

**CITY OF KENNEWICK
CITY COUNCIL RETREAT
MARCH 7, 2026**

CITY COUNCIL PRESENT:

Jason McShane, Mayor

Arrived at 8:34 a.m.;

Left at 11:15 a.m.; Returned at 2:00 p.m.

Chuck Torelli, Mayor Pro Tem

Brad Beauchamp, Councilmember

Brad Klippert, Councilmember

Jim Millbauer, Councilmember

John Trumbo, Councilmember

CITY STAFF PRESENT:

Erin Erdman, City Manager

Lisa Beaton, Deputy City Manager

Cary Roe, Deputy City Manager

Laurencio Sanguino, City Attorney

Chris Guerrero, Police Chief

Michael Heffner, Fire Chief

John Cowling, Public Works Director

Jessica Platt, Finance Director

Chad Crouch, Executive Services Director

Anthony Muai, Planning Director

Krystal Johnston, City Clerk

Dylan Doremus, Executive Assistant

PROFESSIONAL FACILITATOR

Patrick Ibarra, Co-Founder & Partner, The Mejorando Group

8:30 A.M. WELCOME, INTRODUCTIONS, AND AGENDA OVERVIEW AND OVERARCHING PRINCIPLES AND SUMMARY OF COUNCIL CALLS

Mayor Pro Tem Torelli called the meeting to order at 8:30 a.m. Mr. Ibarra introduced himself and offered a framework for the day's discussion.

8:40 A.M. IDENTIFY AND DISCUSS BENEFITS FROM GOOD GOVERNMENT

Mr. Ibarra prompted a discussion of the benefits of good governance and the ways in which effective governance is achieved. The participants identified their concepts of good governance and the role of government. Notably, strong communication was a recurring theme across all aspects of government (economic development, community safety, quality of life, etc.).

9:00 A.M. 2025 IN REVIEW AND UPDATE ON 2026 WORK PLAN

Ms. Erdman facilitated a review of the achievements from 2025 and outlined goals for 2026 across the Council's five priority areas: Community Safety, Economic Development, Responsible Government, Quality of Life, and Infrastructure & Growth. The group examined how these priorities align with identified projects, noting that several accomplishments and goals intersect multiple priorities.

9:45 A.M. REVIEW THE EXISTING SET OF STRATEGIC PRIORITIES

The participants discussed at length how the priorities align with current practices and potential enhancements.

Community Safety: Safety continues to be a high priority for all panelists; the new fire station and enhanced policing tools such as Axon will improve safety.

Economic Development: Comments emphasized the need for a clear vision for economic development to guide staff effectively. Suggestions included increasing staffing or utilizing consultants for economic development, strengthening ties with TRIDEC and Visit Tri-Cities, identifying incentives for development (such as tax breaks and policies), staging shovel-ready projects for growth, and focusing on the historic downtown's redevelopment with realistic goals and reporting standards.

Responsible Government: Council concurred this is a continued priority and asked that the priority expand to include accountability, transparency, and also a heavier investment in communication with analytical reporting demonstrating the effectiveness of communication through social media and website platforms.

Quality of Life: The panelists discussed objectives under this priority such as expanding large-scale community-wide events, the ways in which quality of life benchmarks are tangible and entice growth, and the anticipated success of the pathway project. The panelists explored the concept of converting underutilized parks and open spaces into higher uses.

Infrastructure and Growth: Council focused discussion on the 2026 PFAS objective complete design and addressing the Southridge industrial area's water and power demands.

10:00 a.m. BREAK

10:15 A.M. REVIEW OF BUDGET FORECAST

Ms. Platt provided a comprehensive report and responded to Council questions. In response to specific inquiries, Ms. Platt will research new construction growth trends over the last ten years and provide an analysis of benefits versus payroll cost percentages. Ms. Platt explained the upcoming 2026/2027 budget adoption process and highlighted key dates and deadlines. The panelists discussed the property tax levy rate and its impact to the overall budget, together with a discussion of revenue fund sources and the restrictions on expenditures based on the revenue source.

Mayor McShane left to attend a prior commitment at 11:15 a.m.

Capital Project Funding Scenarios: Ms. Platt led a conversation regarding debt capacity, the reserve balance, and the City's current bond AA rating (which is considered excellent). She recommended Council adopt a policy for debt capacity threshold to inform future project funding decisions.

In considering future debt capacity, there was consensus amongst the five Councilmembers present (Mayor Pro Tem Torelli, Councilmember Beauchamp, Councilmember Klippert, Councilmember Millbauer, and Councilmember Trumbo) that the three major projects they want to pursue are the pool, City Hall replacement, and Fire Station 6 [**NOTE: these are the projects referred to throughout the minutes as the "three projects"**].

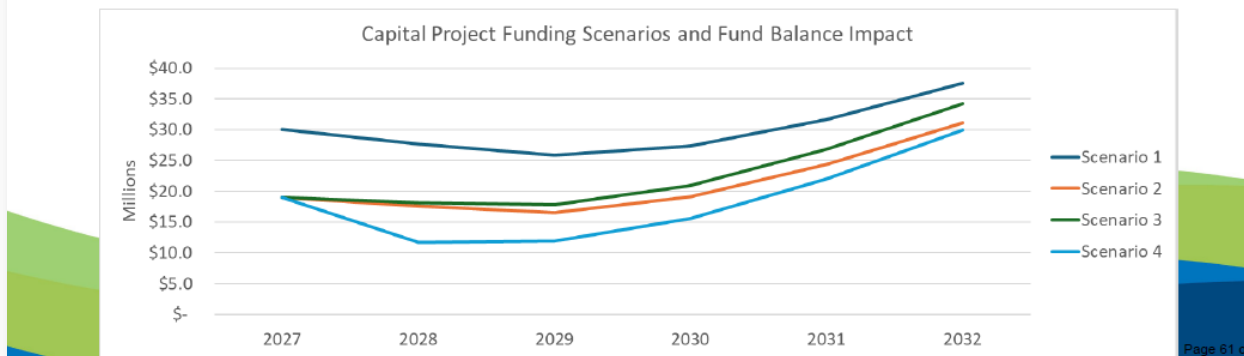
For the City Hall project, Council urged getting shovel ready design underway as soon as possible, with funding for the design at 10% of the estimated construction cost.

Ms. Platt outlined four scenarios for funding the three projects and the participants discussed the pros and cons of each with the majority concurring that Option 3 seemed most favorable.

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 |
| Est. CIP Fund Balance Impact | | Pool CIP Reserves \$12M | 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 |



11:45 a.m. LUNCH

12:30 P.M. HEADWINDS: CHANGE AS A PROCESS, NOT AN EVENT

Mr. Ibarra prompted participants to reflect on the current and future volatility and uncertainty of change. He classified residents into three categories: frustrated, fickle, and fans, and discussed strategies to engage each group while converting more into fans through good governance. Mr. Ibarra highlighted the role of social media in driving social change and emphasized the need for the Council to develop a specific social media strategy rather than relying on a general playbook.

1:00 P.M. STRATEGIC PRIORITY AREAS

Economic Development: The panel continued exploring economic development, questioning its meaning, the types of businesses to attract, what constitutes "viable," and the city's unique identity.

Mayor McShane returned at 2:00 p.m.

Community Safety: Chief Guerrero spoke about safety, crime rates, and policing tools. Panelists explored various public safety needs and specifically addressed homelessness. For homelessness concerns, the panelists explored concepts centering around the reality of the issue. They discussed whether homelessness is the city's responsibility to resolve versus the responsibility of individuals, charities, healthcare, and state government.

Responsible Government: The subject of providing health benefits for Councilmembers was explored. Ms. Erdman will send an analysis of the cost of council health benefits

based on family type and will bring the topic forward at a future workshop for more discussion. Councilmembers remarked on the benefits they've seen as a result of the organizational restructuring Ms. Erdman completed, noting the effects are evident and growing.

Quality of Life: The panelists resumed the earlier discussion of repurposing under-utilized parks and open spaces for higher purposes to include economic development. Important points to consider when exploring these options are whether there are deed restrictions or site-specific concerns.

The discussion then turned to an increase in leveraging sponsorship opportunities such as those the Port of Kennewick, Transit, and the Port of Pasco (airport) do well.

Infrastructure & Growth: Panelists remarked technology infrastructure is equal in importance to streets. In terms of capital improvements, speakers cautioned to remember the ongoing cost of building projects long after the construction is complete and to avoid projects that can't be operated long term.

Panelists discussed the timing to pursue financing for the three major projects and consensus was to proceed with the design stage for all three projects to position options and answers for 2027/2028. The panelists also discussed the capital costs associated with the shoreline reconveyance and that timing of the three major projects needs to allow room for the shoreline reconveyance and also potential contributions to downtown.

Mr. Ibarra cautioned panelists to remember the importance of managing expectations and remarked that cities cannot be all things to all people.

General Fund/Street Fund Gap: Staff asked Councilmembers to consider their preferred reductions to programs and services. Ms. Platt will know the true impact to the general fund after the interfund transfer is accounted for and she will include the analysis in a future report.

Council concurred that losing the main street program would be a mistake and urged time is of the essence to provide support for the downtown area. Panelists discussed whether funds from the Hanford Area Economic Investment Fund and/or TRIDEC may be available for the Historic Downtown Kennewick Partnership.

3:15 P.M.

NEXT STEPS

Mr. Ibarra summarized the day's discussion, progress, and consensus. Council concurred the five priorities established in 2024 remain the priorities for the next two years: Economic Development, Quality of Life, Infrastructure & Growth, Community Safety, and Responsible Government.

There being no further business, Mayor McShane concluded the meeting at 3:17 p.m.

Krystal Johnston

Krystal Johnston, CMC, CPRO
City Clerk