continue collaborating with a developer to refine conceptual plans for the property east of the Blue Bridge.
- Work toward finalizing the Shoreline Reconveyance process for Columbia Park.
- Complete and adopt an Action Plan for Downtown Kennewick.



# RESPONSIBLE GOVERNMENT

Provide Exceptional Public Service, Stewardship,  
Transparency, and a Sustainable Future

## 2025 Accomplishments

- Initiated a public input process in support of the Comprehensive Plan Update.
- Completed organizational restructuring to improve efficiency in the delivery of internal and external city services.
- Continued to operate within the designated budget parameters.
- Maintained sound financial management practices, resulting in clean financial statement and accountability audits, and S&P's reaffirmation of the City's AA bond rating.
- Received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for the 2025/2026 Budget, recognizing adherence to best practices in municipal budgeting.
- Implemented a new Master Fee Schedule to enhance transparency and streamline fee-related processes.
- Launched a new public records portal, resulting in a significant reduction in public records requests.
- Established a Virtual Inspection Program to improve coordination efficiency and reduce time demands on both staff and customers.
- Sustained consistent recruitment efforts throughout 2025, successfully filling 55 full-time positions while maintaining steady hiring momentum across both full-time and part-time roles in alignment with seasonal and programmatic needs.
- Successfully implemented a comprehensive compensation study conducted by Baker Tilly, strengthening the City's ability to recruit and retain qualified employees while advancing equity and fairness within the overall salary and benefits structure.

## 2026 Objectives

- Complete the implementation of the new Utility Billing System.
- Develop and adopt a balanced budget for 2027/2028 that incorporates operational efficiencies and cost-saving measures.
- Continue evaluating enhanced employee benefit options with the potential to reduce employer contributions, including the consideration of high-deductible medical plans.
- Implement updated performance evaluation standards and processes citywide.
- Strengthen lobbying efforts at both the federal and state levels, with a focus on securing federal funding opportunities and advancing state initiatives impacting the community, including Local Revitalization Area (LRA) housing policy.
- Continue to expand and enhance wellness programs available to City employees.
- Continue to strengthen cybersecurity and data protection measures while implementing new data governance tools to improve operational efficiency and ensure proper data retention practices.
- Enhance community communication and transparency through coordinated rebranding efforts and expanded public outreach initiatives.
- Complete a comprehensive refresh of the City's website to improve usability, accessibility, and resident experience.
- Develop and advance a citywide succession planning and leadership development program to build organizational resilience and cultivate future City leadership.



## QUALITY OF LIFE

Maintain Parks, Provide for Diverse Entertainment Options, and Offer Recreation Programs for a Well-Planned Community

### 2025 Accomplishments

- Completed construction of Kennewick's inaugural Dog Park.
- Completed the Vancouver Pump Track project.
- Completed playground replacement at Lawrence Scott Park.
- Installed new restroom facilities at Civic Center Fields.
- Expanded recreational amenities at Jay Perry Park with the addition of a basketball court.
- Visitation in the parks reached 3,493,229, this is up 3.16% from 2024.
- Secured funding for the East Columbia Boat Launch.
- Opened a new splash pad at Civic Campus.
- Re-opened and enhanced the Audubon Trail.

### 2026 Objectives

- Continue to develop and refine maintenance and improvement strategies across the City's parks system.
- Complete design and construction of a splash pad replacement at Columbia Park.
- Continue exploring opportunities to expand large-scale City-sponsored community events.
- Identify and pursue additional sponsorship and public-private partnership opportunities to enhance recreation programs.
- Explore opportunities to leverage Community Development Block Grant (CDBG) funding to enhance the City's downtown corridor and broaden community engagement in the downtown area.
- Establish a clear path forward for the replacement and enhancement of a new Community Pool facility.



# INFASTRUCTURE & GROWTH

Maintain Existing Infrastructure and Build New  
Infrastructure to Support Economic Development  
& Expansion

## 2025 Accomplishments

- Commenced construction on a new biosolids facility at the Wastewater Treatment Plant.
- Completed a utility extension project beneath I-82 to provide service infrastructure to industrial property designated for future development.
- Delivered \$3 million in pavement preservation projects through the Transportation Benefit District.
- Completed a phase of the Columbia Center Boulevard widening project, including improvements at the Columbia Center Boulevard and Quinault intersection.
- Initiated construction of the Zone 3 Water Transmission Main.
- Adopted Middle Housing regulations ahead of the required deadline, expanding housing opportunities for the community.
- Recorded the highest number of housing starts in the Tri-Cities, encompassing a diverse range of housing types including single-family homes, apartments, townhomes, duplexes, and accessory dwelling units.
- Maintained steady residential development momentum in the Southridge area.
- Adopted the Southridge Fire Impact Fee to support funding for the future construction of Fire Station #6.
- Initiated a Request for Proposals (RFP) process for a City Hall Replacement Study.

## 2026 Objectives

- Complete construction and commissioning of the Wastewater Treatment Plant Biosolids Facility.
- Complete construction of the Zone 3 Water Transmission Main.
- Initiate construction of the Zone 1 and Zone 2 Water Transmission Mains.
- Complete construction of the Sherman Street / Bob Olsen Road signal project.
- Complete construction of the 15th Avenue / Bob Olsen Road signal project.
- Finalize right-of-way acquisition in support of future phases of the Columbia Center Boulevard widening project.
- Complete the Comprehensive Plan Periodic Update.
- Complete the Critical Areas Ordinance update.
- Adopt ordinances implementing recent legislative changes including Unit Lot Subdivision and Existing Building Residential Conversion.



# Budget Foundation & Forecast

City Council Retreat

March 7, 2026



# Purpose of Presentation

- Budget Framework
- Review of Financial Policies
- Review 2026 – 2030 Forecast – Major Operating Fund General / Streets
- Next Steps

# Budget Framework



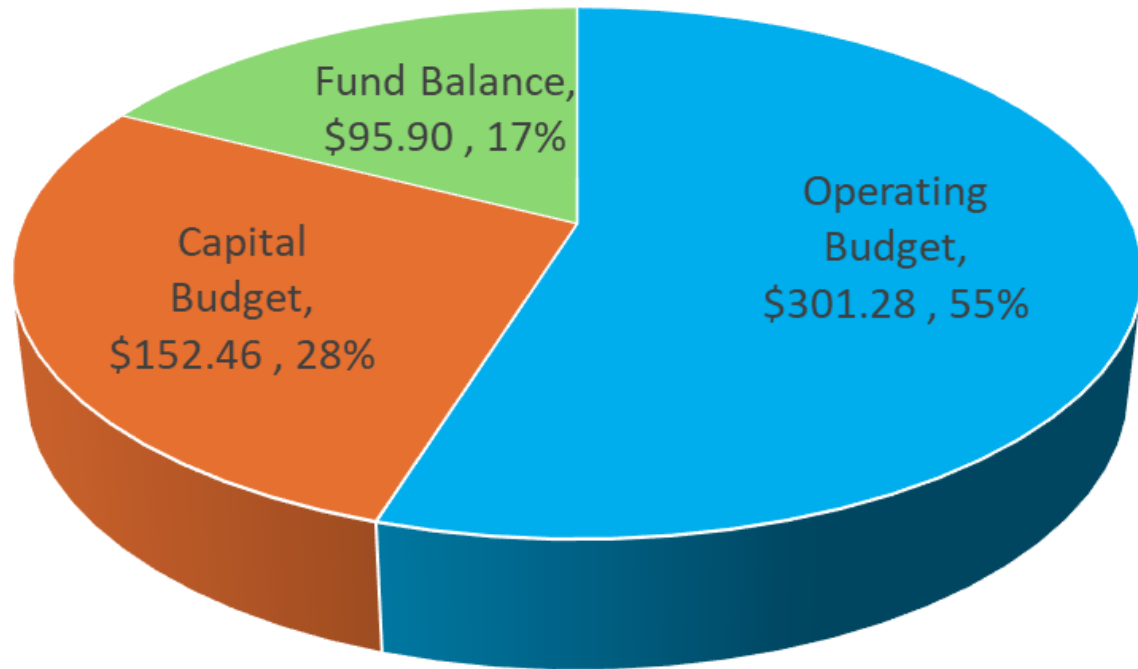
# Budget Framework - Overview

- The City of Kennewick budgets on a biennial basis beginning on odd number years (e.g., 2027-2028)
- Total City budget consists of two separate but integrated budgets: Operating and Capital
  - Operating budget: general operations of the City and specific revenue-funded activities
  - Capital budget: construction projects in Transportation, Parks & Recreation, Utility, Facilities, and General Capital

# Budget Framework - Overview

2025/2026 Budget

\$550M



*In Millions*

■ Operating Budget   ■ Capital Budget   ■ Fund Balance

**436.5 FTEs  
Authorized  
in Budget**

# Budget Framework - Overview

## Budget Structure

### What's a fund and why are there so many in the budget?

- Fund Accounting
  - Funds separate cash, revenues, and expenditures in a local government's financial system
  - Types of funds: governmental funds; enterprise / proprietary; fiduciary funds
  - You can't always move money between funds – different types of money spend differently

# Budget Framework - Overview

## Budget Structure

### General Governmental Funds:

- **General Fund:** to account for financial resources not required to be accounted for in another fund.
  - Examples: Police, Fire, Parks & Recreation, Administration
- **Special Revenue Funds:** to account for legally restricted resources.
  - Examples: Lodging Tax – Tourism Promotion, Transportation Benefit District – Street Overlay, Public Safety Tax – Public Safety
- **Capital Projects Funds:** to account for financial resources to be used for acquisition or construction of capital facilities.
  - Examples: Parks, Transportation, Facilities
- **Debt Service Funds:** to account for resources accumulated for the repayment of debt.
  - Example: Debt Payment for New Fire Station



Overlaying W. 10<sup>th</sup> Ave.

# Budget Framework - Overview

## Budget Structure

### Proprietary Funds:

- **Enterprise Funds**: to account for operations that are financed and operated in a manner similar to a private business
  - Examples: Water, Sewer, Medical Services – Ambulance, Building Services, Stormwater, Coliseum, Golf Course
- **Internal Service Funds**: to account for financing of goods or services provided by one department to another within the government.
  - Example: Risk Management



# Budget Framework - Overview

## Budget Structure

### Trust and Custodial Funds:

- To account for assets held by a government in a trustee capacity.
  - Examples: Firemen's Pension Fund, Other Post- Employment Benefit Fund



# Financial / Budgetary Policies



# Financial / Budgetary Policies – Role & Purpose

- City Financial / Budgetary Policy Framework
  - Keep the City in a fiscally sound position in both the short and long terms
  - Maintain sufficient financial liquidity to meet normal operating and contingency obligations
  - Protect the City from catastrophic losses
  - Have service users pay their fair share of program costs
  - Operate utilities in a responsive and fiscally sound manner
  - Maintain existing infrastructure and capital assets
  - Debt and cash management policies

# Financial / Budgetary Policies – Role & Purpose

- Reserves
  - General Governmental
    - Maintain fund balance equal to 7.5% of operating expenditures to meet cash flow requirements in the general governmental operating funds (General Fund and Street Fund) ~ \$4.9M in 2025
    - Maintain Cash Reserve Fund for revenue stabilization and contingencies, City will increase the Cash Reserve Fund annually by CPI (not less than 2%) ~ \$3.4M current balance

# Financial / Budgetary Policies – Role & Purpose

- Reserves
  - Utilities
    - Fund balances shall be maintained at levels established through rate studies or at levels necessary to meet operating capital and contingency requirements
    - Operating reserve with a minimum target balance between 60 and 90 days of operating and maintenance (O&M) expenses
    - Water, sewer, and stormwater utilities shall target a minimum debt service coverage ratio of 2 and shall maintain a minimum ration of 1.5

# Financial / Budgetary Policies – Role & Purpose

- Capital Planning and Asset Management
  - A portion of proceeds of the optional one-half of one percent sales tax and proceeds from the quarter of one percent real estate excise tax (as allowed by State Statute) shall be used to fund City Council's priority Capital Improvement Program
  - Debt funding for large capital projects with long useful lives to better balance inter-generational equity

# 2026 – 2030 Revenue Forecast General and Street Funds



# 2026 – 2030 General and Street Funds Forecast

- Economic Conditions
  - National
    - Economic activity has been expanding at a solid pace
    - Job gains have remained low and the unemployment rate has shown some signs of stabilization, unemployment decreased to 4.3%
    - Inflation remains somewhat elevated
    - Uncertainty about the economic outlook remains elevated
    - US GDP grew by 2.2% for the full year of 2025, slowing from 2.4% in 2024
    - January 2026 – CPI 2.4 and CPI-W 2.2
  - State
    - Job growth has been stronger than expected, unemployment rate 4.7%
    - Vehicle sales continue to trend down
    - Housing construction (includes multi-family) improved in December, 39,300 units were permitted, up from 33,600 in third quarter
    - Exports increased 27.3% from third quarter of 2024 to the third quarter of 2025, primarily due to increase in transportation equipment exports
  - Local
    - Kennewick-Pasco-Richland preliminary unemployment rate for December is 5.8%
    - Business sectors experiencing job gains include Education & Health Services, Manufacturing, and Leisure & Hospitality

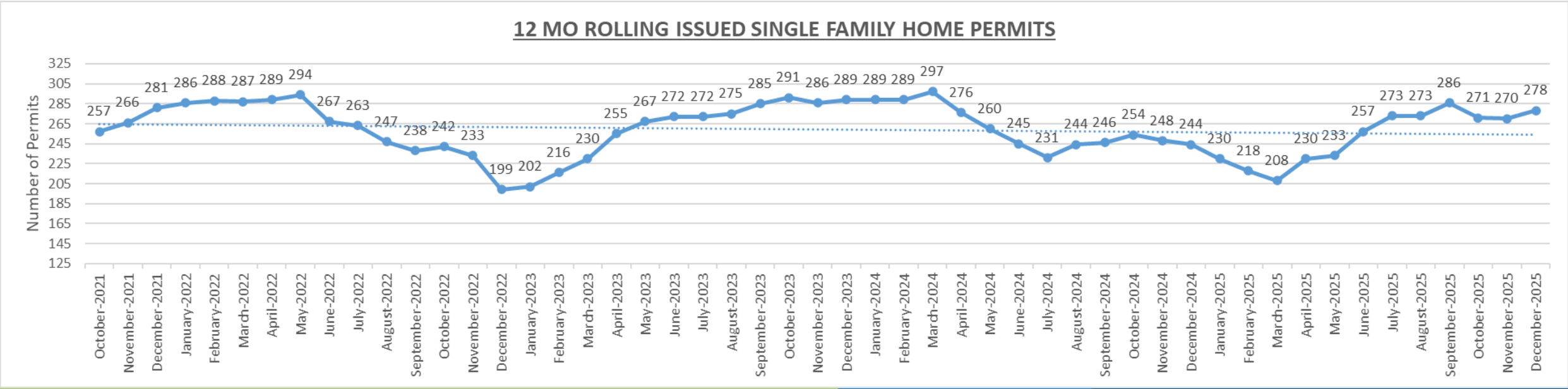
# 2026 – 2030 General and Street Funds Forecast

- Economic Conditions
  - Local – Kennewick Highlights
    - Residential and commercial building activity was strong in 2025
    - Retail sales tax increased 6.6% (\$1.7M) compared to the prior year, this was primarily fueled by new construction (one-time revenue)
    - Elevated inflation is continuing to impact the City's budget, from personnel to capital expenditures

# 2026 – 2030 General and Street Funds Forecast

- Kennewick Single Family Permits

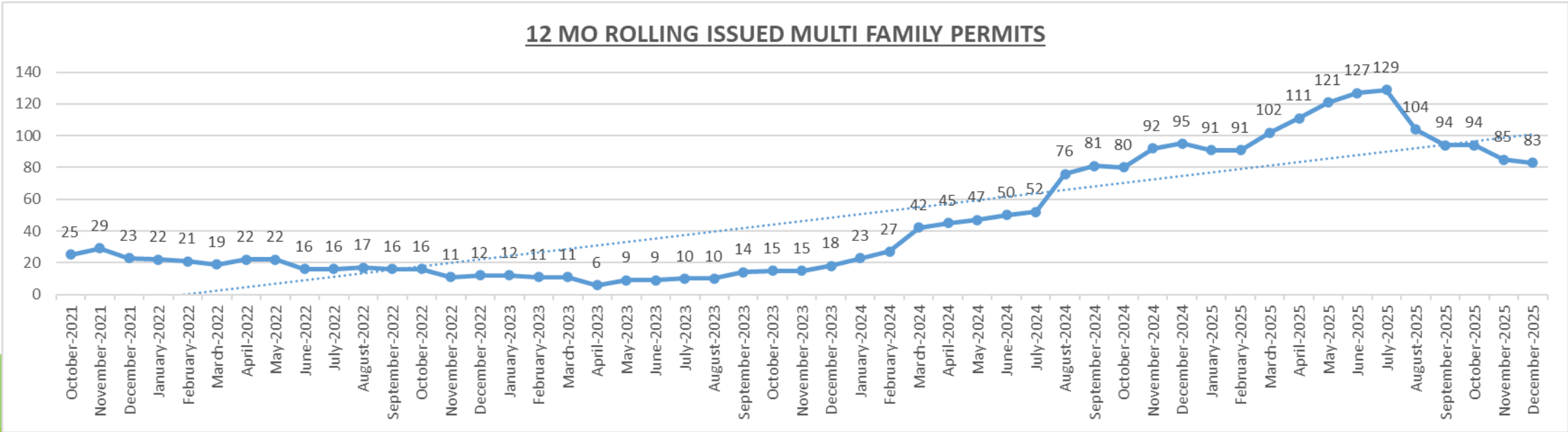
Single Family	2024	2025	Increase/(Decrease)
# Permits	244	278	34
\$ Valuation	\$84.8M	\$93.6M	\$8.8M



# 2026 – 2030 General and Street Funds Forecast

- Kennewick Multi-Family Permits

Multi-Family	2024	2025	Increase/(Decrease)
# Permits	95	83	(12)
\$ Valuation	\$89.3M	\$56.5M	\$(33M)

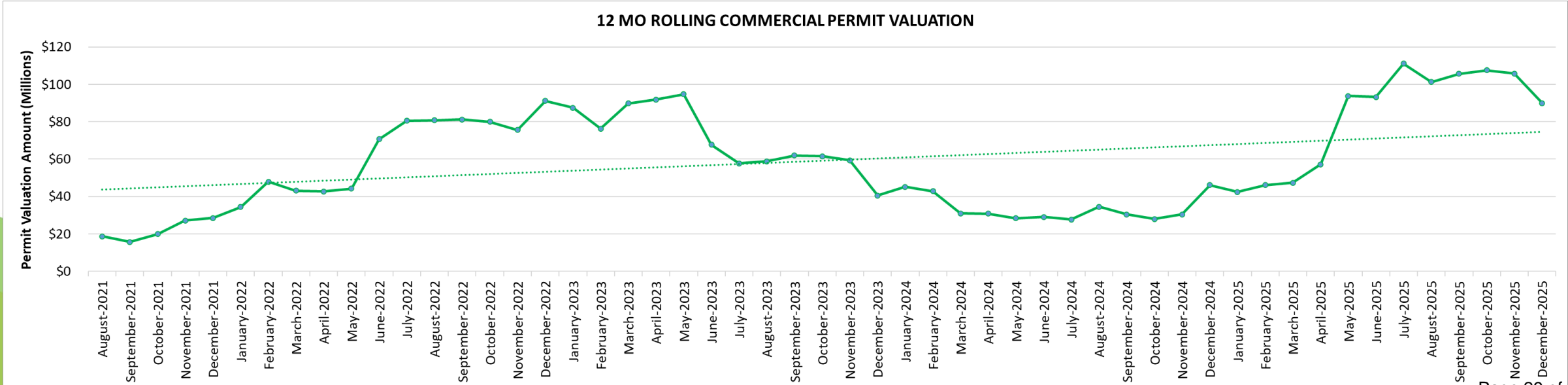


Note: Multi-Family includes duplex, townhouse, multi-family, ADU, mobile home

# 2026 – 2030 General and Street Funds Forecast

- Kennewick Commercial Permits

Commercial	2024	2025	Increase/(Decrease)
# Permits	65	30	(-35)
\$ Valuation	\$46.1M	\$90M	\$43.9M



# 2026 – 2030 General and Street Funds Forecast

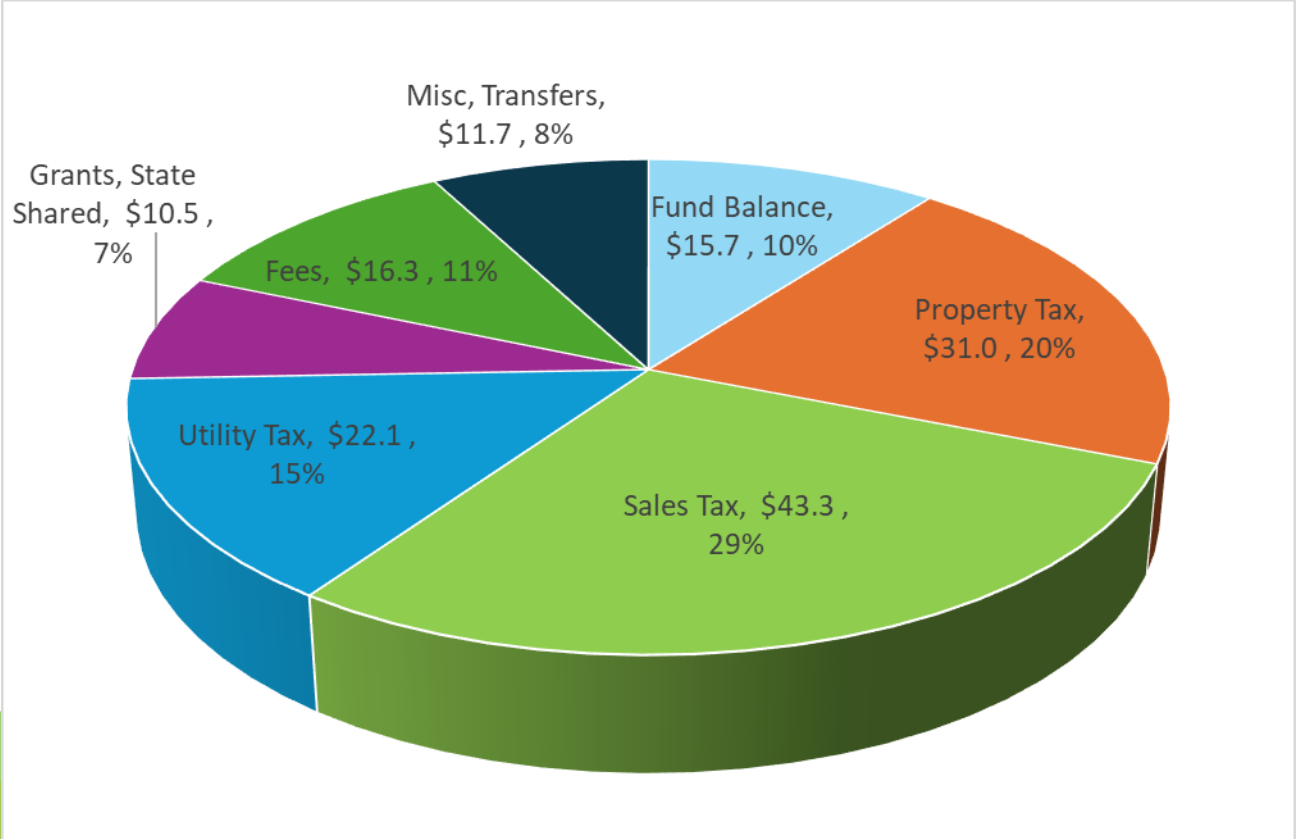
- “Current law” forecast
  - 2025-2026 biennium assumed as baseline
  - Assumes no changes to current authorized staffing or programs
  - Assumes no changes to current tax or fee rates or structure, forecast does include 1% regular property tax levy increase per year plus new construction

# 2026 – 2030 General and Street Funds Forecast

2025-2026 Adopted Revenue Budget  
**\$150.5M**  
(In Millions)

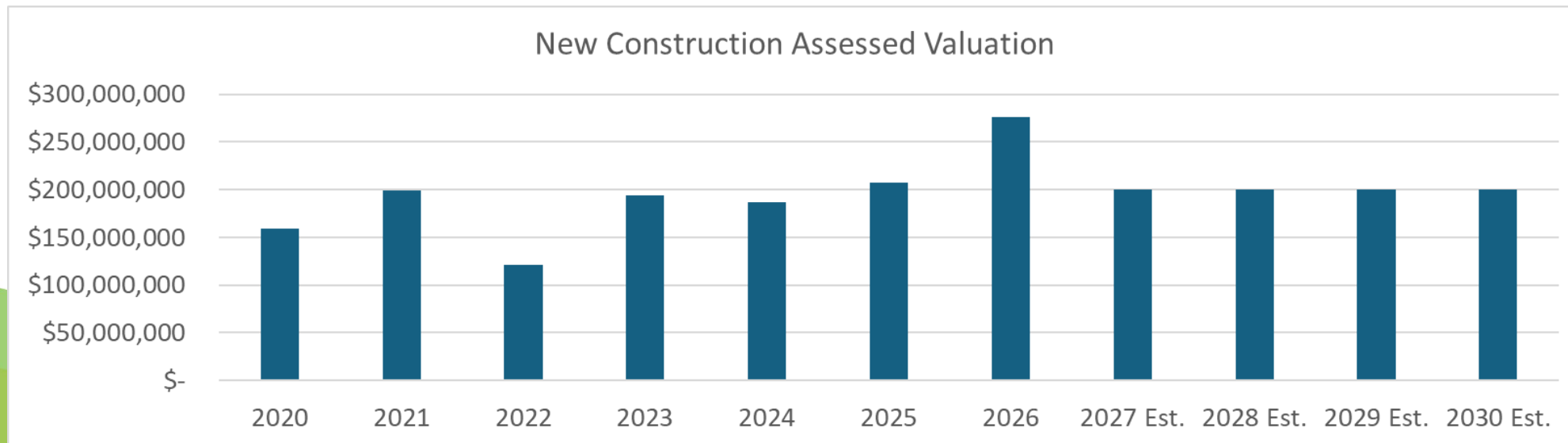
- Major Sources of Revenue:  
Three major sources of revenue: Property, Sales, & Utility Taxes  
(64% of total revenues)

*Note: Excludes \$450K transfer from General Fund to Street Fund*



# 2026 – 2030 General and Street Funds Forecast

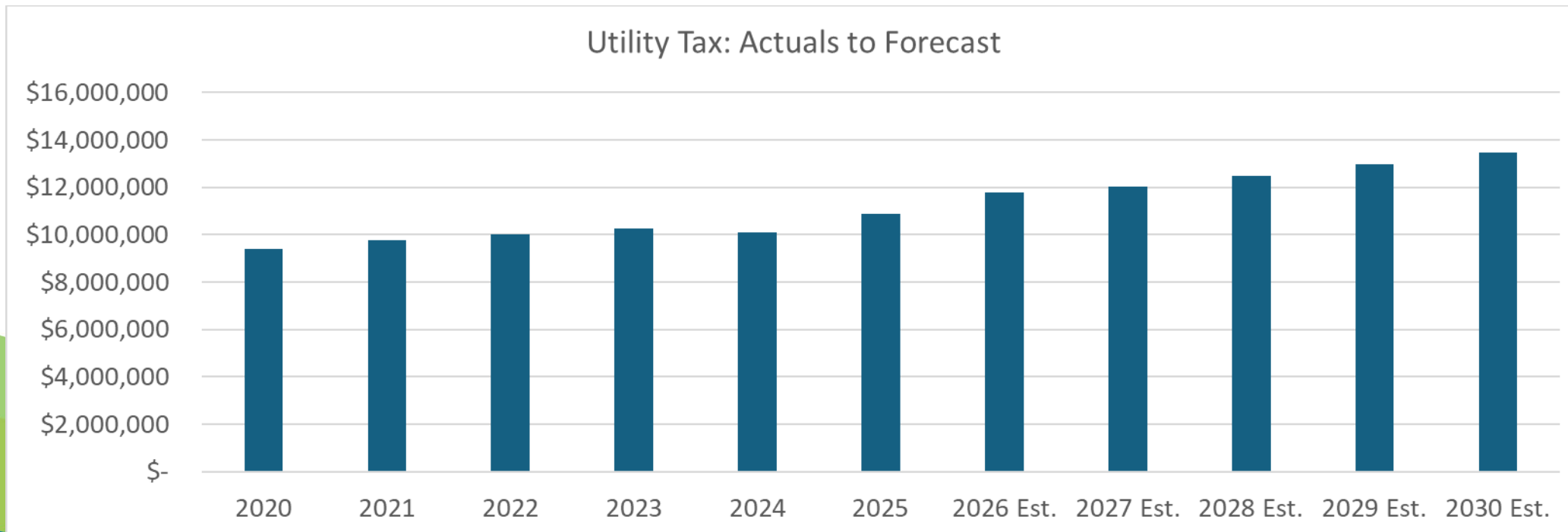
- Major Assumptions – Property Tax
  - Property tax revenue:
    - 1% growth in base levy beginning in 2027, plus new construction
    - New construction valuation estimated at \$200M each year beginning in 2027 (with 40% of growth in Southridge Local Revitalization Area)
    - New construction reduced to 1.5% from 2.18% of the Assessed Valuation anticipate some slowing of development
    - Increases in Assessed Value do not impact property tax revenues, except for new construction



# 2026 – 2030 General and Street Funds Forecast

- Major Assumptions – Utility Tax

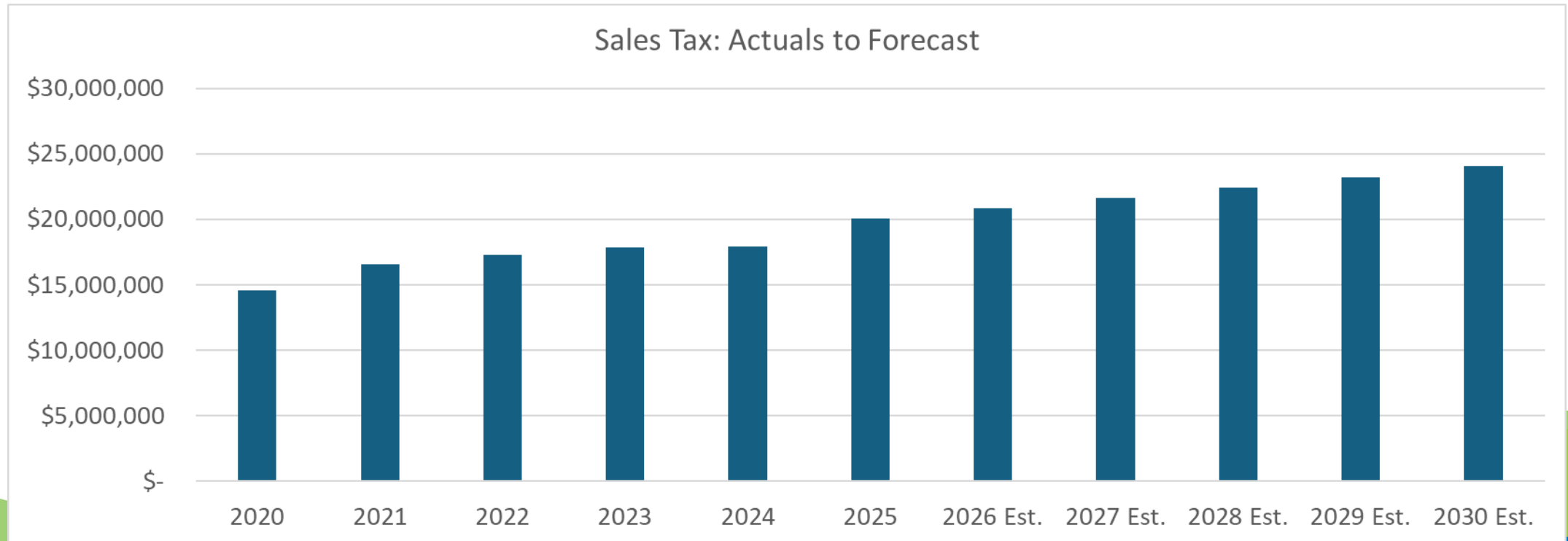
- Aggregate utility rates to increase 4% on average, assumed no changes to City utility tax rates
- Telephone and cable utility tax revenues predicted to continue declining
- Utility tax on other privately owned utilities – continue trend of paced level of consumption



# 2026 – 2030 General and Street Funds Forecast

- Major Assumptions – Sales Tax

- Anticipates slowing of sales tax generated from new construction beginning in 2027
- Assumes an average sales tax growth of 4% through 2030



*Note: 2025 increase partly attributed to shifting sales tax from CIP to General Fund to pay for new Axon contract for Public Safety.*

# 2026 – 2030 Expense Forecast General and Street Funds

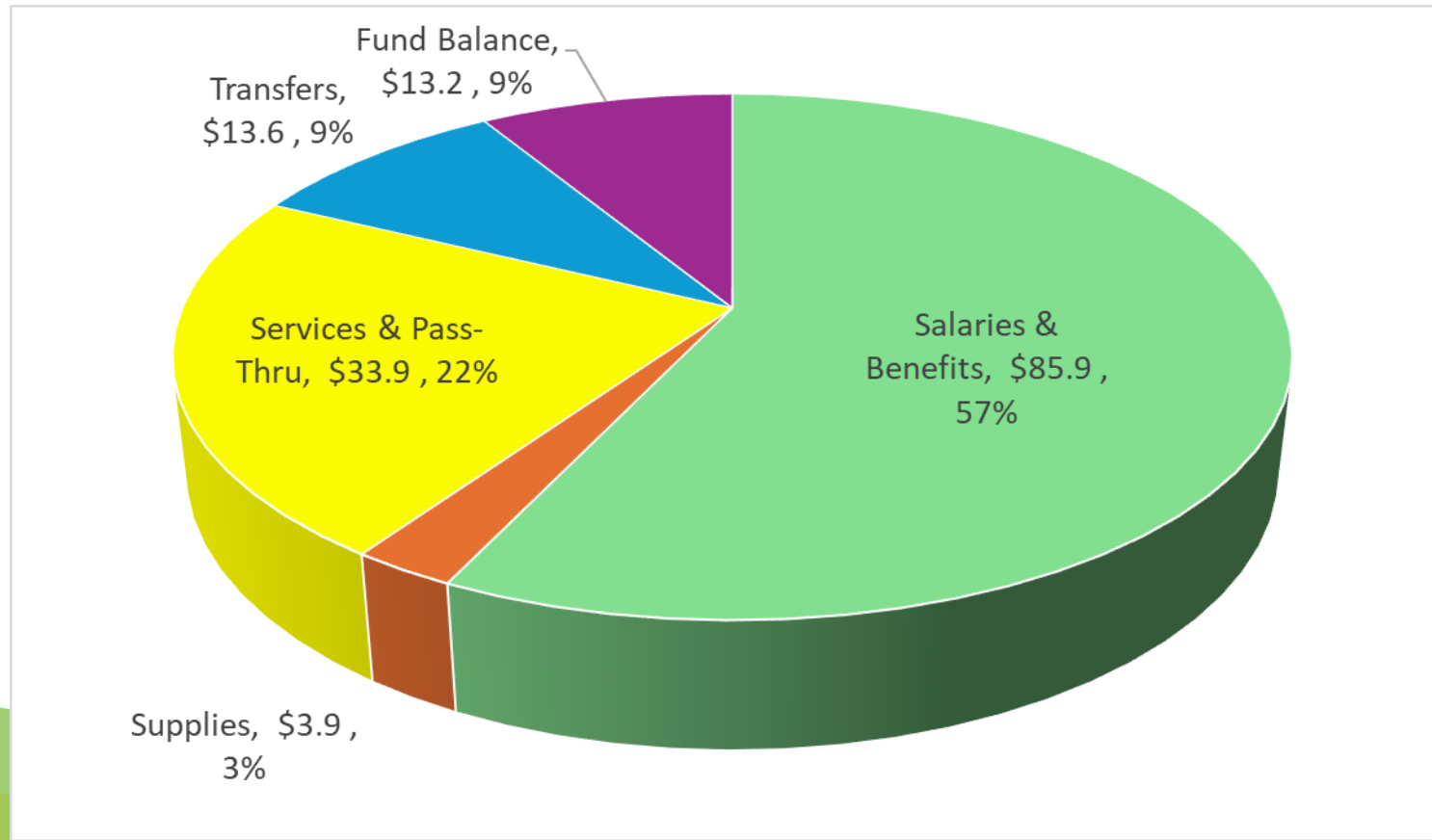


# 2026 – 2030 General and Street Funds Forecast

## 2025-2026 Adopted Expenditure Budget

\$150.5M

(In Millions)



*Note: Excludes \$450K transfer from General Fund to the Street Fund*

# 2026 – 2030 General and Street Funds Forecast

- Personnel Cost Increases
  - Salary and Benefits
    - Forecast includes all current, existing ongoing FTEs with the addition of 7 planned fire fighters for Station 6 in 2027 (split 15% General Fund and 85% Medical Services Fund)
    - Fire Fighters, Police Officers, Police Management contracts through 2026
    - Police Support contract through 2027
    - International Union of Operating Engineers through 2028
- Medical – 7.5% Annual Increases
- Inflationary Increase Considerations – Supplies, Services, Utilities

# 2026 – 2030 General and Street Funds Forecast

- Anticipating expenditures to outpace revenues in 2027 and beyond
- Contributing Factors
  - Softening and, in some cases, declining revenues
    - Declining revenues includes telephone and cable utility taxes and gas tax
  - Significant inflationary increases across all departments
  - New and expanded General Fund initiatives without new additional revenues

# 2026 – 2030 General and Street Funds Forecast

- Increase Examples

- Personnel –

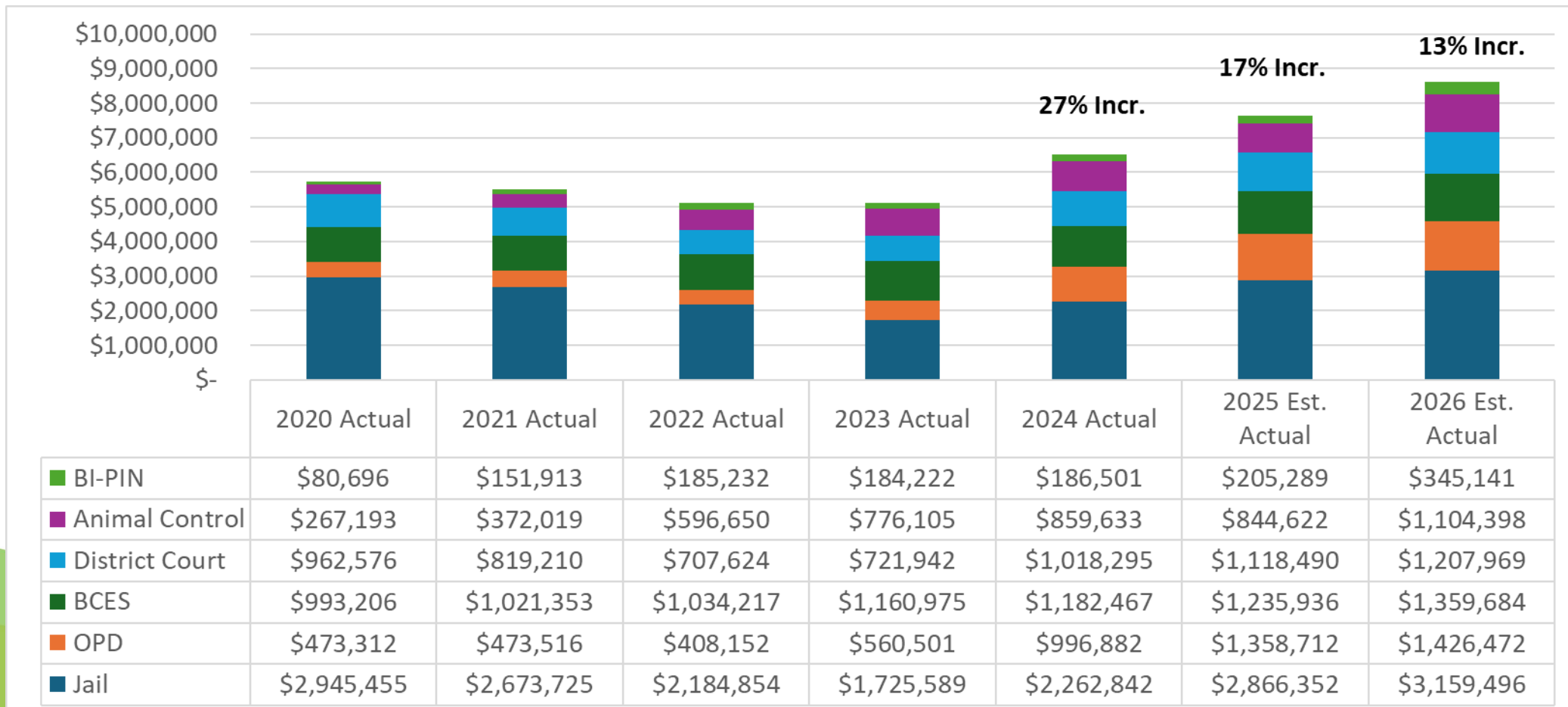
- New contracts approved in 2024 for bargaining
    - Minimum wage increases
    - Medical cost increases – 7-9% increase in 2025, 8.7-11.6% increase 2026
    - L&I cost increases – 7.15% increase in 2025, 10% - 26% increase in 2026

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Est. Actual
Personnel Cost	\$33.9M	\$35.0M	\$35.7M	\$38.1M	\$39.9M	\$41.4M
% Increase / (Decrease)		3%	2%	7%	5%	4%
\$ Increase / (Decrease)		\$1.1M	\$700K	\$2.4M	\$1.8M	\$1.5M

# 2026 – 2030 General and Street Funds Forecast

- Increase Examples (continued)

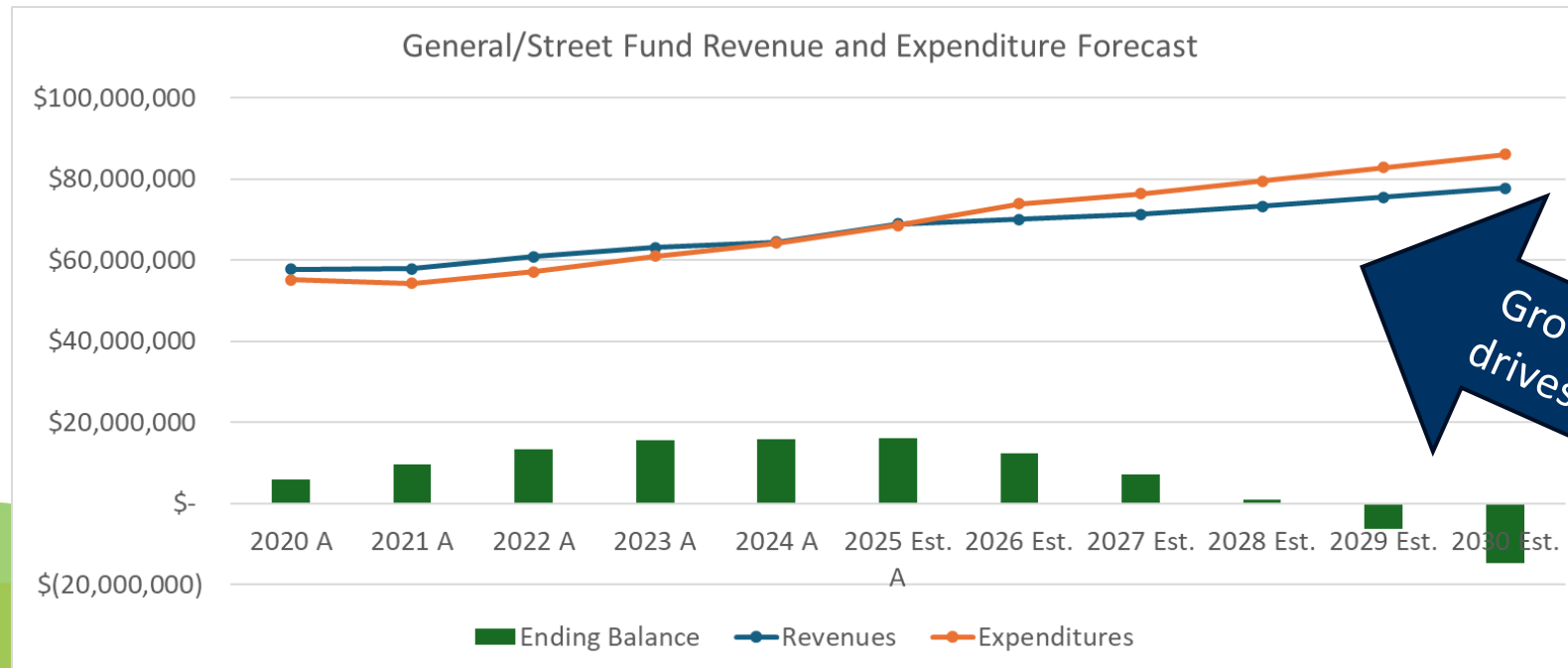
- General Fund Major Contract Services – Jail, Office of Public Defense (OPD), Benton County Emergency Services (BCES), District Court, Animal Control, BI-PIN



# 2026 – 2030 General and Street Funds Forecast

## Estimated Structural Budget Gap 2027-2030

	2027 Est.	2028 Est.	2029 Est.	2030 Est.
Revenues	\$71.3M	\$73.3M	\$75.5M	\$77.7M
Expenditures	\$76.4M	\$79.5M	\$82.8M	\$86.1M
Net	\$(5.2M)	\$(6.2M)	\$(7.3M)	\$(8.4M)



Growing budget gap drives down reserves

# 2026 – 2030 General and Street Funds Forecast

## Next Steps

- Budget Must be Balanced
  - A range of options, including spending reductions and new revenue can be considered
    - Revenue considerations – authority and restrictions, revenue potential, tax base/equity
    - Level of service considerations
    - Optimize cost allocation of staff to capital projects and enterprise funds

# Budget Process Schedule

Anticipated Schedule	Activity
March 2026	City Council Affirms Priorities
April 2026	Department Head Retreat
May – July 2026	Budget Instructions & Preparation
August – October 2026	Council Budget Workshops
September – October 2026	Council Workshops Water/Sewer/Stormwater Utility Rate Discussions
October 2026	City Manager Prepares Preliminary 2027-2028 Budget and Copies Made Available to the Public
November	Public Hearing and Setting 2027 Property Tax Levy
November – December 2026	Public Hearing(s) and 2027-2028 Budget Adoption

# Questions / Discussion





# Capital Improvement Program and Prioritization

City Council Retreat

March 7, 2026

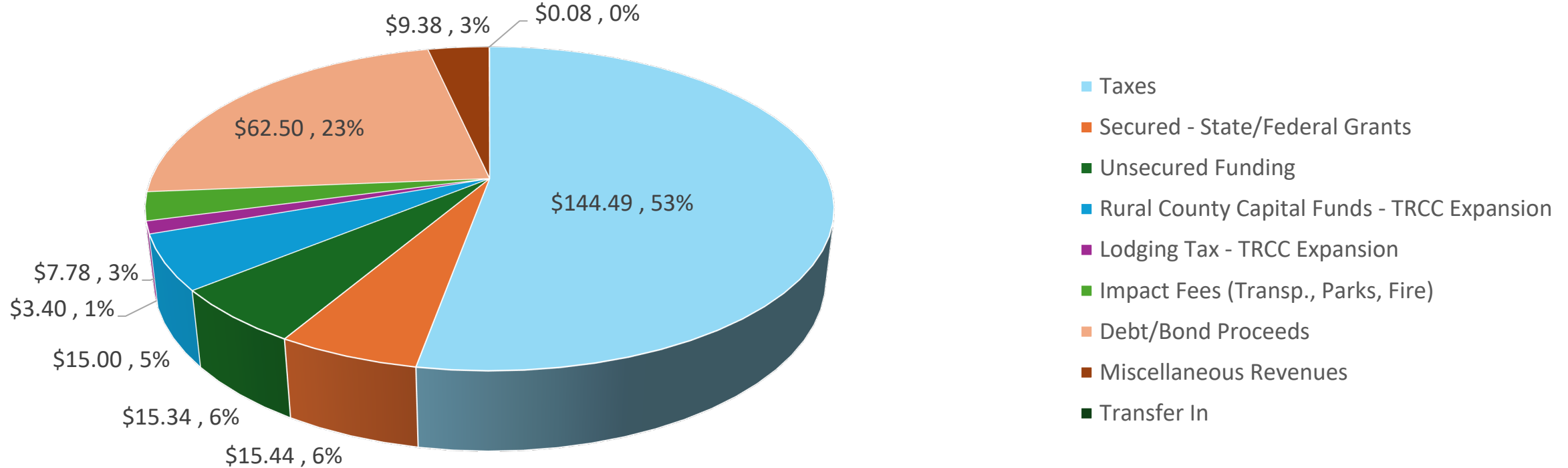
# Purpose of Presentation

- Review Anticipated Capital Revenue Sources
- Review Anticipated Capital Expenditure Uses
- Discuss Current Outstanding Debt and Capacity
- Review Capital Reserve Analysis



# Capital Revenue Sources

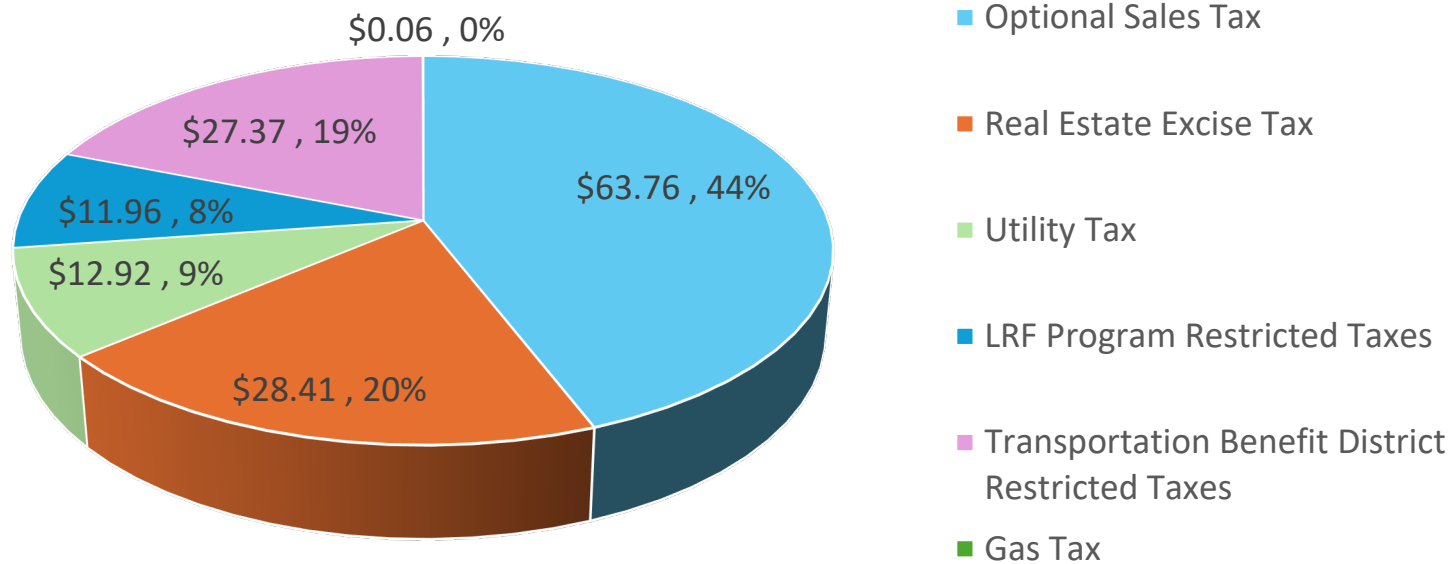
## 2025-2032 Capital Program Anticipated Funding (*In Millions*)



Revenue Category	2025 Est.	Actual	2026 Est.	2027 Est.	2028 Est.	2029 Est.	2030 Est.	2031 Est.	2032 Est.	Total
Taxes	\$ 15.33		\$ 16.55	\$ 17.13	\$ 17.72	\$ 18.35	\$ 19.01	\$ 19.79	\$ 20.61	\$ 144.49
Secured - State/Federal Grants	\$ 5.04		\$ 9.51	\$ 0.89	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15.44
Unsecured Funding	\$ 0.04		\$ 0.92	\$ 0.25	\$ 1.24	\$ 2.03	\$ 10.46	\$ 0.20	\$ 0.20	\$ 15.34
Rural County Capital Funds - TRCC Exp	\$ 1.00		\$ 8.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 15.00
Lodging Tax - TRCC Expansion	\$ -		\$ 1.60	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 3.40
Impact Fees (Transp., Parks, Fire)	\$ 1.98		\$ 0.84	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	\$ 7.78
Debt/Bond Proceeds	\$ -		\$ -	\$ 12.00	\$ 50.50	\$ -	\$ -	\$ -	\$ -	\$ 62.50
Miscellaneous Revenues	\$ 5.68		\$ 0.70	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 9.38
Transfer In	\$ 0.08		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.08
<b>Total Revenues</b>	<b>\$ 29.15</b>		<b>\$ 38.12</b>	<b>\$ 32.90</b>	<b>\$ 72.09</b>	<b>\$ 23.01</b>	<b>\$ 32.09</b>	<b>\$ 22.62</b>	<b>\$ 23.43</b>	<b>\$ 273.41</b>

# Capital Revenue Sources

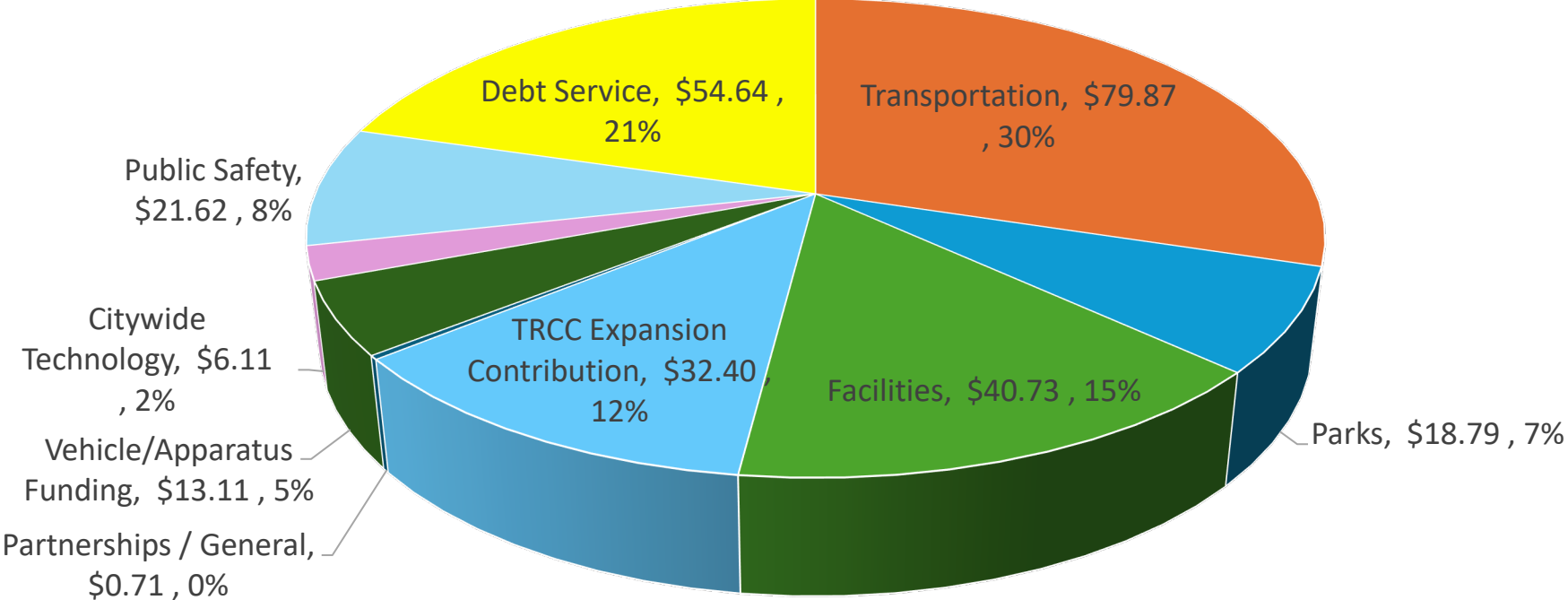
## 2025-2032 Capital Program Anticipated Tax Revenues (*In Millions*)



Revenue Category	2025 Est. Actual	2026 Est.	2027 Est.	2028 Est.	2029 Est.	2030 Est.	2031 Est.	2032 Est.	Total
Optional Sales Tax	\$ 7.06	\$ 7.35	\$ 7.57	\$ 7.78	\$ 8.04	\$ 8.30	\$ 8.65	\$ 9.01	\$ 63.76
Real Estate Excise Tax	\$ 3.84	\$ 3.21	\$ 3.30	\$ 3.40	\$ 3.50	\$ 3.61	\$ 3.72	\$ 3.83	\$ 28.41
Utility Tax	\$ 1.32	\$ 1.42	\$ 1.49	\$ 1.57	\$ 1.65	\$ 1.73	\$ 1.82	\$ 1.91	\$ 12.92
LRF Program Restricted Taxes	\$ 1.20	\$ 1.30	\$ 1.38	\$ 1.45	\$ 1.53	\$ 1.61	\$ 1.70	\$ 1.79	\$ 11.96
Transportation Benefit District Restrict	\$ 1.89	\$ 3.27	\$ 3.38	\$ 3.50	\$ 3.62	\$ 3.75	\$ 3.90	\$ 4.06	\$ 27.37
Gas Tax	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.06
<b>Total Revenues</b>	<b>\$ 15.33</b>	<b>\$ 16.55</b>	<b>\$ 17.13</b>	<b>\$ 17.72</b>	<b>\$ 18.35</b>	<b>\$ 19.01</b>	<b>\$ 19.79</b>	<b>\$ 20.61</b>	<b>\$ 144.49</b>

# Capital Program Anticipated Uses

## 2025-2032 Capital Program Uses (In *Millions*)



Expenditure Category	2025 Est. Actual	2026 Est.	2027 Est.	2028 Est.	2029 Est.	2030 Est.	2031 Est.	2032 Est.	Total
Transportation	\$ 8.91	\$ 16.32	\$ 7.53	\$ 10.61	\$ 11.17	\$ 17.13	\$ 4.27	\$ 3.93	\$ 79.87
Parks	\$ 3.82	\$ 0.83	\$ 12.51	\$ 0.16	\$ 0.54	\$ 0.17	\$ 0.58	\$ 0.18	\$ 18.79
Facilities	\$ 1.14	\$ 1.01	\$ 0.45	\$ 35.98	\$ 0.50	\$ 0.52	\$ 0.55	\$ 0.58	\$ 40.73
Partnerships - TRCC Expansion Cont	\$ 1.80	\$ 22.80	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 32.40
Partnerships / General	\$ 0.06	\$ 0.07	\$ 0.07	\$ 0.08	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.71
Vehicle/Apparatus Funding	\$ 3.60	\$ 1.17	\$ 1.27	\$ 1.27	\$ 1.39	\$ 1.39	\$ 1.52	\$ 1.52	\$ 13.11
Citywide Technology	\$ 0.66	\$ 1.21	\$ 0.74	\$ 0.74	\$ 0.67	\$ 0.67	\$ 0.71	\$ 0.71	\$ 6.11
Public Safety	\$ 0.85	\$ 0.82	\$ 0.82	\$ 15.82	\$ 0.82	\$ 0.82	\$ 0.82	\$ 0.82	\$ 21.62
Debt Service	\$ 4.31	\$ 3.64	\$ 4.55	\$ 8.43	\$ 8.44	\$ 8.43	\$ 8.43	\$ 8.42	\$ 54.64
<b>Total Expenditures</b>	<b>\$ 25.15</b>	<b>\$ 47.87</b>	<b>\$ 29.25</b>	<b>\$ 74.39</b>	<b>\$ 24.92</b>	<b>\$ 30.53</b>	<b>\$ 18.29</b>	<b>\$ 17.58</b>	<b>\$267.98</b>

# 2025-2032 Anticipated Capital Projects: Transportation - \$79.9M

Major Anticipated Projects - Transportation	Est. Year(s)	Anticipated Amount
Pavement Preservation Program Transportation Benefit District	2025-2032	\$24M
Columbia Center Blvd. Widening	2025-2030	\$15.6M
Columbia Dr. & Clearwater Pavement Preservation	2026	\$3.3M
W. 45 <sup>th</sup> Ave Widening – Ely/Olympia	2029-2030	\$2.8M
1st Ave Road Diet (Washington to Fruitland)	2027-2028	\$2.7M
Keene Trail Extension Project (Steptoe to Center Parkway)	2025-2026	\$2.6M
Quinault/CCB Intersection Improvements	2025	\$2.2M
Clodfelter & Ridgeline Traffic Signal	2025-2026	\$1.7M
Kennewick Ave – Union to Morain	2025-2026	\$1.6M
Bob Olson and Sherman Traffic Signal	2025-2026	\$1.1M
Bob Olson and W. 15th Avenue Traffic Signal	2025-2026	\$1M

Note: Remaining \$21.3M includes misc. street projects, crack sealing/preleveling program, street lighting and other projects

## 2025-2032 Anticipated Capital Projects: Parks - \$18.8M

Major Anticipated Projects - Parks	Est. Year(s)	Anticipated Amount
Swimming Pool Replacement	2027	\$12M
Park Repairs/Splash Pad Improvements	2025-2032	\$1.5M
Hard Surface Court Repair	2025-2032	\$915K
Lawrence Scott Playground Replacement	2025	\$817K
Columbia Park East Boat Dock Rehabilitation	2026	\$728K
Civic Center Ballfield Restrooms/Hub	2025	\$714K
Vancouver Park Pump Track	2025	\$469K
Ninja Playground	2025	\$393K
Dog Park	2025	\$360K
Columbia Park Golf Course Improvements	2027-2032	\$300K
Audubon Trail Improvements	2025	\$123K
Canyon Lakes Park Improvements	2025	\$119K
Underwood Park Improvements	2025	\$90K
Jay Perry Park Improvements	2025	\$70K

# 2025-2032 Anticipated Capital Projects: Facilities - \$40.7M

Major Anticipated Projects - Facilities	Est. Year(s)	Anticipated Amount
New City Hall	2028	\$35.5M
Deferred Maintenance – Facilities Maintenance Projects	2025-2032	\$3.9M
Coliseum - Marquee	2026	\$260K
Numerica Pavilion Lighting/Floor Replacement	2025	\$84K
Library Improvements	2025	\$76K
Automatic Gate Program	2025	\$50K

# 2025-2032 Anticipated Capital Projects: Public Safety - \$21.6M

Major Anticipated Projects – Public Safety	Est. Year(s)	Anticipated Amount
New Fire Station #6 & Equipment	2028	\$15M
Benton County Emergency Services (BCES) Radio Expansion*	2026-2032	\$5.8M
Benton County Emergency Services (BCES) Microwave Radio System & Infrastructure	2025	\$850K

\*Note: Radio expansion total project cost is \$41M and Kennewick’s share is \$8.2M. Annual payments are \$824K for 10 years 2026 – 2035.

## 2025-2032 Anticipated Capital Projects: General - \$52.3M

Major Anticipated Projects - General	Est. Year(s)	Anticipated Amount
Three Rivers Convention Center Contribution	2025-2032	\$32.4M
Vehicle/Apparatus Funding	2025-2032	\$13.1M
Citywide Technology	2025-2032	\$6.1M

Three Rivers Convention Center Expansion Anticipated Funding				
Description	Est. Benton County RCCF Funding (2025 – 2032)	Est. Lodging Tax Funding (2025 – 2032)	Est. CIP Reserve 2025/2026	Total Amount
Capital	\$7M	\$0M	\$14M	\$21M
Debt Service	<u>\$8M</u>	<u>\$3.4M</u>	<u>\$0M</u>	<u>\$11.4M</u>
<b>Total</b>	<b>\$15M</b>	<b>\$3.4M</b>	<b>\$14M</b>	<b>\$32.4M</b>

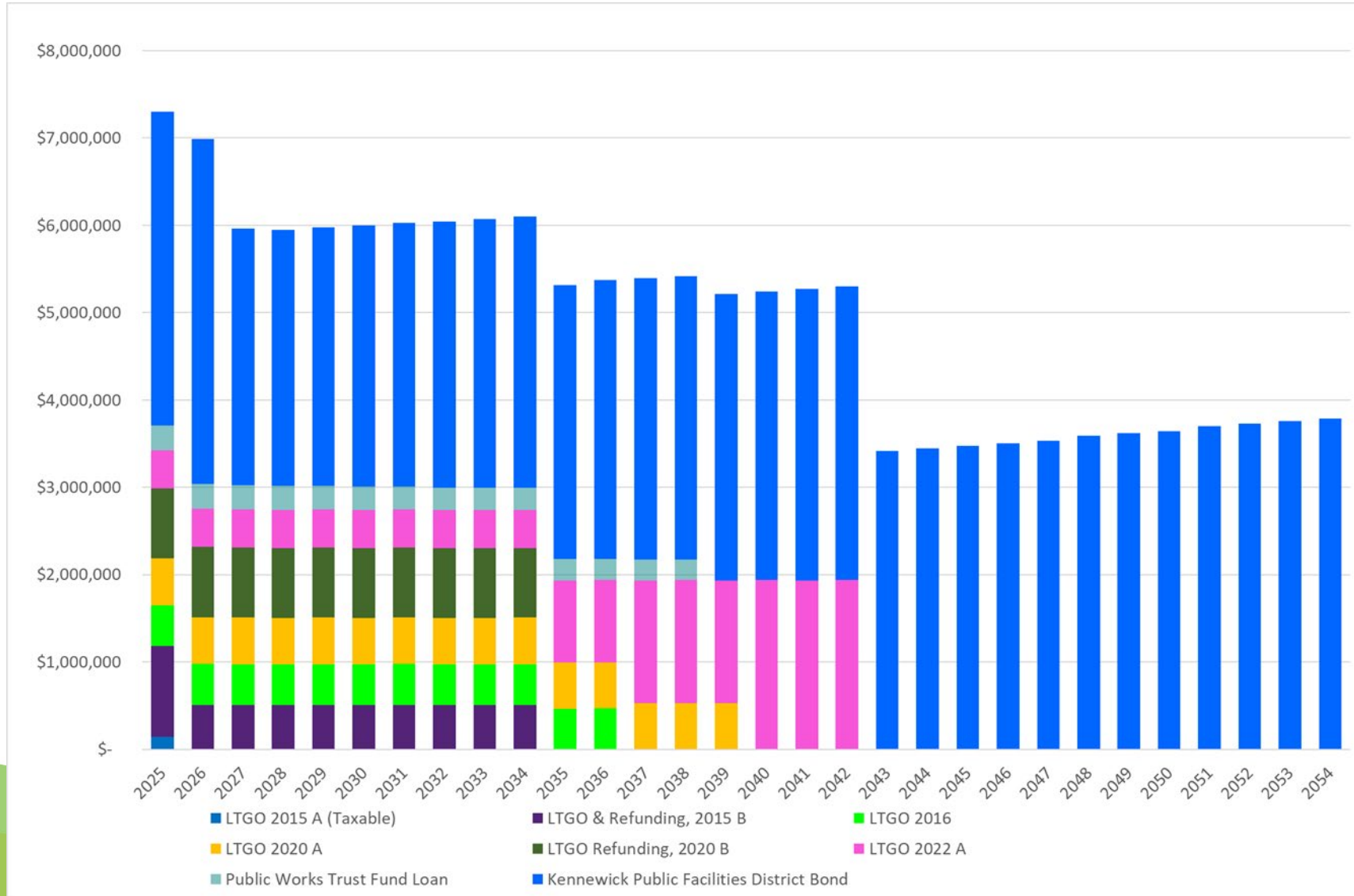
# Current General Obligation Debt

Non-Voted General Obligation Bonds	Use of Proceeds	Year of Issue	Fiscal Maturity	Amount Issued (Rounded)	Amount Outstanding as of December 31, 2025 (Rounded)
LTGO & Refunding, 2015B	Construction of Fire Station #5, Refunding 2006 LTGO Bond (Police Station)	2015	2034	\$10M	\$3.86M
LTGO 2016	Bob Olson Parkway/Hildebrand Blvd.	2016	2036	\$6.51M	\$4.14M
LTGO 2020A	Fire Station #3 Construction	2020	2039	\$7.67M	\$5.92M
LTGO Refunding, 2020B	Refunding 2010B Bond (Southridge Complex)	2020	2034	\$9.53M	\$6.21M
LTGO 2022A	Fire Station #1 and Admin Building Construction	2022	2042	\$9.45M	\$9.45M
Public Works Trust Fund Loan	US 395/Ridgeline Interchange	2018	2038	\$4.27M	\$3M
Kennewick Public Facilities District Bond	Convention Center Expansion	2025	2054	\$50.56M	<u>\$48.74M</u>
				<b>Total</b>	<b>\$81.32M</b>

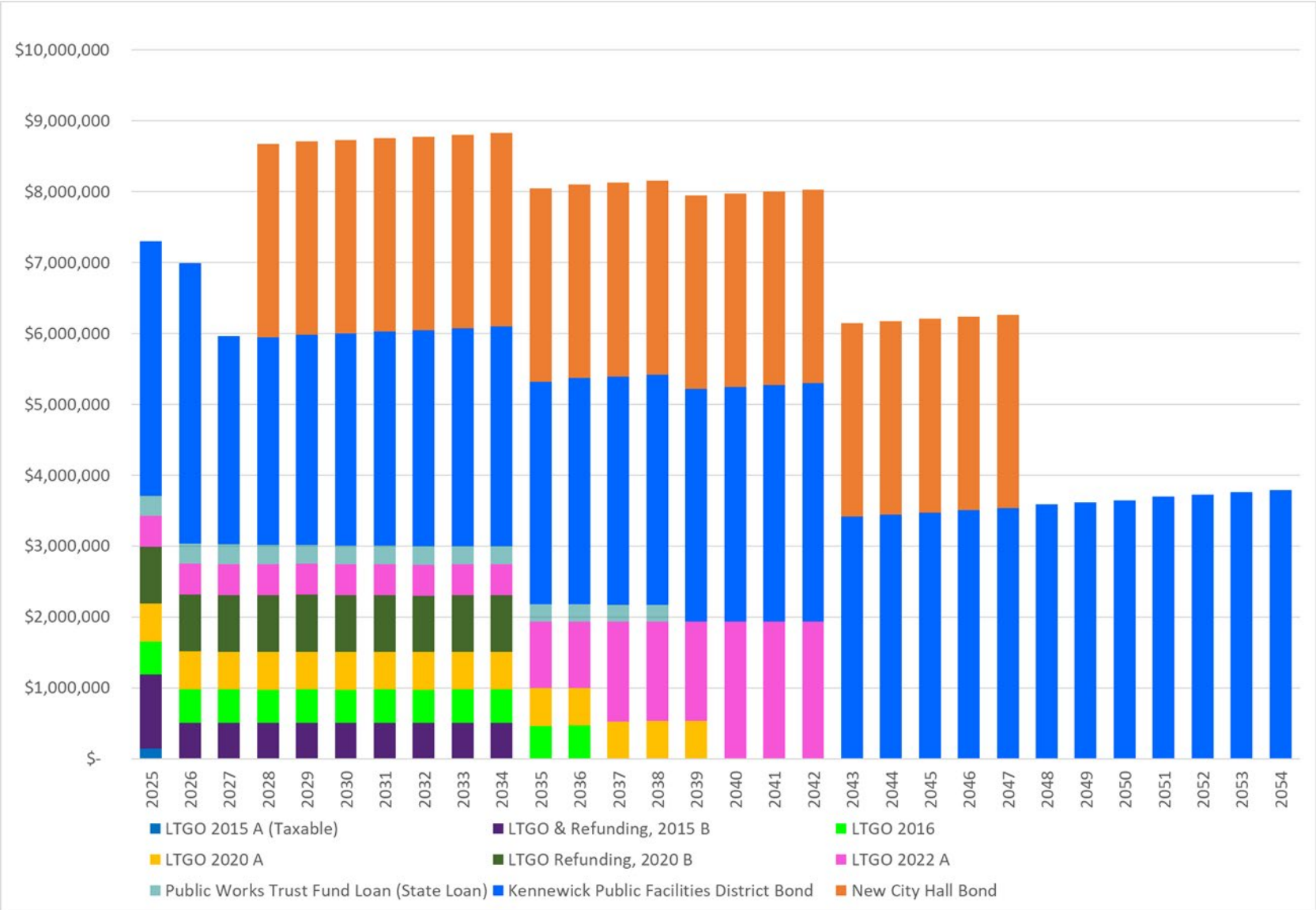
# Debt Capacity

	Amount
<b>City Debt Capacity</b>	
Non-Voted Capacity (1.5%)	\$190M
Outstanding Non-Voted Debt (Includes Convention Center Expansion Bond)	<u>-\$81.3M</u>
<b>Remaining Debt Capacity</b>	<b>\$108.7M</b>
<b>Planned Projects</b>	
City Hall	\$35.5M
Fire Station #6 & Equipment	\$15M
Swimming Pool	<u>\$12M</u>
<b>Total Planned Projects</b>	<b>\$62.5M</b>
<b>Estimated Remaining Debt Capacity</b>	<b>\$46.2M</b>

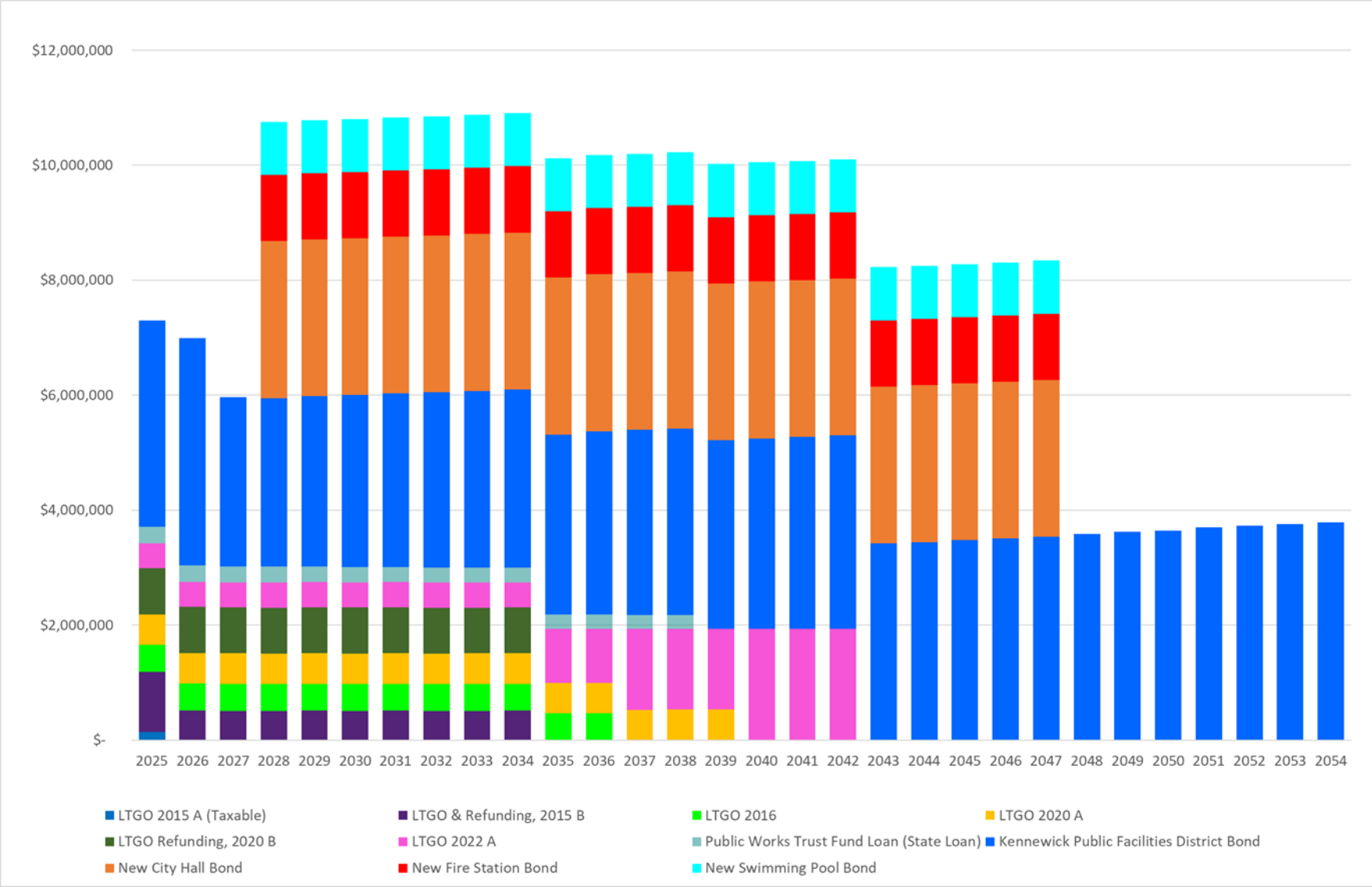
# General Obligation Debt – Current (includes KPFD Convention Center Expansion Bond in Blue)



# General Obligation Debt – w/ New City Hall (Includes KPFD Convention Center Expansion Bond in Blue)

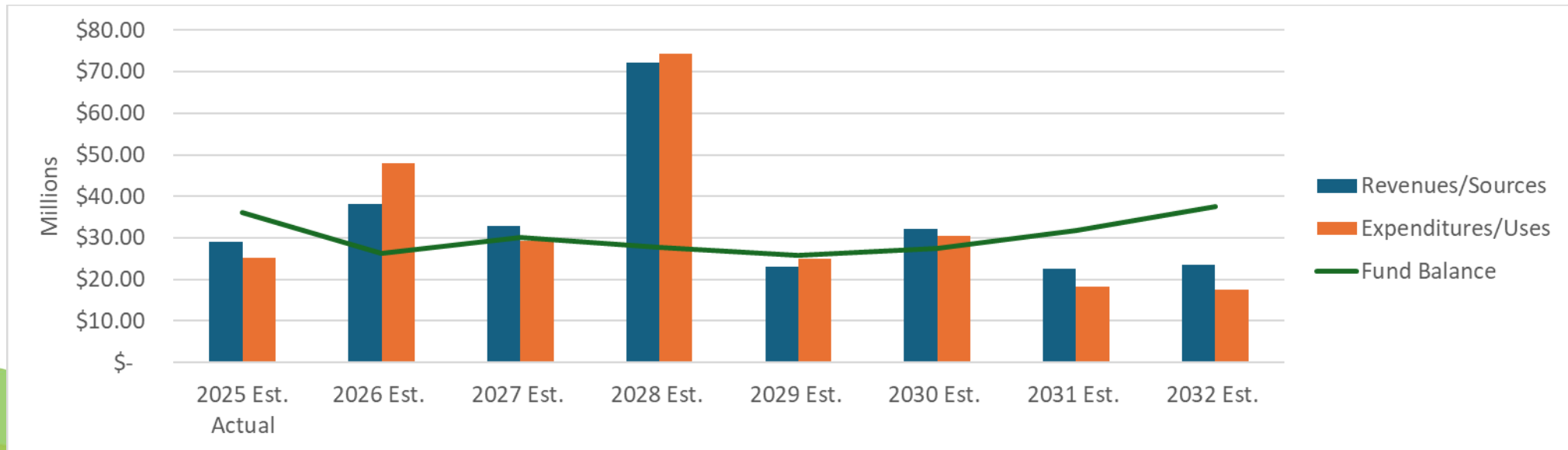


# General Obligation Debt – w/ Planned Projects (Includes KPFD Convention Center Expansion Bond in Blue)



# Capital Reserves Analysis (In Millions)

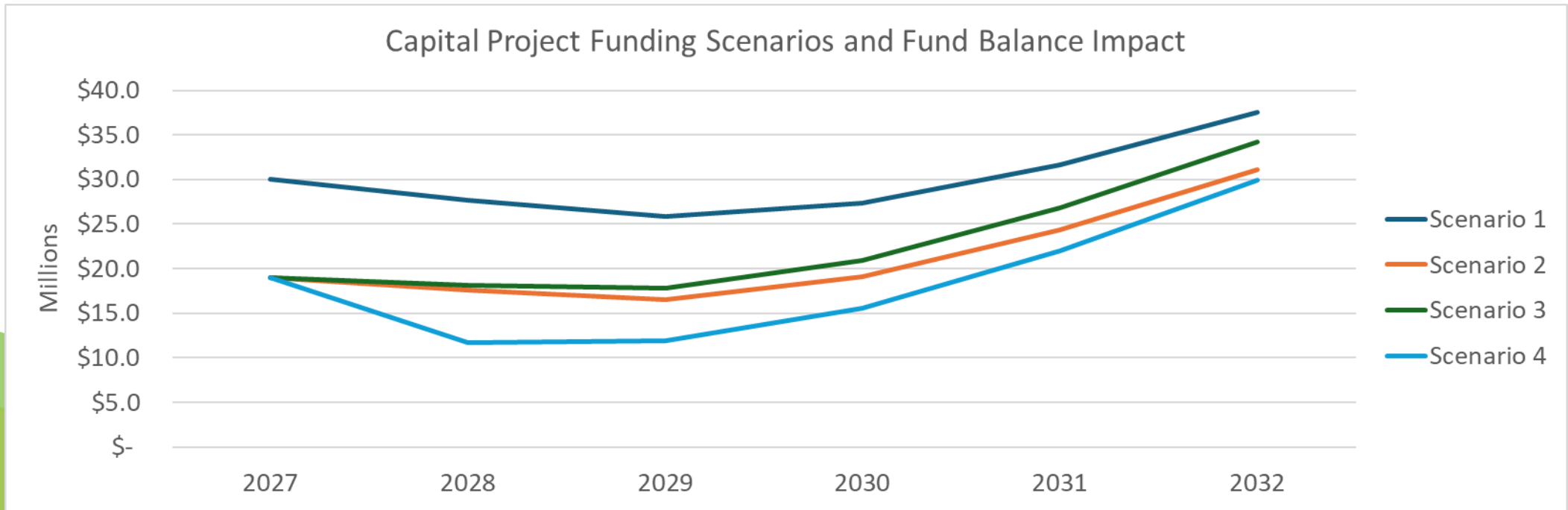
	2025 Est. Actual	2026 Est.	2027 Est.	2028 Est.	2029 Est.	2030 Est.	2031 Est.	2032 Est.
Revenues/Sources	\$ 29.15	\$ 38.12	\$ 32.90	\$ 72.09	\$ 23.01	\$ 32.09	\$ 22.62	\$ 23.43
Expenditures/Uses	\$ 25.15	\$ 47.87	\$ 29.25	\$ 74.39	\$ 24.92	\$ 30.53	\$ 18.29	\$ 17.58
<i>Net Increase / (Decrease)</i>	\$ 4.00	\$ (9.75)	\$ 3.65	\$ (2.30)	\$ (1.91)	\$ 1.56	\$ 4.33	\$ 5.85
Fund Balance	\$ 36.12	\$ 26.37	\$ 30.02	\$ 27.72	\$ 25.80	\$ 27.36	\$ 31.69	\$ 37.54



# Capital Project Funding Scenarios – (In Millions)

## City Hall, Fire Station, Swimming Pool

	Scenario 1		Scenario 2		Scenario 3		Scenario 4	
	City Hall Finance \$35.5M		City Hall Finance \$35.5M		City Hall Finance \$35.5M		City Hall Finance \$35.5M	
	Fire Station Finance \$15M		Fire Station Finance \$15M		Fire Station Finance \$7M		Fire Station CIP Payback \$7M	
	Pool Finance \$12M		Pool CIP Reserves \$12M		Fire Station Medical Services Reserves \$8M		Fire Station Medical Services Reserves \$8M	
<b>Est. CIP Fund Balance Impact</b>					Pool CIP Reserves \$12M		Pool CIP Reserves \$12M	
2027	\$	30.0	\$	18.9	\$	18.9	\$	18.9
2028	\$	27.7	\$	17.6	\$	18.2	\$	11.7
2029	\$	25.8	\$	16.6	\$	17.8	\$	11.9
2030	\$	27.4	\$	19.1	\$	20.9	\$	15.5
2031	\$	31.7	\$	24.3	\$	26.8	\$	22.0
2032	\$	37.5	\$	31.1	\$	34.2	\$	29.9

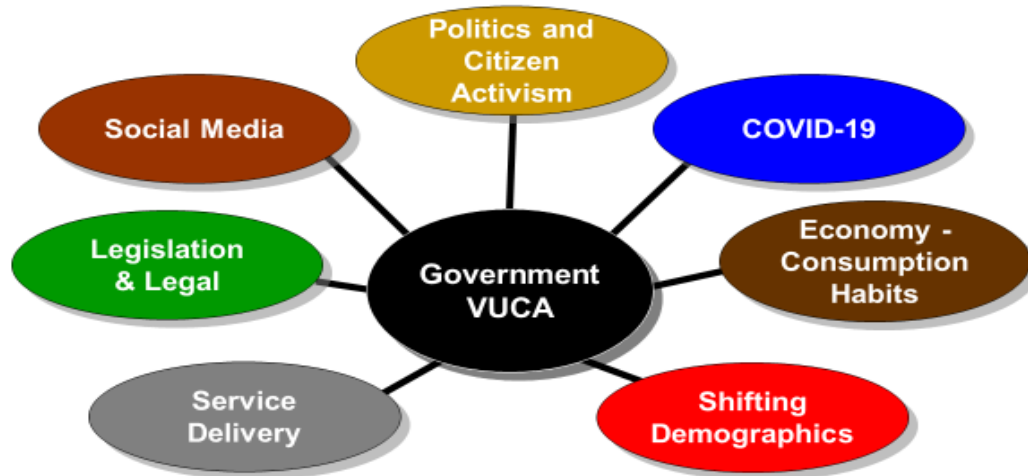


# Questions / Discussion



# HEADWINDS

## EXAMINE THE PRESENT AND THE FUTURE



1. What are the relevant population trends for the next two to five years? Five to 10 years?
2. What types of services will residents require in the future that are not already provided? What might be required to fund and staff these services?
3. What types of infrastructure additions or expansions will be required to handle our anticipated growth? What financial resources are required to fund this work?

