

2013 Annual Report

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Mayor's Message

It's funny sometimes looking backwards. As I review last year's annual report I thought that 2012 would be a year of transition for the city as we dealt with the Town Toyota Center financial crisis. It was all of that and more.

The Town Toyota Center was the central issue, but balancing a budget in a slow economy also proved to be quite a challenge. Thanks to our regional partners and the voters, we have solved the Town Toyota Center issues and the City of Wenatchee is on the road to financial recovery. But it is a road, and sometimes there will be bumps along the way. My hope is that we will continue to work together to make this Valley a great place to live.

The city's budget document can be found on the city's website, or call (509) 888-6204 to request a copy

Looking forward, 2013 should be a good year. I believe we have seen the bottom of the economic cycle. Construction activity and sales tax appear to be improving and in May we will see the opening of the Pybus Market at the foot of Orondo Street. Wenatchee continues to be a great place to work, live and play and we have a lot to be thankful for.

Thank you all for your continued support of our community!

Frank Kuntz, Mayor



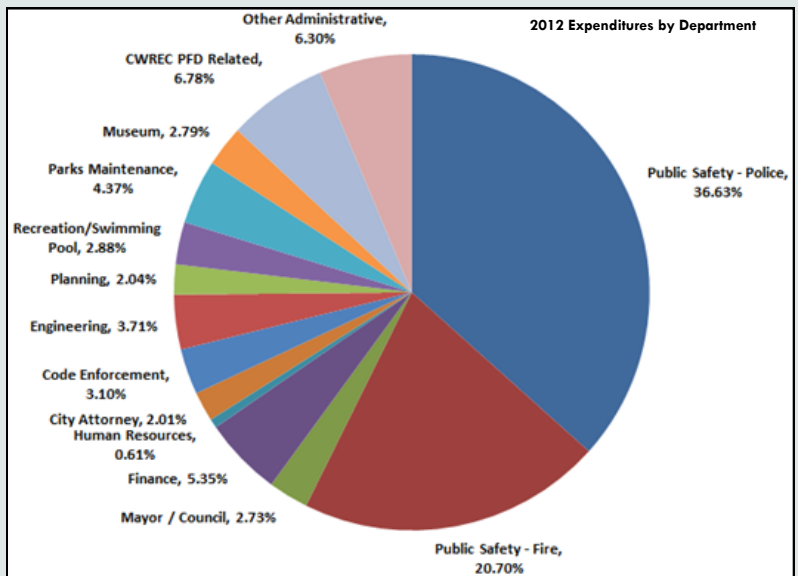
2013 Budget

In 2012, the city adopted a budget where reserves were drawn down by \$812,000. This meant that recurring expenses were exceeding recurring revenues by \$812,000. This was done to accommodate the Town Toyota Center line item at \$2.1 million, and the downturn in the economy. For 2013, it appeared that if the Town Toyota Center issue could be solved, the City's budget issues could be solved. However, after analyzing the City's revenues and reviewing contracted increases for 2013, it became clear that more changes were needed. Despite the City having 15 fewer employees

than in 2007, the cost of providing salaries and benefits had increased by \$1.34 million; this was coupled with a decrease in sales tax revenues of \$1.5 million during the same period. As a result, in May 2012, the Mayor announced a number of cuts, and worked to achieve savings through concessions in the employee cost of health care. This work will continue in 2013 with negotiations with the City's three unions at the forefront. Also in 2013, the City Council will hold a series of neighborhood meetings to get input on city budget priorities.

A comparison of the 2012 and 2013 budgets:

2012:	
General Fund Revenues:	\$21,903,884
General Fund Expenses:	\$22,710,382
Year End Reserve:	\$ 2,202,241
2013:	
General Fund Revenues:	\$20,583,243
General Fund Expenses:	\$20,741,089
Year End Reserve:	\$ 2,044,395



Supporting Infill Development

Infill development means putting empty properties, located within the City, into productive use. Infill helps the city accommodate population growth and sustain governmental services. The City Council recently adopted a policy to incentivize infill development through construction of core sewer infrastructure. The City wants to make sure vacant properties have affordable access to sewer thereby increasing the likelihood of property development. What does this mean for existing sewer customers? Infill increases the number of

sewer customers resulting in **lower long term sewer rates for everyone.** As service providers, we are proud of the fact that the City has some of the lowest sewer rates in the State and we plan to keep it that way. We invite developers and property owners to contact the city planning and engineering offices to learn more.

Consolidated Plan Update

Throughout this past year considerable effort went into updating the City's Consolidated Plan. A huge thank you is owed to community leaders who participated in the Advisory Group, which was critical to identifying local priorities and potential strategies for addressing issues surrounding poverty. Utilizing background information on Wenatchee's population, economy, housing and community needs, and input received from community members, the Consolidated Plan identifies the following priority needs/goals: Improve Housing Affordability, Preserve and Improve Neighborhoods, Reduce Homelessness, Support Public Services, and Develop Economic Opportunities. With shrinking governmental

support programs, the City recognizes that the community must work together to implement strategies that improve the overall social and economic health of the community. The overarching strategy of the Plan is to support coordinated efforts of government, business, nonprofits, and the faith community to serve those in need of support and to work to address root causes of poverty. Not only does the Consolidated Plan include strategies to guide the City's investment of Federal Community Development Block Grant funds, but the data provides a benchmark for us to measure the effectiveness of community efforts as we strive to improve the community as a whole. View the complete Consolidated Plan at www.wenatcheeva.gov/community-development.



Orondo Street Improvement Project

Looking Ahead . . . Construction Projects

2013 promises to be a big year for construction activity in the City! The first order of work will be to pave Worthen Street and finish the Treatment Plant improvements this spring to coincide with the opening of the Pybus Market. You will also see work start up again on South Wenatchee Avenue south of the George Sellar Bridge. By the end of the year, South Wenatchee Avenue will have a center turn lane, sidewalks, and fresh layer of pavement. Similar improvements are planned for Pine Street between McKittrick and Walnut. Engineering staff will begin the process of implementing systematic paving projects throughout town with a focus on high volume city streets starting with repaving of North Wenatchee Avenue between Fifth and Miller Streets. Other vital construction projects necessary to maintain our utility systems include replacement of a sewer pump station near Squilchuck Creek, installation of a sewer pipe in Walnut Street, installation of a new stormwater system in the Marr Street area, rehabilitating the Okanogan Water Pump Station, installing sidewalks near Lincoln School, and reconstructing Western Hills Park to mitigate flooding. All of these projects are just a small part of improving and maintaining the city managed public infrastructure **valued at over \$780 Million.**

New Police and Fire Apparatus

Look for new apparatus on the streets in 2013. In particular, the fire EMS rig will lower wear and tear on the City's engines, providing for longer term use of all apparatus.



New EMS vehicle



New black and white police vehicle.

Mayor and City Councilmembers



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Council Meetings: 2nd and 4th Thursdays of each month @ 5:15 p.m.

Work Sessions: 3rd Thursday of each month @ 5:15 p.m.



Coming to you in 2013:

Neighborhood Meetings

Lodging Tax Advisory Committee ~ Tourism Promotion

By Councilmember Mark Kulaas

The City reconstituted its Lodging Tax Advisory Committee (LTAC) in 2012 with the responsibility to make recommendations to the City Council on the allocation of hotel-motel tax receipts. Hotel-motel tax revenue comes from taxes paid for lodging in the City. These funds are required to be directed toward destination tourism marketing. The committee includes representatives from the lodging industry, representatives from organizations that qualify to receive hotel-motel tax revenue for tourism purposes, and at-large community members.

As the LTAC was beginning its 2012 functions, the Wenatchee Valley Chamber of Commerce and the Wenatchee Valley Visitor Bureau began discussions on a potential merger of operations and consolidation of business retention/recruitment and tourism promotion efforts. The City has awarded the Visitor Bureau the majority of tourism promotion dollars for many years. The discussions between the Chamber and the Visitors Bureau concluded with a strategy that will lead to a merger in 2013.

The City issued a request for proposals for tourism marketing services during the time the merger discussions were proceeding. In all, 16 proposals were received. These applications requested approximately \$9 for every \$1 actually available, a good indication that there are a lot of ideas in our community for various approaches to tourism promotion. LTAC evaluated the proposals and selected four finalists. Ultimately, LTAC recommended to the Council that tourism promotion would be best approached as a concentrated effort as opposed to being diffused to the various applicants and their projects. LTAC, therefore, recommended that the major portion of the hotel-motel tax receipts be granted to the Wenatchee Valley Chamber of Commerce to support the marketing proposal they submitted with the support of the Visitor Bureau.

The City Council approved the allocation to the Chamber and conditioned it on completing a "branding" process proposed by the Wenatchee Downtown Association. The Chamber will be ramping up its tourism promotion strategy during the second quarter of 2013 just as the Visitor Bureau ends its contractual obligations with the City during the first quarter.

The ongoing work of LTAC will be evaluating the effectiveness of the strategies supported by tax dollars. Regular meetings of the committee are open to the public and are held on the first Wednesday of each month, when business dictates, at 3 PM in the City Council Chambers at City Hall.