

## State of the City 2012

Good evening everyone and thanks for the opportunity to come before you and talk about some of the notable topics of the year 2011.

You will recall that my predecessor, Don Jones spoke of cautious optimism in his address last year. There is still cause for optimism and there is still a need for caution in our approach to the city's financial health.

As you will recall, sales tax revenue has declined since 2008. In 2010 sales tax revenue was \$300k lower than 2009. In 2011, however, I'm happy to report that revenues have rebounded nicely. Sales tax revenue exceeded budget predictions by \$245K in 2011.

Even though the City of Craig had good indications of a rebound in tax revenues, city staff and council were still very cautious and conservative in formulating a budget for 2012. This cautious approach is reflected in only a 4% overall increase in the budget for 2012.

As you may know, sales tax is the basic funding source for city government. This is true throughout our state and our nation. But we are seeing an overall decline in this traditional revenue stream nationwide. A demographic shift in the form of an aging population is resulting in dollars being spent that do not generate sales tax revenue. In other words, we are becoming a society that buys more in services and less in goods.

Council recognizes the importance of working within their means. During our annual budget process we establish our budget to pay for operating and maintenance expenses for all departments and functions delivering city services; capital expenditures for major additions, improvements, or renovations to city facilities and infrastructure; and debt service for payments to retire outstanding bonds and loans. This translates into a total budget of just under \$18M for 2012.

It should be noted that in addition to an increase in sales tax revenue, we enjoyed an unexpected increase in severance tax direct distribution dollars and an unexpected increase in federal mineral lease revenues.

Unfortunately, we didn't see any severance tax dollars in the form of impact assistance grants during the past year because of the General Assembly's efforts to balance the state budget, and I want to take a little time to expand on this point.

We recently heard that the governor wishes to restore \$10M to the Energy Impact Assistance Grant Fund, and there may be an additional \$7M available by the time the impact grant cycles resume. I have asked a few of our state officials how much money in grant applications were in the pipeline when the legislature stopped the grant fund and used the money to help balance the state's budget. None of the officials with whom I spoke could give a solid number for the dollar value in grant applications, but estimates were in the range of \$250M to \$300M.

Of course all of those grant applications will have to be resubmitted when the grant cycle resumes, and I'm sure that the number of grant requests will be larger than when the funding stopped. The bottom line is that a potential \$17M grant fund is profoundly insufficient to address impact needs across the state, especially in the face of a significant upturn in energy development.

One last remark on this matter: much is made of the concept of economic development in our state. The "Ground Up" economic development idea is the most recent iteration. The comment that I've offered to some of our state legislators is that it is a contradiction to espouse the idea of economic development on the one hand while removing the dollars that have a proven track record of successfully facilitating economic development on the other hand. To me, this contradiction is irreconcilable. If it can be reconciled, I need someone to show me how that can be done.

I'd like to take a little time to summarize some of the notable changes in 2011 and the local impacts from these changes.

Of course, we recall that Jean White was appointed to represent our district 8 in the State Senate. The former Club 20 executive director, Reeves Brown, was appointed to head the state Department of Local Affairs, and we happily saw the return of one of our region's and our state's most respected leaders, Russ George as president of Colorado Northwest Community College. We saw a number of new faces at the local level too, new hospital board members, new school board members, new members on the college board of control and a new city council member, Joe Bird. Our good friend Darcy Trask moved from the Craig/Moffat Economic Development Partnership and took a job with the state office of economic development. We now have a new executive director of our local EDP, Betsy Nauman-Cook. Welcome Betsy and we wish you every success in your new position, and thank you, Darcy, for your leadership and your very productive service to our community.

Darcy, in her former role as the local EDP director, was a regular at city council meetings and she kept council apprised of local economic development efforts. She was also a strong advocate for our local industries and spearheaded efforts to help soften the impact of onerous legislation that will ultimately have a negative impact on one of our local coal mines and may have a negative impact on the local coal industry over the long term. One of the local economic development partnership's most important accomplishments was a successful grant application in the amount of \$110K for a business incubator. The implementation of that grant is underway.

The municipal election in April of last year was the first all mail-in ballot since the early nineties. The result of the mail-in ballot was a significant jump in voter participation. Our April municipal election turnout has ranged from a low of 370 votes cast in 2001, to a high of 671 in 2007. In 2009 the number was 649 votes cast, but with the new mail-in ballot, participation jumped to 1638 votes for the 2011 election. Mail-in ballots will be the norm for future municipal elections.

Energy exploration was big news in 2011 and it even reached inside of our own city limits. Geokinetics, a seismic exploration company, conducted operations around town last summer. They worked closely with city council and staff to ensure that there would be minimal disruption and that no city infrastructure would be harmed.

Some new commercial development was recently announced. There will be some new construction at one of the lots adjacent to Walmart that will house a local retailer and there will be a new sporting goods store as part of that development. Another long-time Craig business has plans to construct a new facility as well. It is encouraging to see the return of some commercial development and it would be nice to see the return of some residential development too. However, it looks like it will be some time before we see anything new on the residential side of things.

Ron Dellacroce, the Elkhead and Yampa River State Park manager came before council on a couple of occasions to give reports on activities at Elkhead Reservoir. He reported another successful year with a high number of visitors to the reservoir and another successful season with the aquatic nuisance species inspections on the boats that visitors bring to the reservoir. One of the things that Ron and his staff are working on is trail improvements on the east side of the lake. Thus far, only a few miles have been completed. The enlargement of the reservoir resulted in the inundation of some parts of the trail, so there is a need to redesign and rebuild a large portion of the lake's trail system.

As a side note I'd like to say that I visited Elkhead during the peak of last year's runoff when there was flooding along the Yampa in places. I watched the water flow over the spillway and over the weir used for control of the flow. It is one of the most impressive sights that I've ever seen. The city was also releasing water from the bottom of the dam at an average rate of 560 CFS, 24 hours a day for 65 days. Somewhere around 23.5B gallons of water were released from the bottom of the dam. This too was an amazing sight, just an incredible display! There are a couple of photos that I took of the water releases on the PowerPoint show that you've been watching during the course of tonight's activities.

Whittle the Wood was again the signature event of the summer in 2011 for Craig, Colorado. A large number of spectators watched skillful artists transform logs into beautiful sculptures that add a wonderful accent to our community. I can tell you from personal experience that the Chamber of Commerce receives compliments from visitors regularly about the sculptures on display around town. Although it was necessary to add some controls to the way alcohol was consumed at last year's event, there was very little, if any, objection to the changes. This year's event will be held at the Loudy Simpson recreation area. We have seen an increase in the popularity of the event and have unfortunately, had to turn vendors away. The Loudy-Simpson area has seen many successful community events over the years and I have every confidence that this year's Whittle the Wood will be very successful as well. It is a great event and one in which we can take great pride.

A young man named Jeremy Looper came before council a couple of times last year and presented the idea that domestic chickens should be allowed in the city limits. Jeremy wanted to initiate a petition drive for a ballot question on the matter, but ultimately was not able to get the petitions done before the legal deadline. He recently presented a proposal to the city planning and zoning commission and council will be hearing the P&Z recommendation at a meeting in the near future. No matter the outcome of council's decision on the matter, we should all be impressed with Jeremy's motivation and his desire to learn about our political process.

The City of Craig had a couple of notable property acquisitions in 2011. Breeze Park was donated to the city by the Moffat County School District and the city purchased from the State Land Board the property on which a portion of the land utilized by the wastewater treatment plant is located.

Also, the city is currently in negotiations with the Veterans of Foreign Wars to continue the lease agreement on the park property that lies between the VFW post and the swimming pool complex. The park, which will be known in the future as Veteran's Memorial Park has been a public facility for over 60 years. It is the City of Craig's strong desire that it remain a park in perpetuity.

The most exciting event of last year was the opening of the new CNCC Craig campus! This was truly the most significant event last year and was the culmination of much hard work on the part of so many committed people that it is not possible to enumerate them all at this time. But our community owes a tremendous amount of gratitude to the visionary folks who made the new campus happen.

From time to time we hear the phrase "game changer". I believe the CNCC Craig campus will be a social and economic "game changer" for our community in the years to come.

One last interesting event before I end my remarks: We saw our first confirmed UFO landing out in the county! It turned out to be a piece of a Russian satellite, but it was unidentified for a while. I think the Russians were actually aiming for our recycling center. It is a very popular facility and draws users from all over the county and southern Wyoming. Thanks for your time!