



MINUTES

CITY COUNCIL WORKSHOP

Richland City Hall ~ 505 Swift Boulevard

Tuesday, June 28, 2016

City Council Workshop – 6:00 p.m.

Attendance:

Mayor Thompson, Councilmembers Kent, Lemley, and Luzzo Gilmour were present.

Also present were City Manager Reents, Assistant City Manager Amundson, City Attorney Kintzley, Energy Services Director Hammond, Fire and Emergency Services Director Huntington, Community Development Director Jensen, Administrative Services Director Koch, Development Services Manager Simon, Finance Director Allen and City Clerk Hopkins.

Agenda Items:

1. 1,341-Acre Master Plan (30 minutes)
 - Kerwin Jensen, Community Development Director

Mr. Jensen introduced the Jub Engineers, Inc. staff who gave the following report: The City of Richland and Port of Benton recently acquired a combined total of 1,341 acres from the Department of Energy located north of Horn Rapids Road. The intent of this acreage is to reserve property for large, single-user sites in order to accommodate light industrial, manufacturing, and research related uses. In a joint effort, the City and Port have hired a local consulting firm JUB Engineers, Inc., to create a master plan for this area. The engineers discussed details of the master plan and asked Council for input on ideas that Council may have relative to future development and growth of the subject property.

Council's discussion included the cost, the partnerships involved, appropriate uses for the property, zoning, the marketing potential for the large parcel of land and who will be the decision maker regarding the property.

2. Review of 2017 Budget Process and Comprehensive Annual Financial Report (CAFR) Review (30 minutes)
 - Cathleen Koch, Administrative Services Director

Ms. Koch gave the following report: In accordance with Washington State law (RCW 35.33.075), the final budget passed by Council must be a balanced budget. She

reviewed in detail the 2017 budget process and timeline as well as the revenues and expenses estimates.

Mr. Allen said the City follows the Generally Accepted Accounting Principles (GAAP) and must prepare a Comprehensive Annual Financial Report (CAFR) by the end of May each year for the prior fiscal/calendar year. The 2015 CAFR is currently in draft form because it is not considered complete until the State Auditors have conducted their audit of the City's financial statements and rendered an opinion that will be included with the CAFR. He discussed the components of the CAFR in detail and how the City departments utilize the information.

Council had a general discussion on the 2017 budget and the CAFR.

3. Electric Utility Distributed Generation (30 minutes)
- Bob Hammond, Energy Services Director

Mr. Hammond gave the following report on the Richland Energy Services (RES) administration of the State of Washington Renewable Energy System Cost Recovery (RESCR) Program. Mr. Hammond summarized the information from the fact sheet and spoke on the future challenges of "distributed generation."

RES staff intends to continue denying RESCR program applications until better estimates are developed for state fiscal year 2017. Due to large size of many of the new systems installed the past six months, it is highly probable that RES incentive payments may exceed the RESCR tax credit cap for state fiscal year 2017.

This will also allow time to address prospective policy issues first by the City's Utility Advisory Committee (UAC) (tentatively scheduled for the September), then ultimately by City Council. Although suspending the RESCR program applications, RES staff continues to accept net metering for all solar systems. Several customers continue to move forward with these systems in order to take advantage of net metering advantages. In summary, the program just displaces the amount of power delivered by RES when customer usage exceeds the solar system generation and sells power to RES at existing retail rates when customer usage is less than the solar system generation.

The report is centered on the financial aspects of incentive payments and the proliferation of distributed generation (local power generation like solar systems integrated into the City's electric utility system grid) that is anticipated to eventually cause complications with power quality and offset revenues necessary to recover basic costs to operate the electric utility. RES staff will be closely considering this matter with all

future policy considerations like retail rate analysis and smart grid deployment and will be prepared to bring forward associated policy recommendations for UAC and City Council consideration.

Council's discussion included clarifications on various points of the report.

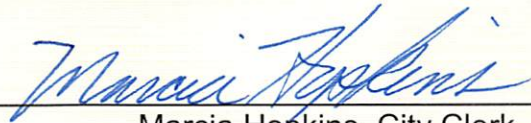
Other Business:

Ms. Reents said Mr. Allen attended the recent Richland Public Facilities District meeting and got the financial information the City has needed to review. She also said she attended the Benton County Commissioner's meeting to express appreciation for the resolution they recently passed regarding rural county capital fund sales tax rebate that Benton County entities can use for economic development.

Adjournment:

Mayor Thompson adjourned the workshop at 7:32 p.m.

Respectfully Submitted,



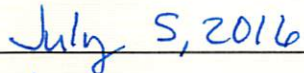
Marcia Hopkins, City Clerk

FORM APPROVED:



Robert J. Thompson, Mayor

DATE APPROVED:



DATE PUBLISHED:

