City of Kelso

State of the City 2014
Segue to the presentation...
A Kelso Carol  *(with apologies to Dickens)*

- Ghosts of Kelso’s Past
- Favorable Present Environment
- The Future: Cautious Optimism and Uncertainty
The Past – “Scrooged”

- “Great Recession” drop in revenues
- Layoffs and staffing reductions
- Street department eliminated
- Service Retrenchment
- Bunker mentality
The Present – Living the “New Normal”

- Rebound in commercial investment
- Controlling costs through innovation
- Planning and community revitalization
- Strategic focus on capital project funding
- Partnering for services
The Future – Thriving in Uncertainty

- Kelso’s Choice: Make it happen or Let it happen

- 20-year Vision – Honest assessment of strengths and weaknesses

- Mitigate threats from financial uncertainty and neighborhood decline

- Invest strategically to improve quality of the built environment
A Look Back…
Making Inroads...

• West Main Street Realignment Project completion

• Seeking funding for final phase - $6 million

• Opportunity for West Kelso redevelopment

• Better Kelso/Longview linkage
West Main Corridor

Before

After
West Main Corridor Improvements
Scenes from a Mall...
Building Partnerships...

• Longview’s Community Development Department now provides building and planning services for Kelso

• Kelso benefits from expertise and convenience of contracting

• Longview gains revenue for excess capacity

• Development community gets consistency in service between the jurisdictions
Welcoming Addition…

• Grand opening of new Visitors Center

• Investments and partnerships with Chamber of Commerce, Longview and Cowlitz County

• Complements new Exit 39 commercial investments
“Health”-y Choices...

- The Council approved contracts with the City’s four labor groups.
- All employees have moved to lower cost health insurance plans.
- High deductible option with health savings incentives have been the most popular choice.
- City employees earned the AWC “Well City” Award for a fourth consecutive year.
Employee Health Benefit Costs

2012 Actual: $1,100 Thousands
2013 Actual: $1,000 Thousands
2014 Budget: $900 Thousands

14% reduction
Budding prospects...and lowering barriers

- New rules adopted allowing “low-barrier” housing and urban rest stops in town center and West Kelso zones.

- The City Council adopted regulations allowing cannabis-related uses in industrial zones.

- Several production and processing enterprises are locating and building facilities in Kelso – no retail shops...yet.
Community in Action

• AmeriCorps Service Project – Lads ‘n Lassies Park cleanup

• South Kelso Neighborhood Association established and running strong

• Youth Baseball Concession Stand Upgrade
Community in Action

Kelso Little League Clubhouse: Before

AmeriCorps Day of Service clean up at Lads n’ Lassies park

Kelso Little League Clubhouse: After
The State of the City
Notes to Financials

• Clean audit opinion in 2013 – 6th consecutive year with no findings

• GFOA Award for Excellence in Financial Reporting - 8th consecutive year

• 3rd straight year with General Fund Surplus

• No growth in general tax revenues
Notes to Financials

- Utilities in strong position through consistent multi-year rate adjustments
- First full year of Transportation Benefit District collections
- S&P Bond Rating (AA-)

Budget Highlights (All funds/Gen. Fund)

- **2014 (revised):** $29.7m
- **2013 (actual):** $29.6m

<table>
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<th>Amount (Thousands)</th>
<th>2014 (revised)</th>
<th>2013 (actual)</th>
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- **All Funds**: Blue bars
- **General Fund**: Red bars
2014 General Fund Reserves

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<th>Beg. Balance</th>
<th>Ending Balance</th>
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- **Thousands**
- **Budget**
- **Actual**
Budget Highlights

• Portion of 2013 savings allocated for one-time purchases
• All city employees moved to lower-cost health benefit programs in 2014
• LEOFF 1 health benefit premium savings of $470/mo./retiree = $68,000/yr.
2014 General Fund Breakdown

- Police: 41%
- General Govt.: 18%
- Engineering: 9%
- Comm. Dev.: 4%
- Finance: 8%
- Fire/EMS: 4%
- Council: 1%
- Municipal Court: 3%
- Jail: 4%
- Administration: 3%
- Police - Records: 5%
- Legal: 1%
Property Tax Levy (including Rate per $1,000 AV)

Statutory Max. Levy of $2.325/$1,000

Thousands

<table>
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<tr>
<th>Year</th>
<th>Levy</th>
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<td>2010</td>
<td>$1.79</td>
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<tr>
<td>2011</td>
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<tr>
<td>2014</td>
<td>$2.05</td>
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City Staffing Levels

Full Time Equivalent Employees
2008 - 2014

- 2008: 88
- 2009: 85
- 2010: 80
- 2011: 75
- 2012: 70
- 2013: 65
- 2014: 60

Data Source: KELSO, Washington, USA
2013 Staffing by Service

- Police: 39%
- Water: 12%
- Streets & Drainage: 6%
- Library & Parks: 9%
- Finance: 10%
- Administration: 3%
- Community Development: 11%
- Sewer: 10%
KPD – Serving Our Community
Kelso PD Calls for Service
Crime Rate Comparisons (2013)

Group A Offenses per 1,000 pop.

- Kelso
- Longview
- Cowlitz Co.
- Chehalis
- Aberdeen
Crime Rate Comparisons (2013)

Aggravated Assault per 1,000 pop.

- Kelso
- Longview
- Cowlitz Co.
- Chehalis
- Aberdeen
Crime Rate Comparisons (2013)

Burglaries per 1,000 pop.

- Kelso
- Longview
- Cowlitz Co.
- Chehalis
- Aberdeen
Domestic Violence Arrests
DUI Arrests

- 2008: 60
- 2009: 50
- 2010: 70
- 2011: 60
- 2012: 40
- 2013: 40
Maintaining the Community
Total Capital Expenditures

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<tr>
<th>Year</th>
<th>Street &amp; Gen. Gvt.</th>
<th>Enterprise Funds</th>
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<tr>
<td>2009</td>
<td>$1</td>
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<td>$2</td>
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<tr>
<td>2013</td>
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Building Permits Issued

*as of 8/31/2014
Building Permit Valuation

*as of 8/31/2014
Permit Fees Collected

*as of 8/31/2014
Nuisance Abatement

Complaints

Abatement

*as of 8/31/2014
Nuisance Abatement

2013 Code Violation Breakdown

- Substandard Housing: 101
- Unkept Vegetation: 59
- Vehicles: 80
- Junk/Debris: 58
- Bldg/Zone Violations: 25
Library Stats

- Patrons – 82,200
- Program Participants – 3,853 (up 90%)
- New Library Cards Issued – 635
- Circulation – 86,642
What’s the Gameplan...?
Capital Priorities

- Minor Road Reservoir Replacement
- Yew Street Reconstruction
- W. Main Street Realignment completion
- South Kelso Railroad Grade Separation
- Water Source Supply
Revitalize Kelso

• Comprehensive Plan update
  – Draft released for review and public comment
  – 35-years since last overhaul

• West Kelso sub-area plan
  – Engage residents and businesses in land use planning
  – Redevelopment of pedestrian-oriented West Main

• Housing opportunities
  – Determine demand for new housing types
  – Invest in regulations and infrastructure that promote mixed uses in Downtown and West Kelso
West Main Streetscape Improvements

- Install new sidewalks, lighting, pavement and parking along 3 ½ blocks of W. Main

- Catalyst for private investment
Could this be West Kelso...?
Kelso Village

- No known movement on Segale property
- “Shovel-ready” commercial opportunity
- Regional job growth and new rooftops needed to spur development
- Kelso works with Longview, County, and Port supporting highway and rail upgrade projects
Looking Forward…

• Utility Remittance and Building/Plan Online

• Neighborhood Nuisance Abatement Project

• Adoption of new Shoreline Regulations

• Annexation of S. Kelso “doughnut hole”

• Potential transfer of Airport property to Port of Longview

• New Fairgrounds investment
Uncertain “State” of affairs

- City/State partnership is tenuous
- Revenues and infrastructure programs stripped
- No relief from unfunded mandates
- Indigent defense ruling from the Courts
- Action on McCleary decision likely to stymie transportation package
- Burden shifted to local government
The Potential of “Choice”

• There is power in partnering

• Today’s reality:
  – Choose the status quo – Survive
  – Choose to reset the table – Thrive
  – Cling to what’s comfortable – Die

• Convert the Vision into Action
Cities are People

• Outstanding leadership and support from the Council

• Regional collaboration and partnerships

• Continued commitment from the community

• Dedicated, professional staff
We Are Kelso!
Best Wishes, Bob!