



## 2012 STATE OF THE CITY ADDRESS

1. We are in neither the best nor worst of times. The economic downturn has been severe and extended but things are slowly improving. However, City finances – for better or worse – tend to lag behind the private sector economy.
2. For many years, Woodburn has benefited from a healthy growth rate and conservative fiscal management. The City Council's conservative approach allowed us to buy some time when things went bad. Through the wise use of accumulated funds, aggressive pursuit of opportunities, and creative management, we were able to do some long-overdue projects.
3. The City was also able to take advantage of turnover in some key positions and every City department has been reorganized since the housing crash of 2008. Overall, City departments have found ways of doing business more efficiently. It may not be obvious (in fact, I hope it is not) that we have shed positions in the past couple of years. Our overall service level has remained the same in most areas, and I believe it has improvement in some of them.
4. Nevertheless, several years of a poor economy and all of its ramifications are going to take a toll on our ability to provide city services for the next few years. In many ways, we will still be better off than many communities around the state, but we may no longer be able to sustain the employment and service levels that we have had in recent years. We have several issues we will need to contend with:
  - a. Our property tax base has remained flat. Since 2007, there has been little or no new construction, and foreclosures have depressed property values. Further, while we have potential for significant industrial growth in the coming years, the endless “1000 Friends of Oregon” appeal s have blocked our efforts to precede with them.
  - b. As a result of several property tax limitation measures, our property tax revenues will not decrease as drastically as property prices, but no growth effectively means any significant growth in the amount collected. If the inflation rate was truly 0%, and if there were no new state or federal mandates, that might be an acceptable state of affairs. Of course, that is not the world we live in.
  - c. The City's General Fund budget is what pays for many city services: police, planning, parks, and libraries. This part of the city budget has remained almost constant at about \$12 million for the last few years. About \$7.5 of that figure is generated by property tax revenues, while the rest consists of other tax revenues and user fees.
  - d. Like many of you in the audience, the City's biggest problem is that benefit costs have skyrocketed. They are not sustainable, and we will have some challenging conversations about our options in the upcoming year or so.

- e. Paying good people to provide a service to other good people is fundamental to what a local government does. Laying them off to pay for others' retirement and health benefits – especially when they are at a level exceeding almost anything enjoyed by others in the community – is not just a disservice to those employees and the citizens they serve. It is wrong.
- f. Lack of construction, and particularly commercial and industrial construction, has also depleted our system development funds. Our street fund is suffering the most. As part of the interchange reconstruction process, the city has committed \$8 million and paid \$2.5 million toward the project cost.

When we made that agreement, we believed that industrial growth in the area would provide ample street SDC resources to pay for that obligation well before ODOT actually got started on the project. Instead, the endless court delays involving our industrial expansion and ODOT's recent progress in moving the interchange forward mean that we need to maintain the reserves in that fund to meet our obligation.

This means that they will not be spent on projects like North Front Street and other projects where some SDC funding could be justified. In addition, our general fund picture does not allow us to use a portion of those funds on street repairs, as we have in some previous years.

- g. It is possible for us to enact new fees or to ask voters to pass special levies to provide essential services. The present elected body is not willing to do so. A majority of people in our community are retirees, blue-collar workers, and children. Very few could be called wealthy. We are committed to doing the best we can with the resources currently available.
5. In spite of the challenges we expect to face in the next several years, we have completed some key projects in the past year and expect to make progress toward several others in the coming year or so, such as:
- a. Our water treatment project is complete, and our water is now free of smells, bugs, and excess bacteria loads. Not only that, the process involved is safer for both our employees and those who drink it than conventional chlorination, and the water tastes better.
  - b. We refinanced our existing water and wastewater bonds and saved over \$1.2 million; meaning, that amount will not be passed onto users through higher fees.
  - c. Our Police Department gained accreditation after years of hard work. This does not mean they are now adequate – this means that they are recognized as one of the best in the state.
  - d. We have completed the first 1.5 miles of greenway trail. If you have not checked it out, I encourage you to do so. Additionally, I plan a grand opening for it this spring.

- e. The 5<sup>th</sup> Street project is complete. It is attractive, it is functional, and it is proof that the City, and in this case ODOT as well, are capable of doing what we say we are going to do.
- f. So far, we have received 12 applications for urban renewal grant and loan projects and have approved several of them. We are promoting this program aggressively and working with Woodburn Downtown Unidos to look at other ways in which we can support the improvement efforts of downtown businesses and property owners. While we are limiting new hiring of any kind, we did hire a part-time urban renewal manager in order to keep these efforts moving.
- g. We have some exciting prospects for the Association Building and are looking at ways in which improvement of other city buildings, such as the Bungalow Theatre, and this might complement private and non-profit efforts in the area.
- h. We spent some effort in looking at the future of the 99E area and how redevelopment can eventually turn it into an asset, not an eyesore, for our community.
- i. We have been a proactive partner with the School District, the Fire District, area non-profits and the faith community in many areas. We serve the same community, and we should not be duplicating others' efforts. We should be supporting and enhancing them.
- J. Our Library, Aquatic Center, and parks and recreation departments are making exciting strides in offering programs, which are reasonably priced and enhance the quality of life in our community.

The City, School District, Boys & Girl s Club, Y, Oregon ASK, and other partners are working on providing after-school programs that are quality programs that can be sustained financially well into the future.

## 6. The annual top 2

- a. The interchange. The right of way acquisition process is underway, and completion of the Design Acceptance Package is nearing. This will allow a final determination of the likely cost of the project. ODOT will not send the project out to bid until they know all of the funds to pay for it are available but given the current state of the construction industry and the low bids that are coming in, it is possible that those funds are already available. ODOT still stands with its estimate of groundbreaking in the first part of 2013. I hope that is realistic.
- b. UGB expansion. We received another favorable finding by LCDC late last winter and that has, of course, been appealed by the 1000 Friends of Oregon. We, Marion County, and the State have submitted briefs to the Court of Appeals and will await dates for oral argument and an eventual opinion. In the meantime, we are looking for legislative solutions that might resolve our problem and prevent other cities from having to endure it.

## 7. Conclusion.

- a. Finally, I need to thank everyone to volunteers in our community, our success as a community and family could not have happened without the dedication and support of our community volunteers and heroes. I also need to thank the City Council who diligence and dedicated to what is often a thankless job has lead this City through one of the worst economic crisis in memory. We should be proud of the Woodburn City Council. Any I know all of you will agree that our City Administrator and comprised a talented group of department heads that not only believe in community serve, but also have delivered success after success for our community.