

## STATE OF THE CITY REPORT

January 12, 2012

The state of the City is strong. We began 2011 with a balanced budget but to achieve that, I had to ask our employees to take some furlough days. It was not something that I did without much soul searching. I vowed to be very frugal in the execution of the 2011 budget. The result of my entire staff keeping a keen eye on expenses, coupled with no flood, we ended 2011 with revenue above projection. We will not have furlough days or floods in 2012. The 2012 budget is balanced without using reserves by maintaining this bare bones mentality.

In the six years I have been Mayor, we have conducted two rate studies for our utilities (sewer, water, drainage). The Council has voted to take the recommendations of those rate studies and implement the suggested raises. In the last study, we also evened out the rates for commercial and residential users. In previous years, the commercial had been weighted more heavily than the residential. By tweaking the rate structure we were able to make our commercial rates more business friendly. Another part of the last rate study pointed out that it was time for us to issue bonds of \$2.88M to finance the upgrade of parts of our water system. Stanwood like most all cities has aging infrastructure. It is much more cost effective to anticipate and upgrade pipes and pumps before they fail at 10pm on Christmas Eve! The bond underwriting company suggested that in this low bond interest climate it would be advisable for Stanwood to get a bond rating for the first time in history. On Sunday September 18, Crystil Robinson, my finance director and I flew to San Francisco where at 3:30 on Monday 19<sup>th</sup> we met with two representatives of Standard and Poors. Ours was a dog and pony show to behold. Crystil had the facts and figures, I provided the "coolness" of Stanwood. We hit a home run. Stanwood received a AA- credit rating which translates to about \$300,000 savings over the 20 year life of the bonds. We went to Seattle to watch the bonds sell and were that stars of the morning...all the employees wanted to see those people who nailed that rating (NW Securities had predicted that the best we could hope for was a B+ or A-!)

July marked the one year anniversary of our community effort to secure a "Y" for Stanwood. Progress so far: we completed and passed two feasibility studies, were chosen by the Snohomish County YMCA and to be a project for their long range plan. Scott Sadler, SnoCo Y staffer has been assigned to our project; Theresa Metzger is our office manager and the Y now has a staffed office in the Viking Center. Site selections, programs, fund raising are ongoing. In the coming months you will see programs starting in our community facilitated by the Marysville YMCA. It is a long and arduous slog to get a Y, but our whole community is staying on point to make this happen.

This year, the City of Stanwood is serving as the lead agency administrating a \$77,000 federal grant to hire a director for the Port Susan Food and Farming Center. This is a two year, part time position that will help find a site and secure support for a value-added commercial kitchen and hopefully a year round farmer's market. There are a couple of other grant applications in the pipeline to augment this venture. A food and farming center will go a long way toward making Stanwood a destination for agratourism.

Next month, Process Solutions will be moving into the Index Sensors building bringing 75 family wage jobs. The City of Stanwood working with Windermere Commercial was instrumental in the decision by the company to choose Stanwood over Arlington. Windermere brought the client and the City of Stanwood provided technical expertise and incentives to help close the deal. This is an example of our effort to overcome a non-business friendly reputation.

The City partnered with a group of local business owners and activists coming together as a steering committee to apply for a Sustainable Design Assistance Team (SDAT) grant to plan and hold a 3 day planning charrette in 2012. The SDAT is a program offered by the national American Institute of Architects and is sponsored by local AIA members Pelletier and Schaar. The application was accepted into the program by the AIA and planning is underway for an intensive community workshop in June to focus on the built environment, open space/recreation and economic system within the SR532 corridor. The problem statement to be addressed during the SDAT is: Economic Development: How can the area support a viable retail and agricultural products tax base providing long term support to a small city of 6200 people that also provides services to 34,000 unincorporated residents surrounding it? Agriculture: How can the community feed itself? Built and natural environment: How can we enhance the quality of design with more sustainable building and site development standards? Social networks, community fabric and leadership: How can the community come together across three jurisdictional boundaries to govern? This is a very ambitious project, but answering some of these questions will provide a framework upon which to direct sustainable growth for many years.

I am sad to see some businesses closing. Every empty space is an opportunity for an entrepreneur. I speak from experience. Kirby and I bought a dead pharmacy in the last recession. We struggled for 3 years before we finally turned a profit. With the conviction that failing was not an option, we hung in there, built the business and were able to sell it and move on. The new City Council will be meeting for the first time tonight. I have high expectations for its ability to work together to help realize the big projects I have mentioned here today. I also have as my number one priority, continuing to make Stanwood the best City in Snohomish County to live, raise a family and retire.