



State of the City Address 2011
City of Spokane
Mayor Mary B. Verner
February 11, 2011

About a month ago, I was standing in the antechamber just off the ice on the floor of the Spokane Arena. I was scheduled to drop the first puck at the Chiefs game. They were playing the Silvertips.

It was Water Stewardship Night, the night the City and others partner with Brett Sports to encourage water conservation, hand out information about rebates, and introduce kids of all ages to Aqua Duck!

Randy Schwaegler, the Chiefs' Director of Sponsorships, was waiting with me, and he told me he was looking forward to my annual State of the City address with Greater Spokane Incorporated. It was where, he said, he could hear about what was really going on at the City, things that were not covered by the local news media.

I was happy to hear that, Randy. Each year, I have great stories to tell from this podium. A story of victories achieved, of challenges overcome, of making the best of adversity, of consistent service in unpredictable times.

It is the story of your City government—a team of some 2,000 people working mostly behind the scenes to collect garbage, deliver clean water, respond to medical calls, fill potholes, plow snow, pick up bad guys, and encourage economic growth.

I'll share this brief video of the great employees who serve you in City government.

[RUN VIDEO OF EMPLOYEES WORKING]

Times have been tough. There was a lot of bad and somber news to deliver during 2010, the third year in a row that we had to grapple with major shortfalls in the City's General Fund budget. The General Fund delivers the basics: Police, fire, streets, parks, and libraries. We had to close another \$13 million shortfall to balance this year's budget, on the heels of revenue gaps totaling almost \$20 million cumulative for 2009 and 2010.

It took a year's work to build a balanced budget for 2011. We used a very deliberate, level-headed approach. I imposed a hiring freeze and we cut back drastically on spending. We tightened our belt so many notches we could barely breathe.

We asked for help from our unions. Fire and Police unions came through, giving up salary increases they were entitled to under their contracts, and capping their medical cost increases, so we could save enough money to keep firefighters and police officers on the street, serving you!

We kept critical public safety services—and amazingly, we kept our AA bond rating from Standard & Poor's. Not bad work, in a year when other cities stumbled.

In Washington State, intermittent fire station closures were planned in Kirkland. In Roslyn, City Hall would be closed 10 extra days throughout the year. Earlier in the recession, the City of Tacoma sold bonds to finance ongoing operational costs. And in California and other places, cities have been considering the idea of declaring bankruptcy.

In Spokane, the sky did **not** fall in 2010. We refused to allow our budget struggles to overwhelm us.

I'm sure you were aware that the City did meet our budget challenges. But the rest of the story involves the employees behind the scenes, putting in brutally long hours and achieving these successful outcomes in increments over the months.

I want to thank the executive boards of IAFF Local 29 and the Police Guild for their hard work delivering concessions that saved jobs of firefighters and police officers. And, I'm going to ask my Executive Team to stand and be recognized, with a special spotlight on Erin Jacobsen, our labor attorney *and* acting Human Resources Director, and Tim Dunivant, our Budget Director, who are my chief labor negotiators.

Today's story, though, goes far beyond the budget. As Randy asked, today I'll relate the narratives of the City that we don't hear very often.

Spokane is:

- First - An Award-Winning City.
- Also, An Innovative City.
- And, A Customer-Oriented City.

That means we find ways to get things done. That means we're working for you, with your needs in mind. And in doing so, in many areas, we excel!

First, An Award-Winning City

During 2010, the City of Spokane racked up numerous national and regional awards. Our collection of recognitions is impressive.

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Here are some examples:

- ▶ One of the 100 Best Communities for **Young People** by America's Promise Alliance and ING.
- ▶ Bronze Level **Bicycle Friendly Community** by League of American Bicyclists.
- ▶ **Tree City USA** by Arbor Day Foundation – 7th year in a row.
- ▶ Best **on-line snow removal tracking information** in the nation by OhMyGov!

The list goes on. The City and its employees also were honored for excellence in asphalt paving work, encouraging seatbelt use, promoting water conservation, sustainability planning, reducing single-occupant vehicle commuting among employees, and outstanding operations at the Riverside Park Water Reclamation Facility. We also have the best tasting drinking water!

I'm not going to read everything; you can see it up on the screen. My point is that you are getting quality service for your tax dollars, and we continue to strive for excellence. We operate at about half of the per capita income of Seattle and Tacoma; so, you are getting excellent value.

The Spirit of Spokane

While I have my brag book open, let me acknowledge that it's not just your City government that's winning awards or bringing home positive recognition for our community.

The Chiefs won that game I mentioned earlier against the Silvertips. It was a day after the stunning victory of the Eastern Washington University Eagles over the Blue Hens of Delaware. (By the way, the Eagles' National Championship gave me the rare opportunity to let the Vice President of the United States know that he was sitting on the wrong side of the field.)

And what about those Whitworth Pirates? They are blazing through their conference. And the Zags and the Lady Zags... And what did you think of that win of the Cougs over the Huskies almost two weeks ago? The Spokane Shock, national arena football champs, also are getting ready to launch another season.

Spokane's college and professional teams are paralleled by our high school athletes, including the state champion cross-country team from North Central High School and the state champion football team from Ferris High School.

These dedicated young athletes demonstrate what I call the *Spirit of Spokane*. A somewhat intangible quality I see all around us. It is a feeling of community, of helping others, of banding together when times are tough. It is resilience and kindness and graciousness. It is who we are at our essence. It is Spokane.

Each year, at this address, I like to call out a few people whom I think personify that spirit. Allow me to introduce to you:

- **Greg Terhaar**, who serves on our reconstituted Human Rights Commission. Greg has become a tireless advocate for people with disabilities and a clear voice for human rights

in his new role. He doesn't let the fact that he has Down Syndrome slow him down. In high school, he excelled at school while also competing at the regional and state levels of Special Olympics. We could all use a little bit of Greg's energy.

- **Scott Brunell**, who works as a crafts person in our Parks & Recreation Department. Brunell gave countless hours to the community as he restored a totem pole on Canada Island in Riverfront Park. What a gift to Spokane.
- **Dr. Kevin Oldenburg**, Matrical. In spite of many demands of being founder, owner, and chief executive of his own high-tech custom manufacturing business, Kevin also agreed to devote his time to the board of the HSSA, guiding decisions to channel precious funds into burgeoning health sciences industry cluster. It is that spirit of giving that keeps our community moving.
- **LaVerne Biel**, chair of the East Spokane Business Association and leader in the Spokane International District. LaVerne balances running her own business Access Telecom, making choices like being a participant in our City SMART recognition program for energy efficient practice, and accelerating the organizational capacity building in the Spokane International District. She's moving at the speed of light.
- And the Spirit of Spokane was demonstrated in full force by those **downtown workers** who found the bomb on Martin Luther King Jr. Day, and called it in. They did **not** ignore what they thought suspicious, and many of us owe them our lives!

Second, Spokane Is An Innovative City—We find ways to get things done!

Back to those impossible budget-balancing challenges for a moment: Over the last three years, we closed revenue shortfalls totaling \$34 million ... without raising taxes! There is no recipe for how to do that, but we knew it had to be done. Our citizens rely on the City to provide police and fire protection, street maintenance, parks and libraries, and support for the private-sector economy. So we got creative.

We know that creativity and innovation will be our greatest tools for the future.

So, besides the budget, where else are we being innovative? Let's take a look at some examples.

- a. Financing Regional Facilities:
 - **Regional Animal Control.** We're working with Spokane County to provide a regional animal control facility using the City's innovative financing approach. We're essentially annuitizing future cost savings to pay an up-front capital expense.

This is the same approach we used in early 2010 to meet the critical need for a new **Regional Property and Evidence Facility** and more efficient space for Police operations.

We gave up leased space in a privately owned building and used the savings from the annual lease payments, and other related savings, to pay debt service, remodeling costs, and expenses. This allowed us to house Police investigators in a former DSHS building and to convert the former Great Floors warehouse on East Alki to replace our dilapidated Property and Evidence Facility. We'll own both buildings in 20 years without new taxes.

b. We're being innovative in Pursuing Strategic Goals:

- **Energy Project.** We developed a partnership with Avista to coordinate and formalize our efforts to reduce energy consumption. We were doing good things to conserve, but our efforts were disconnected and spread across many departments. We owe Scott Morris and Judy Cole considerable thanks. Judy has been a loaned executive for us on this project since late last summer.

The City purchases about \$8 million a year in Avista power so it just makes sense for us to enhance that partnership and participate in Avista's conservation and renewable programs.

We also have partnered with Avista and other local jurisdictions to provide low-cost home energy audits for our citizens, using federal stimulus money. Our goals are to reduce energy consumption at the City, to help our citizens reduce energy consumption in your homes and places of business, and to lead by example – saving energy, saving environmental impacts, and saving money.

c. Innovation allows us to Achieve Community Priorities:

- **Lincoln Street Rehabilitation Project.** As called for in our 2001 Comprehensive Plan, we are gradually implementing "complete streets" to incorporate multiple uses in public roadways. On Lincoln Street, we used these ideals to come up with a project that improved the street for motorists and adjacent neighbors. We added curb bump-outs with storm gardens. They help with traffic calming, pedestrian and bicycle safety, and stormwater treatment. An added bonus is filling the Cannon Hill Pond with runoff that is bio-filtered through the storm gardens, instead of refilling the pond with tap water.

But our innovation doesn't stop there. We're channeling our brainpower to come up with ways to help the economy more generally, and to put people to work.

2011's priorities are jobs and local businesses, so your city is creatively:

d. Supporting Private Investment:

- **West Plains Energy District.** We are working with Spokane International Airport to market the area around the Waste-to-Energy Facility, actively looking for other green companies that can use the energy and hot water and steam by-products of the plant.

We already have one anticipated tenant. Waste Management, Inc. made a business decision to develop a single-stream recycling center that Waste Management estimates will create 50 construction jobs and at least 25 permanent positions at the facility. If you or someone you know has an interest in prime industrial property with access to clean energy, steam, hot water, and all modes of transportation, let me give you my business card!

- **Targeted Area Development.** The West Plains Energy District is one area we have targeted to pursue identified business opportunities. Using the strategy, called TAD, we can focus scarce resources in key geographic sectors. The other target areas are: East Hillyard, North Foothills, Kendall Yards, the East Sprague International District, and of course, the University District.

By targeting our attention, we can strategically align public infrastructure to maximize private investment and growth. On North Foothills, we'll invest a \$200,000 local planning grant from the Washington State Department of Ecology to kick start private redevelopment of this opportunity area, which includes current site of City water and solid waste operations.

In East Hillyard, we're working with neighborhood leaders to lay the groundwork for subarea financing to upgrade infrastructure in this opportunity zone.

In the U District, we're helping a community-wide effort to secure a full medical school to compliment the WSU health sciences emphasis. The City provides financial and staff support, board and committee participation, and investments in physical infrastructure, including the Martin Luther King, Jr. Boulevard that will be under construction this spring.

One of the most effective tools of the City to support local business is public infrastructure work. This year, we are launching a program to accelerate work into 2011 and 2012 to assist the private construction industry.

The City has about 40 projects worth approximately \$50 million planned for the 2011 construction season, in all parts of the City.

Under the 10-Year Street Bond program, complete curb-to-curb construction is planned for:

- Grand Boulevard from 29th Avenue to High Drive.
- Hatch Rd. from 57th Avenue/Perry Street to 43rd Avenue.
- Post Street from Maxwell to Cleveland.
- Wellesley Avenue from Milton to Ash.
- Second Avenue from Howard to Arthur streets in the future urban village of the south University District.

Our 2011 work also includes about \$18 million in water and sewer projects that has been moved up from 2012 and 2013. That accelerated work includes water booster stations and projects to reduce outfalls from combined sewers. We intend to accelerate other public works projects in 2012. We know local contractors and laborers are looking to the City for jobs.

At the same time, we understand that construction isn't always easy on the businesses located alongside it, so our Business & Development Services Department is launching a program called "Open for Business" to help businesses survive during prolonged construction projects.

This is part of a larger strategy we're rolling out to address the concerns that small business owners raised with us in a survey and workshop last fall. We're calling our strategy "7 in 11." The 7 priority activities include: Providing checklists to aid businesses through permitting, putting business license applications and renewals on-line, and coordinating with organizations that help start-up businesses so we can work more smoothly with them at City Hall.

We are committed to answering criticism. Small business owners told us they have a need for greater certainty, the need for better access to City services and resources, the need for consistent leadership, and the need for stronger support for the local business community. We are responding—with creativity and innovation.

Because Spokane Is Customer-Oriented City.

Being customer oriented means listening to constituents and adapting and changing to meet demands.

We revised our snow removal plan following those two big snow years. This year, that plan took its first real test—when this November became the snowiest on record. Our citizens were disappointed in our initial response, and we made changes—quickly.

We added residential hill routes along with arterials to our Stage 1 snow emergency response. We began using grader and truck plow teams in the neighborhoods. We made a commitment to address downtown berms after completing a full-City plow. And, we beefed up the computer server for our on-line snow plow progress map to meet demand that initially crashed our server.

On another very high priority, we continue to address public demand for greater accountability in our Police Department. Thanks to the work of the Council and concerned citizens, we revised the duties of our new ombudsman to include independent investigatory authority and additional reporting requirements. The Ombudsman created an ad hoc committee to consider policies about taser use and launched a web page where complaints can now be submitted on-line.

In these highly visible service areas, you want accountability. We heard you! And we responded.

For our municipal corporation, as for your businesses, customer service means living up to our word. With funding from the 2004 Street Bond and the 2007 Parks Bond, streets have been rebuilt and pools and sports facilities have been completed, on schedule and as promised, within budget.

The City's customer focus requires that we look out for the future interests of our taxpayers and ratepayers.

We're in the midst of some pretty complex discussions that will help define our future. In particular, I point to the future of the Spokane Regional Solid Waste System, and to our need to address deteriorated facilities at the County jail and the Geiger Correctional Facility.

These are complicated issues, and this forum doesn't provide the time necessary to do them justice. However, I would like to point out the City's approach in both instances.

We have taken our cue from all of you. At their core, these are business relationships. We will make decisions based on how government can arrange delivery of the needed services at a price that makes sense.

In the solid waste system, we look toward continuing to operate our disposal system affordably even if some regional partners choose another disposal service. In the case of the jail, we are working toward achieving correctional services we need for our adult misdemeanants at an affordable cost without abandoning the County in a predicament to deal with felony incarceration.

Our customers – our citizens and businesses – expect and demand due diligence by their local government to make the best business decisions on the context of what is best for our region.

As a service organization, your City commits to continuous improvement. Increasingly, we are working smarter, focusing on efficiency, using interdisciplinary teams to tackle issues, recognizing that single departments often don't have all the resources they need to complete a project.

Such teams have delivered improvements ranging from our new electronic City Council agenda process to the coordination of Police, Code Enforcement, Human Services, Youth and Parks resources to address challenges in the West Central Neighborhood. Departmental silos are crumbling so all departments can bring their resources to the table to better serve all of you.

In many cases, project teams are combined with an efficiency project. Our Employee-Led Innovation (ELI) program continues to achieve savings of money and time. In the Police Department, for example, a plan for patrol officers to share computers will save roughly \$310,000 in computer replacement costs over the next five years.

The ideas come from the employees who suggest a way to improve our operations and are then supported and empowered to go forth and improve!

More is on the way. We're looking at improving our process for administering the Family Medical Leave Act, to our method for collecting outstanding debt, to our approach to labor negotiations.

And here's one you're probably particularly interested in. We are streamlining our Change of Use permitting process. A Change of Use permit is what you have to have when you're trying to locate a different type of business in a pre-existing location that was used for a different purpose.

Mike Edwards, formerly of the Downtown Spokane Partnership, who has been doing similar work for the downtown business organization in Pittsburg, is coming home to Spokane, and Mike will lead this approximately six-month change effort. Much of the groundwork has been prepared by an ELI project team, and this improvement is high priority to support small business.

The result will be a more understandable process, opened lines of communication with entrepreneurs, and the ability to usher changes through the City's approval processes. For those who are uttering an "about time," we agreed these improvements are overdue, and we're committed to get them done.

We know you want high performance, 21st century government that supports private-sector jobs. I came to tell you some of the ways we are moving to meet your expectations, Randy.

Conclusion

Because GSI is a business organization, I've focused my talk today on a few of the myriad improvements at the City that are business-focused.

Before I close, though, I reach out to you as not only business leaders, but also as community leaders, to address the perception of our community caused by the placement of a bomb on our parade route downtown on Martin Luther King, Jr., Day.

We are not perfect - no one is. But we also are not the community that has been depicted in the national media. On Martin Luther King Day, since that first small march in 1980, Spokane, as a community, annually, has stood up against hate and recommitted ourselves to equality and basic human rights for all.

Through our words and deeds, we must recommit to our community's image, and ensure that the image on the surface reflects a reality of who we are. Spokane is a safe place to live work, and raise families. It is a place that embraces the richness of its people and stands up to violence and bullies. We all have a responsibility to reinforce these ideals with our employees, our customers, our families, our friends.

We live in difficult times, full of violence. Drugs, alcohol, mental health issues, economic uncertainties, and hatred contribute to the violence we see around us. Our ongoing vigilance is essential to stop the violence and push back the hate. We have the power, and we must never give it up to those who seek to harm any of us.

Spokane is:

- An Award-Winning City.
- An Innovative City.
- A Customer-Oriented City.
- And I'll add one more: A Loving and Accepting Community.

Your City government is throwing off the blanket of hardship that tried to smother us last year. 2010 was about positioning for economic recovery; 2011 is about pursuing the recovery with vigor and enthusiasm. This week, our Chief Financial Officer Gavin Cooley reported on sales tax figures within the City in December. Up more than 3 percent over the year-earlier month, we ended the year with four months of sales tax gain over those same months in 2009.

We're transitioning from surviving to leaning forward. We're starting fresh. As the gospel song goes, *"It's a new day, and a new beginning."*

Randy, I hope that you heard some new stories from your City today.

I am proud and honored to serve as your Mayor.

Thank you, and as Rich would say, "Have a great Spokane day!"