

Good evening everyone, and thank you for the privilege of coming before you to offer a brief summary of what happened in our city in the year of 2012.

As I was reviewing material for my remarks tonight, it struck me that 2012 was a very eventful year for our community. I suppose every year is an eventful one to some extent, but last year seemed to have more notable events than years past. We witnessed historic events, tragic events, transitional events, events that challenged us and events that gave us cause to celebrate.

I mentioned in my remarks last year that the city's sales tax revenues had rebounded from their decline at the end of the last decade. We're still making progress, but it's not the vigorous progress that we'd all like to see. The city came out ahead in sales tax revenues for 2012 over 2011 by \$226K. However, when we examine the figures for 2012, we can see that there were some months that didn't measure up, and December even though we beat budget projections, was still less than December of 2011. It appears that people were still cautious about spending, even during the holiday season.

Again for 2012, we saw severance tax direct distribution come in above budget, and happily federal mineral lease dollars were higher than expected as well. The combined total between direct distribution and federal mineral lease monies was just over \$1.45M for the City of Craig.

The city's building department reports that the total valuation of construction in 2012 was a little over \$4.4M. This compares very favorably to the previous year, which came in at \$1.8M. These valuations are broken into the categories of residential, commercial and public buildings.

There were a total of 302 permits issued last year, compared with 277 in 2011. Most of the building permits went to residential projects, but there were 61 permits issued in the commercial category, and five in the public building category. All but two of the remaining permits issued in 2012 went for plumbing and mechanical. Total revenues for the building department came in about \$33K above 2011.

It should be noted that although there were 137 residential building permits last year, only 2 permits were for stick-built homes.

Also noteworthy were the completion of the Tebo Center, which is now fully occupied, and the new MJK building is open for business as well.

What does the year 2013 hold for the construction industry in Craig, Colorado? Right now, the only thing pending is the construction of a new Kum & Go on the east end of town. Our community college has plans for a residence hall, but those plans have been pushed back due

to a state-wide funding shortage for higher education. Hopefully we will see a sufficient level of funding restored to accomplish the residence hall project in the not-too-distant future.

Our city will spend about \$300K on pavement this year and we will continue replacing curb and gutter throughout the city, along with some new curb and gutter construction. We are also progressing with the Safe Routes to School grant for sidewalks in the vicinity of the middle school and Sandrock Elementary. The city is in the engineering stage, but the most complicated part of the project will be right-of-way acquisition. Hopefully that won't be too difficult, and I also hope that we can use the successful completion of the safe routes project as an impetus to expand sidewalk construction citywide.

As you know, the city and county have formed a partnership to address the need for new sidewalks, street pavement, and new sewer and water lines in the Shadow Mountain subdivision. The city and county have also jointly applied for an energy impact assistance grant in the amount of \$1M to help fund the Shadow Mountain project. The state has received over \$50M in grant requests. Unfortunately there is only \$20M to award in the grant fund this cycle according to the Colorado Department of Local Affairs. Even though the grant fund is at a very low level dollar-wise, I am optimistic that our joint application will be viewed favorably by the energy impact assistance grant committee. I am happy to report that the Department of Local Affairs is forecasting an increase to \$75M in the grant fund next year, so let's keep our fingers crossed that a positive trend will continue in the fund's health.

I mentioned the energy impact grant fund in my remarks last year, and the huge amount of need there is around the state to address the impacts of energy development. Already in this year's state legislative session, there has been one bill that would divert dollars away from the grant fund and I am happy to report that this bill has been defeated.

I acknowledge that there are other needs in our state for which there is insufficient funding, but severance tax was created a long time ago for a specific need. I oppose efforts to legislate severance tax dollars away from the purpose for which they were originally intended.

The most challenging part of the Shadow Mountain project will be the replacement of the service lines to each property. Those are all of an old, substandard design and will not hold up to normal city water pressure. At this time, the whole subdivision is on reduced pressure because none of the water lines can handle normal pressure. Among other things, this has bad implications for fire protection.

As most of us know, Shadow Mountain was built by Colorado Ute, now TriState, as temporary employee housing for the power plant project. Somehow, over time, it became a permanent neighborhood that is in great need of infrastructure improvement. It is a very important project and we need to see it through in the most efficient way possible.

Significantly, our budget for 2013 has increased about 16% over the 2012. This is largely due to the expense we will incur in our partnership with the county, improving the water and sewer infrastructure in the Shadow Mountain subdivision.

At the beginning of my remarks I mentioned that 2012 was very eventful. I've picked out a few events to summarize briefly.

Craig, Colorado made the national stage when Governor Mitt Romney paid us a visit last May during his campaign to become president. It was a surprise visit with only a few days notice to prepare, but the community came together to give a great welcome to the governor and offer him the hospitality that typifies the Yampa Valley. It was the first time in our city's history that a candidate nominated by one of the two major political parties visited the City of Craig. The Craig Daily Press reported that 2000 people attended his speech at Alice Pleasant Park downtown.

Along with Mr. Romney's cordial and professional staff, the U.S. Secret Service helped prepare for the visit, and a large number of news people from around the state and nation were in attendance. Security precautions were tight, but that did not diminish the community's response to this most historic event. Mr. Romney's staff and the Secret Service were both very complimentary to our community and the city and county staff people who helped out with the visit.

Whittle The Wood made its transition to the Loudy-Simpson Recreation Area last June. Craig's signature summer event has outgrown the confines of Veteran's Memorial Park, but the change in venue in no way diminished the event's popularity. The Triple Crown baseball tournament was held at Loudy-Simpson the same weekend and helped to bring an even greater number of visitors to the park. I think we can expect another great celebration of wood carver's art and music again this coming June.

I had the great privilege of helping to rededicate our veteran's telehealth clinic in honor of the late Major William Adams, Medal of Honor winner, who lost his life in combat during the Vietnam War. The renaming and rededication of the clinic was due to the hard done work by veterans who are members of our local VFW and American Legion posts. There were a number of state and local officials in attendance along with representatives from the Veterans Administration. Again, the community response was something to be proud of, and I personally was honored to have a chance to visit with Major Adams' family during the dedication. That visit was one of the most uplifting things that I have ever experienced.

In the time since the clinic was rededicated, I have been informally drafted by the VA folks to help with their outreach efforts. So it is my duty to ask if you veterans in the audience have

applied for VA healthcare benefits. (ASK FOR A SHOW OF HANDS, VIETNAM VETS? AGENT ORANGE PHYSICALS? ENCOURAGE APPLICATION.)

The Norman Rockwell exhibit opened in May at the Museum of Northwest Colorado. A number of businesses around town had local artist, Nini Shroyer, paint some of Rockwell's scenes on their shop windows. The display of his work brought back fond memories. Years ago, my family subscribed to the Saturday Evening Post. It was always one of my favorite periodicals. Although the Rockwell exhibit was scheduled to end at the end of September, it was held over for some time by popular demand.

The third annual Colorado State Barbecue Championship took place in early August and this year's event partnered up with the Moffat County Balloon Festival at the Loudy-Simpson Recreation Area. The barbecue championship and the balloon festival continue to gain popularity with over 3000 attendees in 2012.

The barbecue competitors rate Loudy-Simpson as the best venue they visit for the championship contest.

The Marianna Raftopoulos Business Incubator and One Stop Business Center opened in mid-September at the CNCC Bell Tower Building. Since its opening, the business center has seen a steady stream of clients seeking advice on how to start a business or make an existing business more productive.

We experienced a historic drought in 2012, from which we have yet to emerge. It was an active fire season too, with the county and city both enacting fire bans. Statewide over 300K acres burned with a loss of over 600 homes. Our annual 4<sup>th</sup> of July fireworks display was an unfortunate victim of the extreme fire danger in this part of the state, but our Veteran's Day celebration had a fireworks display as an unexpected bonus later in the fall.

Last year's Winter Festival at the Wyman Living History Museum was also affected by the severe dry weather. The program was greatly impaired by the lack of snow, but I'm happy to say that this year's event was back to full strength. I haven't seen attendance numbers yet, but it looks like the community's response was just terrific.

We also noted with some regret the passing of Clyde the elk last year, but the Wyman museum has a new young bull elk named JR. I encourage everyone to go out and get acquainted.

Fortunately, during these dry conditions, the city has not experienced water shortages. We heard some citizen concerns about our ability to provide sufficient water, but as a matter of fact, we have plenty. We have very senior rights on the river and we own several thousand acre feet of water in Elkhead Reservoir. Let's say for the sake of discussion that if the river ran

dry, which has never happened, the city could supply water to its citizens for several years. This past summer, we were able to pump everything we needed from the river with no difficulty. It is good to see that we are having a winter that is much closer to normal in terms of snowpack.

Finally, I want to outline an upcoming event that will be of great importance to our community. Our downtown business area is in need of revitalization. To that end, the Downtown Business Association in conjunction with the City of Craig has applied to Downtown Colorado Inc. and the Department of Local Affairs for a technical assistance visit. Our application was successful, so we will see a team of three to five professionals who will spend two days in March evaluating the community and facilitating focus groups to gather information about the strengths and opportunities of our downtown business area. The purpose of the visit is to provide advice for revitalization and economic development in our local commercial business area as well as creating the foundation from which a work plan can be developed.

For this technical assistance visit to succeed, it is imperative that we have the participation of as many stakeholders as possible. You all are cordially invited to attend the focus groups, offer your input, and otherwise help in any way that you can to help formulate a plan to revitalize our downtown business area. The technical assistance visit will take place on March 18<sup>th</sup> and 19<sup>th</sup> and we, the City of Craig and the Downtown Business Association will be getting more information out to the community in the upcoming weeks before the visit. Please join us in helping to make this visit a productive one. If you can help, get in touch with me, city manager Jim Ferree, the Chamber of Commerce, the Economic Development Partnership, or a member of the Downtown Business Association. You are also welcome to attend the meetings of the DBA, which take place every Wednesday morning, 8A, at Downtown Books 543 Yampa Avenue. Thank you all very much!