

## State of the City 2016

Good Evening, Madam Director, members of the Chamber Board, elected officials and community members. I would like to first recognize the 83 full time employees that work for the City of Craig. Our employees work for you providing services on a daily basis and in all kinds of weather and especially this year. I can't stress enough how much they are appreciated and if you know any of them or see them on the street, please stop and let them know what a great job they are doing. I would also like to recognize all the members of the Craig City Council and thank them for their service. We have accomplished much together over the last year and there still is a lot work to be done on your behalf. I also want to thank our city manager (Jim Ferree) for his leadership and work in helping move our community forward.

As you all know our community and industries have experienced a great deal of challenges over the last year. On May 8<sup>th</sup> Federal District Judge R. Jackson issued an order saying the Office of Surface Mining did not follow proper procedures or complete a full environmental assessment when it issued a permit to mine coal at Colowyo eight years ago. The Judge gave OSM 120 days to remedy what he believed to be deficiencies in the Environmental Assessment permitting process. Combined that is 638 direct and indirect jobs. This in effect is a 200 million dollar annual economic activity and 12 million in local, state and federal tax revenue. This announcement sent an economic tsunami throughout our community. Within hours the local economy came to a halt. Families, who were planning to go on vacation, postponed them, others wanting to purchase a new home or car held off not knowing for certain what their economic future looked liked, putting their jobs in jeopardy.

This certainly had a domino effect for the city and county impacting our respective sales tax revenues. With our economic future being held in the balance the county came forth with an idea to help diversify our economy. A team of six community leaders went to Pikeville Kentucky for coal Reliant communities such as ours. From that conference a theme was born that could help to diversify our economy and bring the community together. The idea of a Local Marketing District was brought forth and by following the Colorado Revised Statues it made its way to the ballot and was passed by the voters last November.

2015 was a year of up and down moments and while the LMD was the talk of the town we had even bigger issues facing our local economy. Lawsuits from Wild Earth Guardians on the environmental assessments on mining permits for Trapper and Colowyo mines effecting our quality way of life. On September 5<sup>th</sup> the Department of Interior issued a statement that the Colowyo mine had a finding of no significant impact (FONSI) and was given the green flag to continue with the South Taylor Mining permit. That also sent a shock wave throughout our city and county. Within just a few days people were upbeat and feeling a little more confident and businesses were seeing signs of life again. As you all know sales tax is our largest source of revenue making up 55% of our general fund or 4.9 million dollars and has declined since 2008. Property tax is another source of revenue and has seen declining figures since 2011. Moffat County is a mineral extraction county and we are a city that is impacted and benefit from those mineral lease and severance tax dollars we receive from the Department of Local Affairs. In fact we were advised last fall as we were working through our budget those severance monies we receive annually would be down by 61% and mineral lease-direct distributions would be down by 23% which is 612k less than we received last year. We depend on that money every year which supports our general fund, money

we use to maintain our 55 miles of streets and allies, money used to support the police department in helping keep our community safe and then parks and rec that help maintain our parks and open space for the general public. With the lack of oil and gas exploration and production we may see this as the new normal for some time.

Residential building valuations saw a dip in 2015 however; some residents did make improvements to their homes by adding garages, retaining walls and additions to their homes and decks. These valuations ranged anywhere from \$10,000 to \$50,000 dollars. Commercial valuations also fell from 2014 numbers but were still higher at \$559,000 than that of 2011 and 2013. Some notable commercial projects included the contemporary face lift to the KFC valued at \$125,000 and the first of two additions at Victory Motors. The first being a larger Service Center valued at \$156,000.

Public building valuations jumped substantially in 2015. The major jump came from the Journeys First Baptist Church roof structure that was originally constructed in 2009. In this uncertain year, several projects were put on hold as the coal industry and our local economy weighed heavy on the minds of the community. On a positive note, those major projects are now showing signs of life and should produce in 2016 for example; Victory Motors will continue upgrading their facility, Craig Power Sports is moving forward with their retail improvements pending CDOT access to their business and the East Kum & Go is moving forward with a new 6,000 sq ft store and truck stop with construction starting this spring. The old Safeway building has been purchased by Steamboat Medical and at this time we don't know what their specific plans will be. Overall, residential, commercial and public building valuations totaled \$1,870,391.

I also need to mention the joint effort and working relationship we have with the county in regards to the SMV (Shadow Mt. Village) capital improvement project. This is a three year/three phase project with upgrades to the city water and wastewater mains and service lines including new sidewalks - curb and gutter and paving the streets with three inches of asphalt. No project goes without its share of challenges but we are starting to see the light at the end of the tunnel with completion this fall. This is an 8.5 million project. Between the Local Improvement District, the county, and the city that is a 4.42 million dollar investment. The Department of Local Affairs contributed 3.99 million to this project and this is a prime example of and great use of our severance tax dollars at work. Without that and the DOLA grant program counties and cities would never be able to build out or build up our infrastructure like we did with our water plant several years ago. Both projects helped our local economy by providing local contractors with jobs and income.

The Craig Rural Fire District is planning to build a 6,000 sq ft Apparatus Storage Facility at 1050 industrial Ave next to the fire training tower. The approx cost of the project is 1.1 to 1.2 million with building fees collected around \$10,000. The building materials are on site and the bid has been awarded to Duran & Pearce.

The city issued a total of 228 permits still lower than previous years. The decline was driven by fewer building permits being issued and yet barely fell below the three year average. Mechanical permits surged in 2015 with a total of 72 while plumbing permits saw a decrease from previous years. Mobile home permits saw an unexpected gain for 2015. While there were no permits issued for new standard built homes there were manufactured home permits that exceeded the last three years combined for a total of eight. Revenues collected from all permits for 2015 was \$38,789.

In closing, many of you in this room are involved in the community in one capacity or another through the different boards and commissions you sit on and represent. As a community we are all better off for your commitment, time and service. Enjoy the rest of the evening and on behalf of the Craig City Council I want to thank you for giving us the opportunity to serve you.

Ray Beck  
Mayor of Craig