



2009 State of the City Address

Spokane Mayor Mary B. Verner

February 13, 2009

Times of adversity rekindle the spirit of community.

We have faced adversity this year:

- A national recession packed with home foreclosures, plummeting stock market values, and lost jobs—along with a growing budget shortfall at the state level.
- A severe wildfire, just to the east in Spokane Valley, that burned homes and changed people's lives.
- And three weeks of record-breaking snow that sorely tested our patience, our snow plows and our backs and arms.

But in the midst of these challenges, we have indeed seen our spirit of community—the unique community that is our very special Spokane.

I see that community spirit in my employees, who gave more than \$89,000 to the United Way, some \$9,000 more than last year, far surpassing our goal of a 4 percent increase; employees who served Christmas dinner to more than 1,000 people at the East Central Community Center and raised nearly \$5,000 for Toys for Tots by making handmade quilts and crafts and holding a silent auction.

I see the spirit in my neighbors, who shoveled for one another during the storms, joined together to clear roofs, and checked on the most vulnerable among us.

And I see the Spokane spirit in the stories of individuals:

- **Fairchild Airman David Scarlett**, who dove into the rushing waters of the Spokane River to save two people he didn't know.
- **Sharon Ortiz, David Williams, and Sophie Tonasket**, who saw that the traditional Spokane PowWow and Encampment in Riverfront Park might fade away and took it upon themselves to ensure its survival.
- **Mike Taylor**, the City's new Engineering Services Director, who followed through with the planned succession at his long-time successful engineering firm, Taylor Engineering, and joined the City because he wanted to make a difference for his community.

- And **Jeff Philipps**, CEO of Rosauers Supermarkets, who made a commitment to retain all 120 employees who worked at the Five Mile Rosauers, where the roof collapsed during the snowstorm, until the store is repaired in four to six months.

Author William ard provides us with the definition of a true friend, but I see it as a definition of the Spokane that I am proud to serve:

A true friend knows your weaknesses, but shows you your strengths; feels your fears, but fortifies your faith; sees your anxieties, but frees your spirit; recognizes your disabilities, but emphasizes your possibilities.

In that quote, I see our identity, our community spirit. As your mayor, I am confident that your City government is here to support those values that we hold dear. We are a reflection of the community we serve.

We are:

- Responsible and accountable in our actions.
- Innovative and strategic.
- Responsive.
- Collaborative

Responsibility & Accountability

Our community has insisted that we be responsible stewards of taxpayer dollars and be transparent and accountable in our actions. And we have.

Responsibility

In 2006 and 2007, when revenues were strong, we behaved responsibly and filled our **reserves**, planning for the rainy day that we knew eventually would come. We avoided adding new embedded costs and created budgets that were balanced and defensible.

Our reserves now total about 20 percent of the City's \$160 million General Fund, and municipalities across the nation are envious of our solid financial position. We even saw an uptick in our bond rating in 2008.

When the rainy day came, we made decisions that would be defensible and sustainable for the long-term, based on prudent fiscal principles.

For 2009, our budget maintains our current levels of service and keeps our reserve funds whole. Based on input from skilled economists who serve on the Mayor's Economic Policy and

Forecasting Council, we built the 2009 budget on an expectation that sales tax would decline by 2 percent over 2008 actual receipts, and we are positioned to manage a greater economic downturn, if necessary.

All the projections and number-crunching on budgets were the result of many, many hours of stressful work by our Finance Department – particularly Gavin Cooley, CFO, and Tim Dunivant, Budget Director. We were mightily assisted by the great work of the Mayor's Economic Forecasting Council, and we thank those skilled volunteers, particularly the Forecasting Council Chairman Patrick Jones, Director of Eastern Washington University's Institute for Public Policy and Economic Analysis. Patrick has contributed enormous value to the City and to our region through his Community Indicators Initiative, which the City uses for a multitude of analyses.

For 2010, we have very tough work ahead. To meet our financial goals, we must find efficiencies and other cost savings totaling between 2 and 3 million dollars. I have convened a citizen's advisory committee to review our budget plans to provide input from their perspectives.

And the City Council is fully engaged with the administration in tracking our finances and preparing to adapt to changing conditions in these very uncertain times. I thank the Council for recognizing the magnitude and complexity of our challenges and for committing to join us in finding ways to pull through the hardships.

I am relying on our employees to devise ways to work smarter and more efficiently, and City employees have been making significant changes. Here are some examples of the work being done using our in-house expertise:

- The Treasurer's Office determined that we can save at least \$150,000 in bank fees by using **credit cards** for more transactions.
- The Solid Waste Management Department devised a way to pick up **garbage from alleys** using smaller trucks that save time and fuel by making one pass through the alley. (Assuming they can get beyond the snow and into the alley, of course!)
- The Finance Division has implemented a **new centralized accounting strategy** to find opportunities for economies of scale and improved use of resources.
- Our **internal auditor** has found several ways in which we can save costs and collect **accounts receivable** to improve our bottom line. In Utilities Billing in 2008, we reduced past due amounts by 21 percent, totaling \$575,000. We bill about \$140 million in water, sewer, and garbage charges annually, and collected 99.85 percent last year.

I have issued directives to reduce **cell phone and take-home vehicle** expenses to bare minimums. We are evaluating whether a **4-day work week** at City Hall will result in cost savings and increased productivity.

Setting an example from the top, I have reduced the **Mayor's Office budget** by 8 percent. Support staff are shared with the Council and continue to do more with less.

Incidentally, I have an absolute dream team in the Mayor's Office, so let me ask my direct support group to stand and be recognized: City Administrator Ted Danek, Senior Executive Assistant Karen Stratton, Scheduler Lura Robson, Receptionist and Assistant Catherine Gallaher,

Sheila Collins, Director of Government Relations, and Marlene Feist, Public Information Officer – these highly skilled professionals and their colleagues at the Division and Department Head level are leading us through organizational improvements large and small. They are the ones keeping the wheels on our bus as we navigate these bumpy conditions, and I am very grateful to all of them.

There are numerous ways to measure organizational success. For caliber of employees, I believe the City of Spokane measures up.

We know that these financial times call for a different kind of thinking about governmental budgets, so we are borrowing from top innovations in the private sector. We have initiated a **Lean/Six Sigma process** like the program used so brilliantly in the private sector to reduce waste and find efficiencies.

Our Team of Executive Managers, union leaders, and City Council Members have received basic training in Lean concepts so they can support the staff. Sixteen of our best and brightest employees have begun their educational journey to become Lean experts so they can identify projects, establish customized measurable outcomes, and lead project teams.

We're scanning our organization for the projects that make most sense: Some will be simple and help us quickly; others will take longer and be more comprehensive, but have the potential for even greater results. We are looking for a variety of projects that will streamline cumbersome processes, reduce duplicative work, and concentrate on improvements that add value for our customers.

Accountability

We believe it's important for our citizens to understand how their tax dollars are spent, but the budget isn't the only area where we've expanded our accountability.

We are recruiting for the **Police Ombudsman** and expect to have that position filled in the next couple of months. The ombudsman will provide citizens with an additional avenue to make complaints and follow trends in our police department.

We have reinvigorated our **Human Rights Commission** to ensure we protect the rights and privileges of all our citizens.

We have improved citizens' accessibility to the workings of government over the web. We have added a new searchable **City Clerk's document library** to the web site to help citizens access contracts, ordinances, resolutions, and related records of City business.

We've also added a CityCable 5 **video archive on-line** that includes 6 months of City Council meetings, as well as a host of other informational programming about the City.

We are working hard to make it easy for you to interact with your government. If you haven't surfed the City's web page recently, try us out at: www.spokanecity.org.

Our Cable 5 crew, MIS Department, and Public Information Offices are doing a top-notch job of using limited resources to deliver great information products to the community. If you know what we're up to at the City, you can thank these superb employees for caring enough to do their very best.

Innovation

You have asked us to get beyond our usual thinking and to seek out new ways of doing business, to save resources and provide greater impact. You have asked us to be innovative in areas that make sense from a strategic standpoint. And we have responded.

A year ago, I stood before this audience and laid out my vision to have Spokane become a highly visible hub for **green business and clean technology**. I talked about my plans for encouraging sustainability and positioning ourselves for the next generation economy.

A couple of weeks ago, Gov. Chris Gregoire cited a Washington State University study that that identified 47,000 "green" jobs in the State of Washington. About 2,300 of those are within the Spokane Workforce Development Council Region. Green jobs account for just over 1% of the workforce at both the local and state levels.

More than 400 companies, employing over 16,000 people, are involved in the "clean technology" industry within Washington State. Statewide, clean tech has developed into a \$2.1 billion, and growing, Washington has a 64 percent greater concentration of clean tech jobs than the national average, and ranks in the top 5 in wind and solar power. This sector is one of great interest to Governor Gregoire, and Senator Cantwell, among other leaders who are proud to tout Washington as a world leader in the next generation economy.

The U.S. Conference of Mayors' Climate Protection Center released its "2008 Green Jobs Report" and forecast the following:

- By 2038, 40 percent of the electricity generated in the U.S. will come from alternative fuels.
- By 2038, the national economy will generate 4.2 million new green jobs, five times today's total count.

Where will these jobs go? The report says this:

"The vast majority of Green Jobs are not location dependent, so future Green Jobs will be located in cities and metropolitan areas that are currently the most attractive for investment, or in areas that actively increase their attractiveness relative to competing areas."

That means all of us must work together to snag these jobs for Spokane. Thanks, GSI, especially Gary Mallon, for supporting this clean tech/green initiative. GSI's support has included: hosting the Hagan Foundation Forum on alternative energy and energy efficiency; hosting a workshop in the spring of 2008 in D.C., to hear from Senator Cantwell's Office, the U.S. Department of Energy, and others about the great potential for Spokane's green economy; and co-hosting with

Avista the Spokane premiere of “Evergreen – The Washington Clean Tech Story.” This film is a joint production of the Washington Clean Technology Alliance and More Dust Than Digital Films, with partners including GSI, McKinstry, Itron, and CTED. Spokane showed very well in “Evergreen” as the progressive city on the east side that is a key participant in the State’s burgeoning green economy.

This past year has seen spokes of our own green hub growing longer. The world is our marketplace for next-generation goods and services, ranging from smart-power gadgets for consumer electronics, to organic-based house-cleaning services. Businesses from huge to tiny, from architectural services to manufacturing, from super high-tech to very basic – all have opportunities to ride the green wave that is washing over our economy.

Thank you, International Trade Alliance and Sister Cities of Spokane, for helping us plan cultural and trade exchanges to promote Spokane’s clean/green industries. Next week, ITA launches the Asia Pacific Partnership on Clean Development & Climate, a strategic alliance with the U.S. State Department that will help us market what Spokane has to offer into markets in China and other Asian destinations.

Thank you, Downtown Spokane Partnership, for acquiring alternative vehicles, including the solar-powered utility vehicle that resembles the cart used to transport the Pope. Thank you, STA, for the hybrid buses we see zipping around town, and for exploring the concept of electrified bus rapid transit.

Of course, City government also has to walk the green walk. To focus our efforts as a City, we created the **Mayor’s Sustainability Task Force**, very ably led by Avista’s Roger Woodworth and provided staff support from Suzanne Croft, who worked with funding from a CTED grant. The sustainability implementation plan will be built on task force recommendations to drive our actions as a City. We’ve also completed our **greenhouse gas inventory** as part of this work, and completed a series of actions in the last year to increase that enhance our sustainability:

- Added **motorcycle and scooter parking** spaces downtown.
- **Reduced idling** of City vehicles and purchases of **bottled water**.
- Partnered with local grocers to encourage citizens to “**Choose Reusable**” **bags** instead of disposable ones.
- Added a **sustainability collection** of materials at the Spokane Public Library.
- Created a grant program to **replace street trees** in downtown. We’re also updating our citywide urban forest inventory and filling the Urban Forester position through collaboration between our Parks and Public Works Departments.

And the conversations continue. Neighbors in East Central met with the Water Department and the East Central Community Center staff earlier this week to help organize a new **community garden**, featuring organic produce, on vacant Water Department land at Ray and Seventh Avenue.

We’re talking about plug-in stations for electric cars and completing work on the downtown trolley circulator study. We’re completing the Bicycle Master Plan and designing multimodal

transportation projects to make us a safer place to be mobile on foot, bike, or wheelchair. The list goes on ... and we expect significant overlap in our sustainability efforts and our Lean initiative, as both are designed to make us a more lean, clean government machine.

We also developed a way to recognize businesses for their green activities and efforts. We asked businesses what we could do to help them achieve their sustainability goals, and they told us what they needed was a way to market their achievements. So we created the SMART Program, a **Sustainable Business Certification** program that is only the third of its kind in Washington. Later this month, we will announce the businesses who are the first to be certified under this exciting new program. We will have more participants and certified businesses than the programs in Olympia and Kirkland, although they've been around longer. Go SMART Spokane!

Of course, we support all types of economic growth, not just the green sector. We remain very supportive of our vibrant health services sector and efforts to expand academic offerings in medicine. And we remain quite mindful that over 90% of Spokane's businesses are small businesses, so we track small business priorities closely. We know the winter storms right at Christmas-time were especially tough, and some of our businesses still have not reopened. I just read last night that the SBA Disaster Loan Office met with 55 local business owners earlier this week, and the SBA will be back to meet with more of our local businesses to determine impacts to them during the storms.

We reorganized the Planning, Community, and Economic Development division to have create a new **Business & Development Services Department** focused on outreach to Spokane's business owners.

Outreach has included on-site visits in our neighborhood business centers, televised roundtable discussions, and breakfasts with business owners to hear firsthand their issues and challenges. We have followed through on business owners' suggestions ranging from improved permit and licensing processes, to easier access to incentives, to improved signage. Sometimes the simple things go a long way – note the new signs at the intersection of Division and Garland pointing traffic toward the Garland Business District.

We have personally contacted businesses hit earliest and hardest by the economic downturn – auto dealerships, banks, real estate companies, and builders – to ask how we can help them weather this storm. And we will continue to reach out because we care about each and every business, large or small – we want all of them to succeed, and we are willing to throw in our support to make them successful.

Responsive

Our voters have made clear decisions about projects and programs that are important to them. Voters want us to follow through, and we have.

Crime Check—the 24-hour crime reporting number—is back in Spokane as of Jan. 5, thanks to the generosity of voters who approved the 1/10th of 1 percent sales tax measure to fund this program and other public safety communications needs. You can call 456-2233 again to report a

crime already committed against property, update a crime report, or other non-emergency crime calls. Of course, still call 9-1-1 for a crime in progress or other emergency.

The **Pools & Play bond** issue passed in November 2007 is already making a difference in our community. Five spray pads opened last summer, and construction is under way on our six new pools. Concrete has been poured for the new Shadle Pool, and others are following.

Work on Albi area improvements is in design and permitting. This work will include new ball fields, a BMX bike track, and a skateboard park that voters approved. A land exchange with the adjacent cemetery is almost completed.

We continue to deliver on promises made when voters passed the **10-Year Street Bond**. Take a ride on the Maple/Ash corridor from the Maple Street Bridge to Francis and you literally get a feel for what long-range thinking can bring. This corridor was rebuilt in 3 projects over 3 years, and we now have a great asset for our community. Maple/Ash comprised 2.5 miles of the approximately 10.5 miles of streets reconstructed with bond funds in 2008.

Overall, we completed about \$21 million in street projects in 2008, injecting jobs and money into our local economy. We also filled 4,000 potholes and completed a host of other street maintenance projects. And of course, we removed a lot of snow from the streets as December and January snowstorms broke the 24-hour record, and then the 48-hour record, then the 72-hour and one-month records!

For **2009, we have planned eight significant street bond projects** totaling \$23 million. We also will help fund a number of local improvement district projects and provide match for some utility projects. Highlights include the rehabilitation of:

- Alberta & Cochran Streets from Northwest Boulevard to Francis.
- Lincoln Street from 17th to 29th avenues.
- Market Street from Garland to Francis Avenues.
- And more....

Depending on how state and federal monies come through, we really hope to make progress this year on the Five Mile Road, and fixing the dangerous intersection at Hwy 195 and the Cheney-Spokane Road during the upcoming year.

Collaboration

Our citizens have asked us to try to avoid duplication of services. They don't want jurisdictional battles, they want collaboration. And we have responded.

We have agreed to become part of the **SCRAPS system for regional animal control**. Our 2009 Public Safety Bond—which voters will consider on March 10—includes money to pay for an expansion of the SCRAPS facility to accommodate animals from the City of Spokane.

That bond also would pay for the construction of a new **Property & Evidence** facility and a refurbishment of the Spokane Police Department's Outdoor Shooting Range. Both of these

facilities serve multiple agencies throughout our community, again avoiding unnecessary duplication.

The Property & Evidence Facility – more accurately called a warehouse, although in police parlance it is the “property room” - is the largest component of the bond, and it stores about 140,000 pieces of evidence for the Spokane Police and Fire departments, Spokane County and Sheriff, City of Spokane Valley, Spokane Regional Drug Task Force, and Spokane Public Schools.

We need these facilities very desperately. They are crucial to the administration of justice, and the facilities we have now are in perilous condition. They were already very bad before the snow storms, and the snow load only made them worse.

Although it is not intuitive to some that this is an example of collaboration, we developed and launched a separate **Municipal Court**, which began operating Jan. 2. We worked hard throughout the year with a diverse task force, District Court Judges, and County officials to come up with the best model for our Court. Given the legislative constraints, we ultimately decided to separate the court, but retained the clarion call of our effort: “better justice sooner.” We are using an improved docketing system and looking at numerous ways to improve service in an urban setting.

Meanwhile, we continue to be actively engaged in the County-wide collaboration to streamline the criminal justice system, reduce jail costs, and improve prospects for people’s lives.

We have signed a Memorandum of Understanding with the City of Airway Heights that defines a collaborative path forward for **annexation of an area of the West Plains**. This area has been designated as part of the Urban Growth Area, and the City of Spokane’s extension of water and sewer service allowed this area to develop. However, we recognize that Airway Heights has municipal interests in the Joint Planning Area, and that both cities must work to mitigate the drop in revenue to the County. It makes sense for all us to engage in interest-based negotiation, voiding legal challenges, and allow the process to move forward smoothly.

We’re also collaborating with our neighborhood, business, and community partners, of whom there are simply too many to mention all them.

We joined forces again with the Downtown Spokane Partnership (thank you, Marty Dickinson) to update the very successful **Downtown Plan**. The update includes new sections on the **University District** to the east and the Kendall Yards site to the west. The results of our last planning effort were stellar, and I believe we can accomplish even greater things this time around, especially now that we have the talents of Kay Bachman, a loaned executive from Avista, as the Project Manager for the University District.

In **Hillyard**, neighborhood leaders, business owners, private developers, and the City have worked together to develop a slate of projects—worth millions of dollars—that will help revitalize this traditional business district. We’ll see the reconstruction of Market, new

sidewalks, pedestrian lighting, street trees, a new pool, paving of unpaved side streets, and a new senior affordable housing complex through this joint effort.

In the East Sprague corridor, tireless efforts of East Central neighborhood and business leaders are paying off with a huge boost in yesterday's announcement that Impact Capital has selected Spokane Neighborhood Action Programs to implement a **Vibrant Communities initiative** to redevelop the commercial corridor and surrounding neighborhood **in East Central**. This is Impact Capital's first comprehensive neighborhood revitalization program outside King County, and this initiative will be based on successful models in Chicago, San Francisco, and Indianapolis. We are thrilled that the historic East Central area has been selected.

Collaboration with Spokane County and the City of Spokane Valley led to the formation of a regional **Affordable Housing Task Force**, which is compiling recommendations on affordable housing demands and resources from a countywide perspective. Collaboration among housing partners saw success in 229 additional affordable rentals coming on line during the past year, including 39 downtown SRO units; 35 units for veterans, 25 for seniors, 6 re-entry units for men coming from prison, and 50 workforce rentals at Cornerstone Courtyard. An additional 412 affordable rentals will be available in 2009. None of this would have happened without organizational collaboration and individuals finding a way to work together and get things done.

We're updating our **10-Year Plan to Reduce Homelessness**, and we just completed another count of the homeless, which helps us maintain eligibility for funding. Addressing homelessness is another of those subject areas that cries out for collaboration and a regional approach. When recommendations for workgroups are completed, I intend to approach fellow elected officials to see how we can address housing and homelessness in a more comprehensive fashion.

Our Fire Department began a very successful partnership with Eastern Washington University's Master of Social Work program. Together, they created **the CARES program** that links EWU social work interns with EMS incident patients to arrange appropriate social service programs to assist these patients and reduce further emergency response by Fire and EMS personnel. The Fire Department also hosted an event to address emergency response for individuals with special needs. My thanks go to the Department's Jan Doherty for her advocacy for the community's special needs populations, and the entire Fire Department for their constant vigilance for the well-being of our citizens.

The list of collaborative efforts goes on, with far too many examples to itemize them all.

The Basics

But be assured that while the City is partnering in many ways that exhibit the Spokane spirit of community, we continued to provide the basic services that our community expects us to do well every day.

The Fire Department responded to hundreds of calls for service, including the **large fires at the Ugly Duck and Dorian's Studio** downtown. We purchased four new Fire engines to upgrade our fleet, and we will see those new rigs delivered in the next few days.

We added 12 Police officers in 2008 to begin our **Neighborhood Policing Program** that's designed to reduce crime and provide faster response. And we launched the **photo red** program to reduce red-light running in our City. And the Council passed ordinances that gave the Police **new tools to combat panhandling, pedestrian interference, and homeless encampments, and graffiti.**

Earlier this week, I heard from Eric Walker with the Sheriff's Office, who is partnering with the City's COPS Paint Over Graffiti program. Eric passed along that Brownie Troop 2071 has created a graffiti awareness mascot, adopted a spot to patrol and protect, and designed a graffiti awareness activity book with a pledge to never vandalize property. Never let it be said that a dedicated troop of 8 and 9 year olds can't change the world! And speaking of COPS, tomorrow we celebrate the Police volunteers who contributed 50,650 hours of their time in 2008!

We increased hours at **the libraries** at the beginning of 2008 and continued to update library collections to meet current user interests. The economic downturn has led to significantly greater use of our library system. Total circulation for the Spokane Public Library System was up 12.4 percent in 2008 over 2007.

We passed a new **Shoreline Management Plan** and continued work to upgrade our **Sign Code** and our **Master Bike Plan.**

We adopted **transportation impact fees**, but delayed the fee implementation until we see increased building permit activity.

We opened the **new digesters** at the Wastewater Treatment Plant, continued projects to reduce overflows from our combined sewer system, and replaced aging water transmission mains. And oh fun -- we had the debut of our "water wagon" from which we dispensed fresh cool aquifer water for free to the public at Hoopfest, and again at the Riverfront Park PowWow and other events.

Spokane once again was named one of the **100 Best Communities for Youth in the U.S.** (Thank you, GSI, for all your work to gain this award.) We are working with Communities in Schools to help improve the drop-out rate, and one of our first projects is to encourage more mentoring opportunities. We recently garnered the participation of the Spokane Regional Health District and Spokane Public Schools to help our Youth Department compile a Report Card for Community. This tool will be our needs and resources assessment to help us identify gaps that kids could fall through so we can target our efforts and make sure that we, as a community, make the grade for our children.

Looking ahead through 2009

I expect to be in parallel pursuit of crisis management and sweeping reform.

While daily work proceeds, the long-term approach requires systemic improvements and **bold action!**

In 2009, we will:

- Continue to support economic growth through partnering with our downtown and neighborhood business centers, playing important roles in the University District, Hillyard Business District, neighborhood planning, and entering the early stages of designing a scope of work to address many other opportunities to support business all over the city.
- Combine efforts with regional partners to prioritize and fund our transportation needs. Economic stimulus funding from the state and federal governments may mean great advancements on the North Spokane Corridor and a partial interchange at U.S. 195 and Cheney-Spokane Road. There is also a pressing need to complete an access road on the west side of Five Mile Prairie.

Transportation projects, in particular, highlight the need to reconcile desires for government services with unwillingness to be taxed. We are being forced increasingly to find local funding solutions for local needs, and addressing this rock-and-a-hard-place circumstance will require us to look beyond our comfort zones at options heretofore discarded. What might those be? I have no preconceived notions. I simply know we must go beyond the boundaries we have drawn for ourselves and be open-minded about both expense reform and revenue reform. This must be done regionally, and we at the City are prepared to play our part, since our City is the heart of the region.

- Seek options for municipal street maintenance, such as a countywide Transportation Benefit District and/or a countywide street utility. These options are in active discussion to advance some combination of alternatives through the Legislature and subsequently to local voters.

Conclusion

You have demanded that we be: responsible and accountable, innovative but strategic, responsive, and collaborative. And we have.

As we face challenging times, the priority of providing leadership rises to the “umbrella” position. You should demand of all your elected leaders improved service, greater efficiencies, and a regional approach to government.

There is no doubt about the complexity and magnitude of the task ahead, but we cannot shrink from the challenge or overlook the chances to leap ahead to a better place. These times offer us a vehicle to be propelled toward a new and improved future. If we are smart and bold, we can use these difficulties to enhance our competitive edge and ensure greater prosperity.

New York’s Mayor Mike Bloomberg, called by Business Week magazine “The CEO Mayor,” places pragmatism before politics. Mayor Bloomberg says, “In business, you reward people for

taking risks. When it doesn't work out, you promote them because they were willing to try new things. If people tell me they skied all day and never fell down, I tell them to try a different mountain."

Now I ask you to assist me, ski with me. We certainly will make some falls, but we will get up and try another run at it. We must be resolute in our quest for solutions that will meet Spokane's needs today and tomorrow, leaving a legacy for our children, our grandchildren, and far beyond.

Tough times require bold action. I am ready to take bold, deliberate steps. I ask you to take them with me.

Thank you.

Now we'll share a brief year-in-review with a few pictures, then I'll take your questions.