

Public Policy & Advocacy

Working together to grow a regional stronger economy

Vision: On behalf of more than 600 members of the Wenatchee Valley Chamber of Commerce, the Advocacy Committee advances issues of vital importance to the business community and our Valley. We are a proponent for wise investment and sustainable policies that foster economic growth, enhance our regions competitiveness in all markets, global and local alike, and upholds our Valley's quality of life.

Purpose: The Advocacy Committee (Committee) is appointed by the WVCC Board and is responsible for:

- Annually establishing WVCC's Public Policy and Guiding Principles by:
 - Reviewing issues of importance to the business community and our Valley
 - Identifying and setting priorities,
 - Reviewing and gaining approval from WVCC's Board of Directors
 - Annually reviewing outcomes and incorporating key learnings in updated WVCC Public Policy and Guiding Principles
- The WVCC Public Policy must uphold the organization's mission and vision and reflect WVCC core values. It will serve as WVCC's guide in establishing priorities and in communications with elected officials and influencers in the community.
- Leading education efforts on issues and concerns that have an impact on the WVCC membership and the community
- Serving as the host for the Coffee and Commerce events prior to the Washington Legislative Session and the Legislative Wrap-Up, subsequent the session. Both provide an opportunity for business leaders to communicate with legislators on key business and community issues.
- Providing guidance to WVCC's Community Lobbyists (if continued)

Guiding Principles: The Advocacy Committee will create the "Public Policy and Guiding Principles" document for Board's consideration and approval. This document will be used for advocacy at the state level. It should be presented to the WVCC Board of Directors each year in September. The Board will need to establish a process for receiving recommendations on local issues.

Structure: The WVCC Advocacy Committee will consist of up to 15 members. The Committee will have a leadership team that consists of WVCC Board members serving in the role of Chair, Vice Chair and Past Chair.. The WVCC Board of Directors may delegate decision making authority to the Advocacy Leadership Team and the WVCC Executive Committee to provide guidance to the WVCC Executive Director and contractors on issues that require immediate action.

The WVCC Board of directors will seek nominations for the Advocacy Committee from the membership, and will appoint members of the Committee in May of each year. The WVCC Advocacy Committee will be staffed by the Executive Director, or their appointee. The WVCC Board of Directors will set forth policies/procedure by which the Advocacy Committee will consider issues and make recommendations to the WVCC Board of Directors

Wenatchee Valley Chamber of Commerce 2023 Public Policy and Guiding Principles

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COVID-19

COVID-19 led to unprecedented economic disruption resulting in the loss of businesses and the livelihoods of thousands across the region. Given the persistent presence of COVID-19, we must learn to live with COVID-19 in a way that protects our medically vulnerable and our economic viability. All institutions, whether business, non-profit, government, education or the like will have to adapt in several ways to be successful.

We must remain vigilant and explore what has and has not worked to protect all facets of our community's welfare. Economic stability and growth support social and health needs including improving living standards, overall well-being, increased educational achievement, and decreased rates of suicide and mental health issues. Economic stability is key to maintaining or regaining a healthy and resilient community.

Guiding Principles

The Chamber understands that economic vitality is crucial to the health and well-being of all people in the region, requiring the region learn to live with COVID-19.

The Chamber supports decision making authority evolving to the local level to be supported by relevant data, information, and resources to assist individuals, businesses, and public health agencies.

The Chamber supports full time in-person education options for all families that wish to participate, providing opportunities for employers to operate and children to be trained for the future workforce.

The Chamber supports robust community engagement that facilitates the region's momentum, credibility, and commitment to resiliency.

WVCC Goals:

- Safely and sustainably keep all businesses open by establishing consistent criteria for operations across all sectors (public, private).
- Facilitate robust community engagement with local, state, and federal health authorities to share information leading to decisions in the best interest of Chelan and Douglas County residents.
- Continue to take positions and conduct the operations of the WVCC in a fashion that further establishes the WVCC as a credible resource and trusted advocate at all levels of government.
- Assist local, state, and federal government leaders in making informed decisions on future financial assistance.
- Support active cooperation and coordination among all jurisdictions (cities, counties, school districts) in the region for maximum leverage of Covid related financial assistance.
- Identify and secure tools for assessing regional economic impact and recovery. Use regional data to inform state budget and policy decisions to achieve stability and predictability.

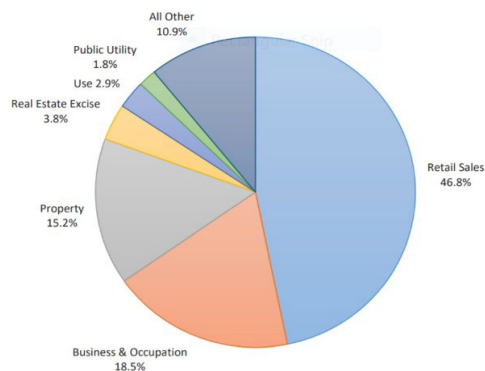
State Fiscal

The Legislature adopted a breathtaking \$64 billion supplemental budget in 2022, increasing spending by 24% from the 2020-2021 biennium. The increase in spending was fueled by one-time federal COVID relief funds, the passage of the federal infrastructure package and the remarkable resurgence in Washington State tax collections.

The budget included \$821 million in reserves; however, more than \$1.6 billion of federal Coronavirus relief funds remain available to the Legislature for the upcoming budget cycle.

Sources of State Revenue

Washington State Revenue Forecast - March 2019
2019-21 Near General Fund-State + Opportunity Pathways Account
REVENUES BY SOURCE
 (Dollars in Millions)



Washington's operating budget is funded through a variety of taxes, with more than 80% coming from the retail sales tax, business and occupation tax and state property tax.

The remarkable turnaround in Washington's economy as businesses re-opened following the depth of the pandemic, combined with the influx of federal relief funds, allowed the Legislature to invest in new programs and one-time relief projects. Heading into 2023, the Legislature will be challenged to develop a budget against more realistic revenue scenarios.

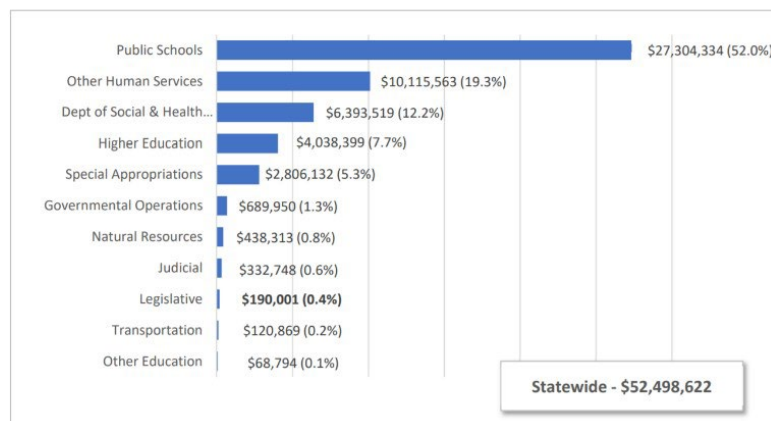
Under Washington's Constitution, the Legislature and Governor must adopt and implement a balanced biennial budget by June 30th of odd number years.

Use of State Revenues

More than 53% of state expenditures are dedicated to K-12 education with about 60% of the state's budget protected from reductions (K-12 education, debt retirement, Medicare, and corrections).

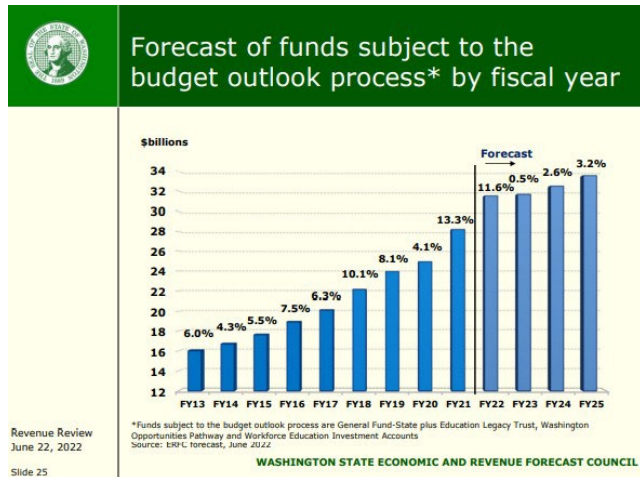
The protected level could be as high as 70% under criteria used by OFM that includes additional health care and social service costs.

2019-21 Operating Budget
STATEWIDE & LEGISLATIVE AGENCIES
Near General Fund - Outlook
 Dollars in Thousands with Percent of Total



Washington's Revenue Collections and Economy Forecast to Continue Growing

On June 22, 2022, Washington's Economic and Revenue Forecast Council (ERFC) unveiled their quarterly economic and revenue forecast. Under law, the ERFC quarterly forecasts provide the data that the Legislature and Governor must use in budgeting and managing Washington's finances.



Revenue Review
June 22, 2022
Slide 25

The ERFC November and February forecasts usually draw more attention because they coincide with the development of state budgets and legislative action. The June forecast, however, is a strong indicator of what to expect into the future. Some key information contained in this recent forecast include:

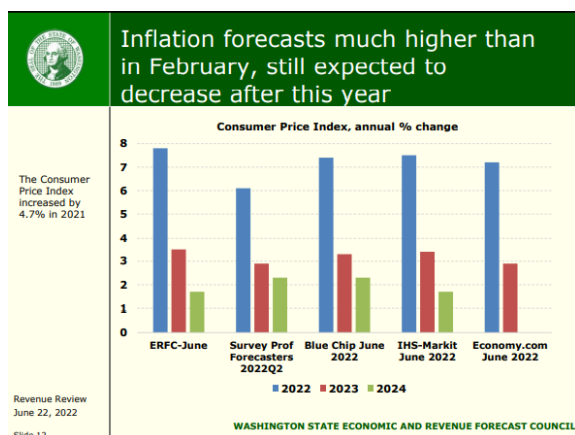
State Tax Revenues:

- State tax collections continue to astound economists and state leaders. Tax collections have exceeded February forecasts, which were the basis for the 2022 supplemental budget, by more than \$590 million. The ERFC now predicts that state tax revenues in the current biennium (2021-2023) will exceed budget levels by \$1.45 billion.
- Revenue to support the state budget is now expected to grow by 11.6% between 2021 to 2022.

- Between 2022-2023, state revenues are expected to continue growing, but by only 0.5%. Modest growth is forecast beyond 2023.

Inflation, rising interest rates, rising fuel prices and the Russia-Ukraine crisis heighten economic risks

The ERFC included inflationary pressure, rising interest rates, and rising fuel prices in their forecast. Their data illustrates that May 2022 price increases were the highest since December 1981. Although their forecast does not predict a recession, it cautions that interest rates, inflationary pressure, rising fuel prices, and the Russia-Ukraine crisis add risk of a recession in the future. Accordingly, the ERFC forecast lowers revenue growth to a modest 0.5% beyond 2023.

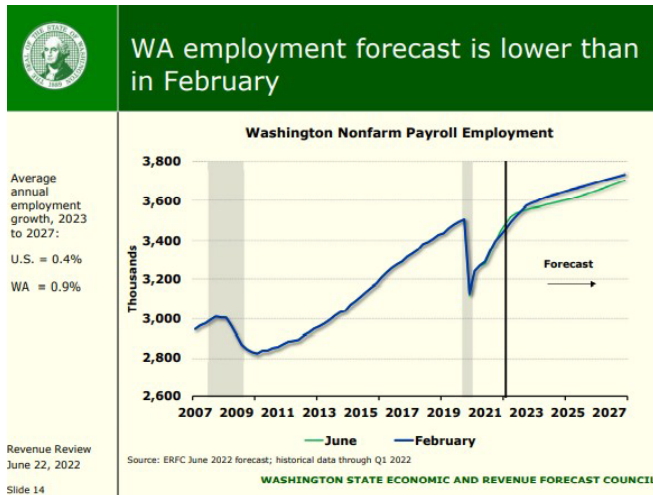


The Consumer Price Index increased by 4.7% in 2021
Revenue Review
June 22, 2022
Slide 12

WENATCHEE

CHAMBER OF COMMERCE

VALLEY



Employment – Washington is expected to continue adding jobs into the future. The June forecast predicts a lower rate of growth than projected in February. It was noted during the presentation that advertisements for job vacancies continue at unprecedented levels.

Guiding Principles:

The Chamber supports prioritizing use of the remaining American Rescue Act funds to assist in economic and business recovery, bolstering public health services, and support to local governments.

The Chamber supports replenishing state reserves and balancing

spending within existing resources and income streams.

The Chamber supports eliminating barriers on employers' ability to hire employees

The Chamber opposes diverting local revenues that invest in economic recovery to backfill other needs.

Education

High-growth jobs will be higher-skill and higher-paying. We need to ensure our children are prepared to compete for and secure the jobs of the future. We need a strong local education system responsive to needs of current and emerging businesses, and a business community positioned to help connect students to career opportunities. We need to work with education partners to cultivate future leaders in our region's top and emerging industries: agriculture, medical, tourism/hospitality, construction/trades, and technology. As the community recovers from the impacts of Covid 19, we need to recognize and partner with businesses to proactively address learning achievement gaps and lingering mental health concerns.

Guiding Principles

The Chamber supports the region's students and families. The Chamber supports full time in-person education options for all families that wish to participate.

The Chamber supports legislation and programs that provide career awareness, exploration, and experiences for students through mechanisms that involve business, schools, and the community in partnerships.

The Chamber supports the availability of locally focused, post-secondary education, training for area residents and customized education services for area businesses.

The Chamber supports programs, processes, activities and promote a strong local education system which, together with business and community, prepares students for a productive role in the world.

The Chamber supports cost effective (or economically feasible) improvements and modernization of our school buildings, technology infrastructure, and grounds.

Tourism

Prior to COVID-19 tourism generated over \$400 million dollars a year in economic impact to our Valley and provided over 5,000 jobs in our county. Since 2013, the Chamber has been charged with elevating our Valley's tourism brand and the overall visitor experience. During this time, the Chamber emphasized the creation of an inclusive approach to tourism industry development by focusing on brand redevelopment, regional partnerships, toolkit development, public relations, local education/outreach, and crisis communication. Success has come from the support of many partners including government agencies, tourism industry leaders, business leader, neighbor communities and private citizens. Until the COVID-19 outbreak in March 2020, the Chamber, with their knowledge, guidance, and investment had been able to increase hotel occupancy year over year, average daily rate year over year, and revenue per room rate year over year; and, more importantly, elevate the perception of the industry's value to our local, regional, and state economy.

Regionally tourism is our 4th largest industry segment and while our economy is not tourism dependent, it is enhanced with the additional revenues collected. Local tourism drivers including Ohme Gardens, Town Toyota Center, the Convention Center and other attractions, events, and facilities experienced financial losses that not only impacted their own businesses but impacted the local economy significantly. Although travelers are returning to the area, the labor shortage is impacting the quality of services. In order to fully recover and sufficiently meet the increasing demand by locals and travelers alike, local governments, tourism businesses, and industry leaders must create successful strategies to address labor shortages, compression on local assets, and create sustainability.

In 2022, the WVCC worked to protect the use of local lodging tax receipts for local tourism promotion. Additionally, the WVCC worked with the Legislature and tourism stakeholders to include a \$12 million investment to establish and implement a state-wide tourism promotion program through [State of Washington Tourism \(stateofwatourism.com\)](https://stateofwatourism.com). The Legislature will be reviewing the outcomes of the program in their budget deliberations in the 2023 session.

Guiding Principles

The Chamber supports the use of local lodging tax revenues to promote tourism in Central Washington, and the ongoing investment in [State of Washington Tourism \(stateofwatourism.com\)](https://stateofwatourism.com).

The Chamber supports uniting tourism leaders and the community around strategies that address the changing climate of regional tourism.

The Chamber supports a wholistic lodging portfolio for travelers that effectively addresses the opportunities and challenges that come from emerging accommodation options (e.g., additional hotels, VRBOs, and Airbnb).

The Chamber supports activities that elevate shoulder season activities, respond to traveler trends, and properly prepare for the evolving use of technology in travel.

The Chamber supports meaningful growth in the tourism industry that compliments the quality of life in our valley and earns our community the reputation of being a respected, sought after, and influential tourism partner.

The Chamber supports a values-based tourism approach that stewards the physical and natural assets of the region for generations to come.

Transportation

The Wenatchee Valley sits at the confluence of the Columbia and Wenatchee River valleys and is the junction of major highway systems including US 2 (running east-west through the State), US 97 (running north-south through the State) and SR 28 (connecting to I-90). The Wenatchee Valley is also host to a BNSF switchyard and crew change depot that connects BNSF's Columbia River Subdivision (Spokane-Wenatchee) with BNSF's Scenic Subdivision (Seattle-Wenatchee); and connects BNSF's lines to Cascade & Columbia River Railroad (Wenatchee to Oroville). These road and rail transportation lanes run directly through the business core of Wenatchee/East Wenatchee; and thus, have significant impact upon people and businesses.

This combination of highway and rail infrastructure creates a transportation choke point for traffic and freight running both North-South and East-West through North Central Washington.

The Wenatchee Valley's unique topography and road/rail/bridge infrastructure is causing mobility congestion which is expected to increase in the future absent new transportation infrastructure projects. New infrastructure projects will be initiated and funded with state and federal funds (augmented with local resources). The Chamber is interested in making sure that the projects chosen are optimal for the long-term economic health of the Valley and are funded equitably and appropriately.

The COVID-19 pandemic illustrated the volatility of Washington's transportation funding system. Gas tax revenues, which are dedicated to state highways and roads, declined dramatically, and are not expected to rebound to pre-pandemic levels as people shift to electric and hybrid vehicles. Recent fuel price increases are also expected to reduce fuel usage. Additionally, toll revenues, used for repaying bonds issued on major projects, declined during the pandemic.

In 2022, the Legislature adopted a sweeping \$16.9 billion, 16-year transportation package funded with revenues from Washington's newly enacted carbon cap and trade program, federal infrastructure funds, transfers of unexpected revenues from the General Fund, and increases in various licensing and permit fees, and increases in aviation fuel taxes. Notably, the funding package included no additional bonding authority or use of sales taxes on the sale of vehicles or trucks.

The transportation package makes major investments in ferries, significant state projects, fish passage barrier replacement, transit, electrification, pedestrian access, and alternative fuels. The package also includes \$85 million for INFRA grant matches, which may include the match for Wenatchee's INFRA grant of \$92 million for the region's Apple Capital Loop series of projects.

In 2023, the Legislature will adopt more specific project lists, timelines, and parameters for the \$16.9 billion transportation package.

Guiding Principles

The Chamber supports transportation infrastructure projects in the Wenatchee Valley that improve movement of people and freight in a safe, efficient, and equitable manner.

The Chamber supports the process used by the Chelan-Douglas Transportation Authority to prioritize regional projects.

The Chamber will not lend its support to any project prior to fully vetting the project. The Chamber's vetting of a project does not obligate it to lend its support.

The Chamber will support transportation funding mechanisms that are broadly applied to all users and not specific user groups.

The Chamber supports transportation funding mechanisms that dedicate (100%) to transportation needs and include language that prevents transportation dollars being diverted to other uses.

The Chamber supports performance and accountability systems for transportation infrastructure plans to measure progress and results.

Regulatory

Wenatchee area employers are increasingly burdened by new and often confusing regulatory requirements governing workforce, environment, health, and safety. Often, Wenatchee area employer concerns are not considered as regulations are developed by state agencies. Additionally, Wenatchee area employers often are not aware of potential changes or additions to regulations. The draconian “one-size-fits-all” approach to regulating employers during the COVID-19 pandemic reinforced the importance of a transparent regulatory system that enables employers to work with regulators in the development of workable and predictable approaches to issues requiring regulatory oversight.

Poorly designed regulations that are not communicated well affect employers across the region negatively by straining the relationship between employers and employees, Local and Regional Impacts:

- Relationship between employers and employees.
- Time “away” from core functions to address confusing or conflicting regulatory demands.
- Increased conflict and litigation and cost of doing business.

Guiding Principles

The Chamber supports activities that strengthen the information “pipeline” to Olympia from rural areas.

The Chamber supports building and maintaining strong relationships with regulatory agencies (local, state, and federal); Listen first, consider options, then advocate.

The Chamber supports standardized regulations that are clear, concise, and consistent that allow all businesses to operate.

Housing

The need for workforce housing in our region in support of the expanding economy is growing. Regional employers are unable to fill job positions due to the lack of available housing in the community. Additionally, median home prices are outpacing wages making rent and homeownership out of reach for many residents. Our region must increase its housing supply and offerings to keep pace with workforce needs. Moreover, our region is experiencing an influx of relocating individuals from Western Washington, increasing competition and pricing for housing exacerbating the challenges faced by people working in our region to find affordable options near their workplaces.

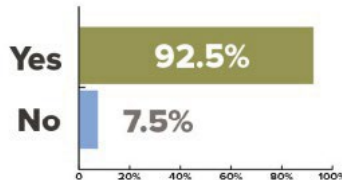
The Housing availability has been a top priority identified in the Our Valley Our Future efforts. In 2019, the OVOF Housing Solutions Survey illustrated the risk to employers and the housing struggles facing their employees:

- Employee Base Relocation Risk: The survey found 45% of the respondents (1,700) saying they had considered relocating within the past year due to the high cost of housing combined with severely limited supply.
- Affordability of Housing: 46% indicated they are spending more than 30% of household income on housing (30% is deemed “affordable”) and 23% are spending more than 40% of household income on housing.
- Rental Affordability: Among renters, 46% reported paying more than they could afford.

OVOF recently updated their regional survey, which reveals that Housing availability and affordability remain a top priority for the region. Consider:

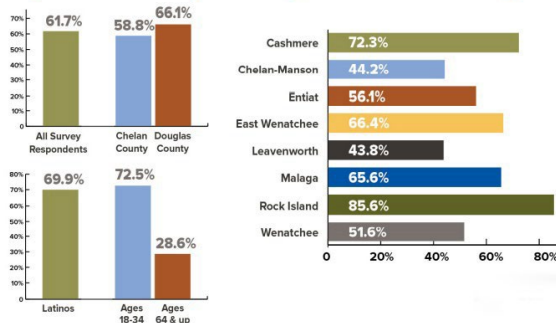
Median home sale prices have increased by 66.3 percent in Chelan and Douglas counties since 2017.

Do you view this as a problem?



The updated OVOF survey reinforces the 2019 data that shows many residents have, or are, considering relocation to areas with lower housing costs.

Survey respondents who have considered relocating to another city (inside or outside our region) at any time over the past two years due to housing:



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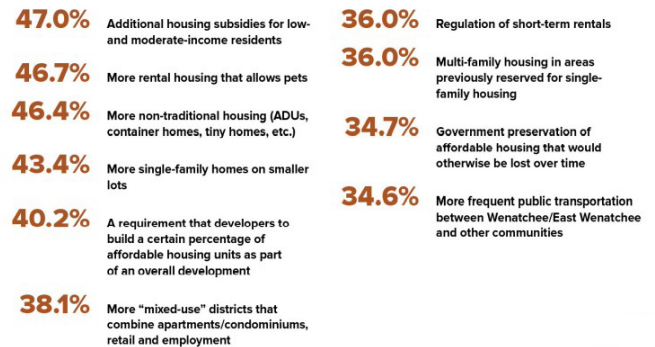
Finally, the OVOF survey reveals that residents are willing to invest taxpayer dollars in infrastructure to support new affordable housing, and even invest in new affordable housing. The data also shows that taxpayers are willing to invest in a variety of options that assist in bringing new housing into the region's communities.

In 2022, the WVCC collaborated with stakeholders in Chelan and Douglas Counties to pass legislation to authorize Counties to invest "0.09" economic development funds to support affordable housing in their communities.

As a taxpayer, would you be willing to financially support new affordable housing and new infrastructure?



Which of the following options do you support for your community?



Challenges with housing affordability and supply is impacting communities across Washington State. Accordingly, the Legislature has dedicated a policy committee to the issue in the past two biennium. The WVCC expects that housing supply and affordability will remain a top priority for legislators for the 2023 session.

Guiding Principles

The Chamber supports the development of middle-market housing as it provides the most significant housing opportunity for the area's population.

The Chamber supports innovative housing types that promote density of development in areas where zoning will support this activity.

The Chamber supports development of uniform regulations across the region for land-use planning and development for the purpose of facilitating cohesive development.

The Chamber supports a moratorium on any additional building regulations that would increase the cost of housing.

Outdoor Recreation

Outdoor activities contribute over \$480 million dollars annually to our regional economy. Over eighty percent of Chelan County is publicly owned. The various government agencies with oversight of these lands have different responsibilities, engagement levels and incentives to improve access and management of these natural resources. Federal and state decision making processes, combined with fiscal challenges, are major impediments to action on U.S. Forest Service (USFS) lands. While streamlining of the National Environmental Policy Act (NEPA) is underway for restoration projects, actual change requires strong vocal support within the region.

Outdoor recreation in the Wenatchee Valley continues to attract increasing numbers of full-time residents and tourists, especially given COVID-19 has driven people outdoors. Popular activities include hiking, skiing, bicycling, hunting, fishing, and off-highway vehicle use. These pursuits contribute millions to the health of the regional economy. A 2017 study of the outdoor economy in Chelan-Douglas Counties recognized the need for additional investment in the following to achieve Wenatchee Valley's economic potential: Coordination (e.g. planning and prioritizing recreation projects), infrastructure (e.g. trails and docks), information sources (e.g. signage and mapping), and amenities (lodging, facilities, pedestrian-friendly areas, goods, and services that complete the recreation 'experience').

Guiding Principles

The Chamber supports partnering with the USFS on community development efforts that will increase access to recreation activities for both motorized and non-motorized user groups.

The Chamber supports development of infrastructure that will allow locals and area tourists to access public lands and prevents over-tourism that is detrimental to our natural assets.

The Chamber supports public and private initiatives designed to increase the attractiveness of the Wenatchee Valley outdoor experience and strengthen local business and employment that serves the outdoor recreation industry.

The Chamber supports collaboration among private and public landowners, land managers, and recreational user groups to create a coordinated master plan for recreation that improves access and sustainability of recreational lands.

The Chamber supports the development of coordinated educational program for safe recreation in our region.

The Chamber supports the development of outdoor recreational events that highlight the regions natural assets and provide value to the greater community.

Forest Health

Wildfires are increasingly impacting citizens, outdoor activities, and human health in Central Washington. Unfortunately, the failure to manage fuel loading on publicly owned lands has created heightened risk across the region. Over eighty percent of Chelan County is publicly owned, and forests on these lands are unhealthy and susceptible to wildfire. The various government agencies with oversight of these lands have different responsibilities, engagement levels and incentives to find solutions. The level of current activity by these agencies is insufficient to reverse this trend of wildfire devastation. Federal decision-making processes, combined with fiscal challenges, are major impediments to action on U.S. Forest Service (USFS) lands. While streamlining of the National Environmental Policy Act (NEPA) is underway for restoration projects, actual change requires strong vocal regional support.

In 2021, the Legislature enacted sweeping legislation prioritizing and authorizing the Department of Natural Resources to increase state efforts to control and suppress wildfires, accelerate forest health treatments on lands managed by the Dept. of Natural Resources, and provide resources for forest health treatments on small forest landowner properties. The legislation also specifies actions to encourage and boost cooperative efforts to treat high risk lands owned by the U.S. Forest Service. The Legislature backed up the policy with more than \$130 million of new funding.

Guiding Principles

The Chamber supports exploring changes to Air Quality regulations at the state level to allow for more prescribed burns for the purpose of improving forest health and decrease the fuel for mega wildfires.

The Chamber supports partnering with the USFS on community development efforts that will increase the health of our area forests, provide job opportunities, and support stewardship of public lands while allowing for both motorized and non-motorized recreation opportunities.

The Chamber supports development of infrastructure that will allow the forest industry to re-establish in North Central Washington.

The Chamber supports joint planning and coordination among public and private landowners and managers in Chelan and Douglas Counties.

Workforce Development

A thriving business community requires a robust and well-equipped workforce. Prior to COVID-19 there were employment opportunities going unfilled in the Wenatchee Valley because job seekers lack the skills and qualifications necessary for employment. Currently, the Valley is facing unprecedented unemployment numbers and some jobs will not come back. We need a way to retool our community to take jobs in industry sectors that are evolving. Large and small employers struggle to find qualified workers that possess the needed work ethic and soft skills. The need to provide learning opportunities which instills this work ethic and soft skills is growing and is essential for students, young adults, and adult workers. The soft skills needed include communication and interpersonal skills, emotional intelligence, leadership, teamwork, conflict resolution, time and stress management, business etiquette, customer service, and negotiation skills. The development of these skills is critical to having a strong, vibrant workforce.

Guiding Principles

The Chamber supports legislation and programs that provide career awareness, exploration, and experiences for students through partnerships with business, schools, and community. As such, the Chamber will take an active role in championing discussion regarding resources and legislation supportive of workforce development.

The Chamber supports programs, processes, activities, and facilities that promote a strong local workforce, which together with business and community, prepares young adults and adult workers for a productive role in the world.

The Chamber supports career training for a constantly evolving workforce, with needs driven by the business community. Responsiveness includes focused support for community involvement and resources for technical training.

The Chamber supports creative solutions to upskilling workers, to include mentorship, professional development, apprenticeships, and internships.