

State of the City Address

February 22, 2010

Introduction:

Good evening. Thank you to the Craig Chamber of Commerce; KRAI AM & FM Radio; The Craig Daily Press; and Best Western Deer Park Inn & Suites for sponsoring this annual State of the County presentation. Hopefully at the end of tonight's presentation, **you as concerned citizens** will have a better understanding of the goals, objectives and challenges that lie ahead at the city, county and state level.

It is hard to believe that two years ago, I stood up here anxiously discussing Craig's 100 year celebration. Last year I was fortunate enough to discuss the social and economic windfalls the city was experiencing from the increased natural gas exploration and production while at the same time voicing caution of what the leading economic indicators were foreshadowing for 2009. This year I stand here with compassion for those businesses and individuals who have fallen victim to the far-reaching effects of this unprecedented recession. I also stand here with deep admiration of the resolve and perseverance this community has shown during these difficult times.

As we enter 2010 and the challenges which lie ahead, it is necessary to recap the notable events the city faced in 2009. First,

the city held elections this past April. While a new face joined the council, the headline of the election was one candidate exceeding the city's campaign spending limit. The City cited this individual for this violation. **This resulted in uproar from a select few** special interest groups and the ACLU. In the end, the City reached a settlement with this citizen and the ACLU. This past November a provision was placed on the ballot to remove the campaign spending limit of \$500. The citizens of Craig voted to keep the campaign spending limit at \$500. **In retrospect**, this entire fiasco is a microcosm of the current political and governmental environment in which we live. Unfortunately in today's political arena, it is the voice of special interest groups that trumps the consensus of the people. As evidenced by the November election results, the voice of the people was to keep the campaign spending limit that had been in effect since 1956. **However**, it was the action of a select few that caused the city to incur unnecessary legal and election costs to defend the will of the people. The city conceded that the campaign spending limit violated a 1976 Supreme Court Decision as it relates to the right of free speech. Still, this is representative of the delicate balance between Local and Federal laws. A balance that the City once again faced was when it dealt with the issue of medical marijuana dispensaries.

A local businessman had the courtesy to inform the city that they were operating such a dispensary. The city did not have an

ordinance prohibiting the opening of such a business. Due to the infancy of the medicinal marijuana phenomenon, the state of Colorado did not have a law regulating these stores; thus preventing the city from deferring to state guidelines as respects to operating such a business. To further complicate this matter, the Federal government took a public stance of apathy against enforcing Federal laws relating to marijuana use. The City initially placed a moratorium on the opening of future dispensaries. During this moratorium, the City consulted with other municipalities and the citizens of Craig for guidance regarding this matter. In the end, the City issued regulations governing the operation of these businesses. We believe this to be a temporary "fix" until the State of Colorado addresses this issue during its current legislative session.

There were two other notable ordinances passed during the year. These ordinances are reflective of the citizens of Craig voicing their opinions on issues important to our community. The first ordinance was the Social Host provision. This ordinance was passed to assist the community in fighting underage drinking and to hold accountable those who irresponsibly enable this activity. The stipulations of this act will provide local law enforcement an additional tool to combat a problem that has spiraled out-of-control in society and **in our community**. The second ordinance allows citizens of Craig to operate ATV's on our city's streets. This again was a grass roots effort driven by individuals in our

community, a true testament to the virtues of representative form of government.

I would be remiss if I did not address the criminal investigation that involved two members of our local law enforcement. The City of Craig, council members and police department are angry and upset of how the actions of those two individuals disgraced the **heroic efforts** of an entire department. The council and police department took the appropriate action in investigating this matter *and* permitted two independent outside reviews of all issues surrounding this situation. We are satisfied with the results of *the investigation and reviews and* are anxious to move forward.

As we prepare for 2010, we need to look no further than the economy, **the 10,000 pound gorilla that is** in this room, every business and every household of our community. It is readily apparent that the local, state, national and global economies are ripe with uncertainty. The financial instability of certain European countries coupled with impact of China's fiscal policies not only will make this a bumpy ride for Wall Street, it may also further restrict the already limited financial lending capacity. Social and political agendas on both a national and state level will have a **direct effect** on our local economy.

How is the city prepared for this economic uncertainty? Let's start with the numbers. For 2009, the city's sales tax revenue was down \$329,000 from the revenue it received in 2008. While this is a

decrease in revenue, **it is important to understand the context** the City used in planning its 2009 budget. In planning the budget, we realized that the sales tax revenue generated in 2008 was based on a robust economy. Therefore our 2009 budget was set with conservative revenue expectations, not the 2008 realized revenues. As a result, while the sales tax revenue **was down** \$329,000, from 08, our deficit of budgeted versus actual sales tax revenue was only \$64,000. While any amount of deficit is cause for alarm, the City is fortunate that we are not sharing the same fate as other cities in Colorado whose deficits are in the millions of dollars.

In anticipation of the economic slowdown predicted in 2009, the city closely scrutinized its budget. In doing so, the City asked each Department head to be cognizant of its expenditures. These efforts paid dividends for the City. We now have the actual numbers in for our fiscal year end 2009. The efforts of the City departments, most noticeably the Road and Bridge department, resulted in the City being \$400,000 under budget. This surplus will be carried over to the City's general fund for 2010. It is worth noting that the City's goal **is to maintain** a reserve balance in the general fund of at least three months of operations (roughly \$2,500,000) in its coffers. Our enterprise funds we also try and maintain that same 25% cushion. Entering 2010, we have maintained this balance and have all intentions to maintain this reserve while moving forward. We consider this our "rainy day"

fund. Considering today's economic environment, we strongly believe in a **prudent fiscal practice** to possess this "rainy day" surplus. To date, we have not had to institute any staff reductions nor have we had to cut back any services. A few years back the council was chastised for keeping too much money in its reserves. Today, we are glad that several years ago we did not succumb to the pressures of special interest groups and we do have that "rainy day fund"

It is important to note that the \$400,000 in expenditure savings or the reduction in sales tax revenue did **NOT** impact the services that each department offered our citizens in 2009. The city was still able to offer the recycling program. Despite an annual price tag of \$27,000, the City foots the bill for this program because it is important to our environment and to the citizens of Craig, Moffat County and surrounding communities who use this resource. The Parks and Recreation Department continues to sponsor activities for our community's children, adults and senior citizens. These activities include maintaining the swimming pool complex, which in the summertime averages 275 swimmers a day; as well as offering summertime employment to over 100 of Craig's youth. The efforts of our Police Department saw a **three percent** decrease in the City's overall crime rate. Finally, the Road and Bridge Department continued its never ending efforts to maintain our roads. One interesting statistic that the Road and Bridge tracked during 2009 was the amount of sand they put down and cleaned

up during the year. In 2009, the department disbursed 950 tons of sand during the winter. During the year, the department swept up 5,400 tons of debris. While citizens may complain about the amount of sand the Road and Bridge department uses, it is apparent that they pick up 5 times more than they put on our streets.

Out of respect of the audience's time, I won't go in to great detail about the actions of our other departments. But I do want to touch on a few highlights. The Water Department continued its annual upkeep to the water distribution system. This work included water main replacement, pump upgrades and the unusual task of immediately inspecting the integrity of the Elkhead dam after the earthquake our area experienced last fall. Several of our employees received special accolades during the year. Mike Frazier, the wastewater department's treatment / collection manager retired after 30 years of serving our city. In our police department several employees received the department's Civic Service Award and recognition from the Moffat County Housing Authority. Sergeant Marvin Cameron and Officers Frank Schmedeke and Tony Fandel responded to a sensitive situation at Sunset Meadows. Not only did these employees diffuse an emotional situation they also worked on their own time to help this particular individual find a home that best met this individual's needs. Our building department, even though building has slowed down, continue to do many remodel inspections and tweaking of

our land use code. Our code enforcement though has a ways to go has made great strides in cleaning up our community. The dedication to our City and community demonstrated by these individuals is representative of the commitment found in all of the City's employees. I want to take this time to **thank City Manager Jim Ferree** and the entire City of Craig staff. Your hard work and "doing more with less" attitude has put the City in a strong position to weather this economic storm. (pause)

As we planned the 2010 budget, the city continued to tighten its spending. Our projected budget of \$17,500,000 and change for 2010 is lower than the 2009 projected budget of \$18,234,522. It is also lower than the 2007 budget numbers of \$19,262,153. This is an indication that the City is doing everything possible to remain financially strong through these difficult times. The grim reality is that capital projects could be significantly reduced while moving forward. In the past, the City received almost fifty percent of our funding for capital projects from the state of Colorado's Department of Local Affairs (DOLA). Due to the state's budget crisis, the **City has not projected to receive any DOLA funds** this year and for the foreseeable future. Our severance tax and federal mineral leasing funds budget were cut by about \$ 450,000. This absence of funding will slow capital projects until the state's economy drastically improves and/or we find alternative funding sources for these projects.

The current state of the economy has caused this speech to have a somber tone. My intention is not to **portray a picture of doom and gloom**, rather my intention is to provide a realistic account of the obstacles which lie ahead. Sales tax revenue could continue to decline for the foreseeable future. We are resigned to the fact that funding from the state will be non-existent for 2010, 2011 and beyond. We understand that budgetary challenges facing the Moffat County School District will adversely impact our community's students, teachers and parents. **I challenge my fellow elected officials**, business leaders and the citizens of Craig to maintain a positive outlook. Times are tough and it may take a while for them to get better. However this is the hand our community, surrounding communities, the state, and our nation have been dealt. We can complain about it or resign ourselves that this is the reality. We must adjust, tighten our belts and move forward in a positive direction! Perhaps the following words from the great Winston Churchill can serve as a rallying cry for our community as we prepare for the battles which lie ahead.

"Difficulties mastered are opportunities won."