

State of the City Address

Presented by Nancy J. Chaney, Mayor | Moscow, Idaho | February 18, 2009

Introduction

Welcome. Thank you for your interest in the State of the City in 2009. Thanks to Moscow Chamber of Commerce for organizing this event, to Heart of the Arts for use of this beautiful space, and to Smoky Mountain Pizza, Wheatberries Bake Shop and the PCEI Plate Project for today's lunch.

This annual report is a combined retrospective covering the year just past and prospective for what we anticipate in the year ahead. Befitting Moscow's multi-faceted identity, I will touch on accomplishments and objectives in a variety of categories, including growth, the economy, citizen input, the arts, infrastructure, transportation and sustainability. If there's time, I will field questions at the conclusion of my prepared remarks. Copies of this address are available here and will be posted on the City's homepage.

As I was preparing my remarks for today, I was reminded of my first serious attempt at distance running. It was the Coeur d'Alene Marathon, promoted as "26.2 beautiful miles." For a variety of reasons, the furthest I had run until that day was 16 miles. Others may have thought the outcome uncertain, but I knew I could do it. A positive outlook is a powerful motivator. Conditions were good. I had familiarized myself with the course. I joined a fun group of ultra-distance runners...the type who run 50 miles just for training...and with free-flowing conversation, they kept me focused on the positives during that physically and mentally demanding event. I understood the importance of pacing and made a conscious effort to not go out too fast, to run within myself, to stay hydrated and to be consistent. Still, I couldn't help but be distracted by the sounds of *Slap! Slap! Slap!* behind me, followed by the *whoosh* of a gangly teenage boy as he blew past me. (Kind of a blow to the ego...) Eventually, I saw him again and slowly and steadily, I caught up to him and ambled by, only to have the same thing happen a little while later. When I passed him the second time, he was reclining beside a fire hydrant, still alive but looking completely tuckered out and deflated. We did not see him at the finishers' celebration. I was reminded of Aesop's fable of the tortoise and hare, and so it was as I prepared my remarks for today. Moscow is a prime example of the adage, "Slow and steady wins the race."

Growth

Growth in Moscow falls into that category, in part because of our geographic isolation, although virtual technology connects us to the world. Our population has grown modestly at 1-2% per year, from just over 21,000 in the year 2000 to just over 24,000 in 2008. The risk of rapid change associated with rash decision-making or undue influence by special interests is diminished because Moscow's informed and impassioned public *expects* to be involved. Taking sufficient time up front reduces time and costs spent later to resolve problems. An example is the Comprehensive Plan revision, begun in early 2007 and expected to be ratified sometime in mid-2009. That document will be the roadmap for development that fits our community's collective vision, so it makes sense that we invest the time to do it well. A unified Zoning Code will make land use processes more predictable and efficient and the results, more likely to complement Moscow's treasured sense of place. As a compact city, surprisingly diverse for its size, there are lots of opportunities to strengthen our sense of community at events like the Farmers Market, Jazz Festival, CommUNITY Walk, Renaissance Fair, the Historical Society's ice cream social, ArtWalk and Rendezvous in the Park. Moscovians are renowned for stopping whatever we're doing to provide assistance to strangers. (Remember Moscow's "City with a smile" slogan for the centennial?) *For the most part, engaging in the things that give meaning to our lives has taken precedence over rushing past them.* We have taken the slower, careful approach of distance runners.

Economy

So, too, has it been with the local economy. A consultant for our Economic Development Strategic Plan observed that Moscow has remained relatively stable, without the boom and bust cycles that have upended so many other places around the country. According to Gail Byers' Real Estate, although the number of single family homes sold in Moscow in 2008 was less than in 2007, the average price remained strong at \$214,471, compared to just over \$222,000 in 2007 and \$212,000 in 2006. The average number of days on the market was 136, with a median of 97. Can we improve? Certainly. But Moscow has a sturdy foundation to build upon. In 2008, the City permitted and inspected \$27M in construction, including \$10M in commercial building. Moscow has attracted several new businesses, including Walgreen's, Shari's, Smoky Mountain Pizza, a medical complex, Mix, Panhandle Artisan Bakery and the new Gambino's. We just hired Travis Cary as the Economic Development Coordinator and Director for the Urban Renewal Agency. He is smart, energetic and optimistic, and his skills are well-suited to shaping concepts and standards for the visionary Legacy Crossing District. Moscow City Council recently approved participation in a land trust program to facilitate development of affordable housing. We acknowledge similar needs for senior housing, and are serious about establishing a new light industrial zone to diversify the economy.

We're all familiar with the sobering reports on our nation's economy. It is important that we recognize the distinctions and commonalities at the local level. We are not immune from what happens at the global, national or state levels, but our economic base affords us some buffering. A report from Idaho Department of Labor predicts, "The big contributors (to new jobs) through mid-2009 will be health care and education." IDL estimated that "Over 30% of...36,000 jobs (generated between mid-2007 and mid-2009) will be in those sectors..." The major employers for Moscow and Latah County are the University of Idaho, Washington State University and Gritman Medical Center. We have branded this area the *Palouse Knowledge Corridor*, to build on regional strengths associated with two major research institutions, an educated and innovative workforce and the ideal fit for the emerging economy. Employees in those sectors also support jobs in retail, entertainment, construction, manufacturing and technology.

The University of Idaho employs one-third of Latah County's workers and according to Workforce Trends, "provides economic stability and insulates the county from national economic cycles." Enrollment has been up by just over 1% for each of the past two semesters, and undergraduate applications for fall enrollment are up 12% over this time last year. On the downside, State contributions to higher education in Idaho are expected to be reduced by 10% this year, and WSU is bracing for as much as a 20% cut. Realistically, those reductions will result in reduced spending power in the regional economy, although both institutions have expressed the desire to preserve jobs wherever possible.

October marked the 85th consecutive month that Idaho's unemployment rate was below the national average. Figures from Idaho Department of Labor showed the unemployment rate in Latah County as 4.9% in December 2008 and 3.4% on average for the year, compared to a statewide average of 6.6% in December and 4.2% for the year. Nationwide, the unemployment rate in December was 7.2% and 5.8% for the year. In comparison, the December figures for nearby Clearwater and Idaho Counties were 16.3% and 11.8%, respectively. Those counties rely on the timber industry, adversely affected by a downturn in construction. Nationwide, home foreclosures in 2008 were 81% above numbers in 2007, affecting more than 2.3 million Americans. In October, Moscow and Pullman each listed eight foreclosure properties, while Lewiston had 47.

Even though the unemployment rate in Latah County is lower than state and national figures and lower than most of our neighbors—we're ranked 34th out of 44 counties statewide—it is important to recognize that the jobless rate in Latah County represents more than 800 people. In a caring and supportive community like ours, people matter. We are seeing the effects at area food banks, both in terms of

donations and demand. Backyard Harvest is one of a number of local programs that helps people in need. Last year, volunteers gleaned over 19,000 pounds of fresh produce for distribution to needy families in our area. That non-profit organization also manages a model food stamp program at Moscow Farmers Market, soon expected to include WIC (Women, Infants and Children) and Senior Nutrition Programs. According to founder Amy Grey, Backyard Harvest is “about tying the community together.” To attract funding for area non-profits and leverage local resources, the City will offer another free workshop this spring, offering tips on how to write successful grant proposals. One estimate predicts the demise of 100,000 non-profits nationwide this year, so it is important that we do what we can to keep those resources alive and well here. Non-profits and volunteers provide services that government cannot.

State revenue sharing, budgeted at \$806,000, is expected to decline by \$70-90,000 this year. The portion from sales tax is estimated at \$464,000, or \$25,000 less than in 2008. Highway tax distribution, relatively stable at about \$851,000 since 2005, is projected to be off by about \$45,000 this year, as will be reflected in the City’s Street Fund. The liquor share apportionment is expected to remain relatively flat, as anticipated in our municipal budget.

To be sure, we are facing serious challenges. There are plenty of people and businesses hurting around our country and some of them are here on the Palouse. Many of us have seen our retirement and college savings funds diminished. We are facing a sobering reality, but much of what we do with that information is emotional. Bad news is contagious. (As a remedy, the owner of one thriving local business advised employees to just quit watching CNN.) When the Fed officially declared that we are in a recession, a collective gasp went up from Wall Street and the Dow plummeted 680 points. Never mind that the reality was already a year old. Several days later, after plans for a stimulus package were announced, stocks soared and they have been on a rollercoaster ride ever since.

Now is not the time to spend frivolously, but neither should we panic or hole-up, inert, expecting the worst. It is the time to anticipate changing market demands, to *invest strategically* and *prepare* for the new economy that will emerge during and after this recession. Shaun Higgins, Director of Sales and Marketing for the Spokesman Review and longtime economic prognosticator, recently addressed those issues in remarks to the Spokane Valley Chamber of Commerce. He observed that the recession came late to the Inland Northwest. He predicted that it will be shorter and less severe than elsewhere in the country. Borrowing from Winston Churchill, said to have invested in the U.S. stock market during the Great Depression, he said, “Those who come through this pinch will reap the future.”

In keeping with the slow and steady approach, Moscow Chamber Director Hacker predicts that “the local economy will trudge along until we start seeing a national recovery.” Our economy includes numerous examples of businesses that are nimble, responsive, that fill gaps or provide noteworthy customer service, create welcoming spaces, combine uses and support local causes. Tri-State Distributors enjoyed record-setting sales again in 2008. Sales in December were 20% above any month before. How’d they do it? Well, anyone who knows Gerard Connelly knows that positive attitude plays a role, but in addition, his business knows its market, provides knowledgeable and attentive customer service and is an active community partner. Last year, Tri-State contributed in excess of \$100,000 to area causes. Gerard, a perennial marathoner, told me that unlike our racing times, financial numbers can actually improve, and that it requires “vision, optimism and capital investment” for a business to remain youthful and vigorous.

On the subject of capital investment, acclaimed columnist and author Thomas Friedman explained the size of the federal stimulus package, relative to the pressing needs of this Country, with a line from the movie, Jaws. He quoted Roy Scheider’s character, Police Chief Martin Brody, who upon seeing the gigantic shark for the first time understatedly quipped to Captain Quint, “You’re gonna need a bigger boat.”

As it turned out, that \$787B “boat” is bigger than most of us can visualize. Federal stimulus dollars are expected to be distributed among states and local governments. Moscow has joined other cities in submitting our wish lists for projects and programs that we think will help the local economy by creating jobs, improving infrastructure and developing programs and projects that will position us favorably in a new economic climate. Cautious optimism is the rule, and we are not counting on what remains an uncertain outcome for how those funds might be dispersed. Moscow is not immune from the ripple effects of national and global economic circumstances, but as I said earlier, the nature and scale of our local economy affords some insulation.

The practice—indeed, the requirement—of municipal finance in Idaho is to balance revenues and expenses, to invest soundly and conservatively for the long-term, and to provide reasoned recommendations to policymakers so that necessities and obligations are prioritized. The City of Moscow will continue to budget with that in mind. The City’s mission statement promises, “...quality municipal services while ensuring responsible use of resources...” With the support of skilled City staff, citizen participants and Moscow’s nurturing environment, we have a long list of accomplishments to report.

Citizen input

First, we benefit from the dedication of time and talent by citizen volunteers on commissions that inform and advise policy-makers. Our bi-annual Citizen Survey solicits longitudinal feedback on recurring topics and input on items of interest associated with City Council objectives, volunteer commissions’ recommendations and municipal department projects and programs. In 2008, 94% of respondents rated the quality of life in Moscow as good or excellent.

The Arts

The City’s Arts Department and Moscow Arts Commission work collaboratively to enhance Moscow’s reputation as *Heart of the Arts*. David Giese, a respected artist and professor at UI, is the new Chair of MAC. We recently added new positions for high school and college aged students. Moscow’s business community has been tremendous in supporting the popular ArtWalk, regional studio tour and Chalk Art Contest. Paradise Creek Bicycles hosts regular openings in the Above the Rim Gallery. Performing arts abound in Moscow. North Central Idaho Tourism Association and Two-Degrees Northwest are among the economic development interests that have taken note of the significant role of cultural tourism here. Watch for more exciting things to happen in the arts!

Infrastructure and Transportation

A federal grant involving Moscow Valley Transit, UI and the City provided bus shelters embellished with student art. Our biggest capital project is Phase IV of the Wastewater Treatment Plant, funded by nearly \$6M in AAA-rated bonds. The improvements will reduce phosphorus levels in effluent to comply with EPA mandates. In the realm of transportation, we built some new sidewalks, funded through Safe Routes to School grants, in cooperation with the School District and University. Our community is challenged to keep up with demands, from plowing snow to filling potholes to paving streets and moving toward a vision of *Complete Streets*, for predictable accommodation of bicyclists, pedestrians and wheelchair users, as well as motorists. Watch for D Street pathway improvements between Mountain View and McDonald Elementary to begin this spring. A recent parking study appears to have gained momentum, and with involvement of the URA and cooperation from UI and Gritman Medical Center, we are optimistic that progress will be made soon, particularly concerning a downtown parking plan. The City continues to work closely with Idaho Transportation Department and the University on improvements to the Peterson Drive crosswalk over Pullman Road. The latest report is that the roadway extension into the core of campus and corresponding installation of a four-way signal could begin as soon as June. The concepts of a ring road or bypass, long on the back burner, will linger there awhile longer. Restoring and expanding

the core of Moscow as a more bicycle-pedestrian-friendly space by routing through-traffic around the periphery lies largely in the hands of Latah County and ITD. Sections of the arc of a ring road—effectively a bypass—may result from planned development within the City, but most of the conceived route is outside of the Area of City Impact. The City is involved with regional efforts coordinated by ITD to develop a statewide transportation plan for public transit and all modes of mobility. Ideally, the outcome will involve expanded hours and areas of operation for bus service.

Sustainability

Overarching all of the categories that I have addressed so far is sustainability and Moscow's preparedness to thrive *socially, economically and ecologically*, now and in the future. We have a head-start on this, well in advance of many other places around the country. Marc Weiss, Chairman and CEO of Global Urban Development recently told the National League of Cities Advisory Council that, "In the 21st Century, you can only get richer by becoming greener." A 2006 Battelle report commissioned by Idaho Department of Commerce and Labor drew similar conclusions. It identified the state's core competencies, and projected that a Center for Ecological Health would be the ideal fit for this region's economy. A steering committee representing Latah Economic Development Council, the University of Idaho, local government and a number of locally-owned businesses is investigating the prospect of establishing such a Center here. We are pursuing federal start-up funds for planning what is expected to be a self-supporting entity to promote economic development and find solutions to environmental challenges. In today's reality, it would be imprudent to segregate sustainability from economic development.

Projections and priorities

Dusting off the crystal ball and mixing-in my personal hopes for 2009, I predict and aspire toward the following:

- 1) I am optimistic about urban renewal in Legacy Crossing. We are becoming more aware of consumers' preferences for compact, accessible, human-scaled, energy-efficient, facilities near work, recreation, shopping, entertainment, dining, public transit, and medical care. Across the country, consumers are demonstrating their expectations and willingness to pay for those features. One concept for Legacy Crossing involves adaptive reuse of large grain elevators, potentially to include a surround-view research facility called an allosphere. Proximity to downtown and the University of Idaho make the site ideally suited to the uses envisioned by the developers. Idaho Smart Growth recently presented them with the 2008 Mixed Use Award.
- 2) I anticipate that governmental entities in the Palouse Basin will join Idaho Department of Water Resources, Washington Department of Ecology, scientific and legal experts, the EPA and other agencies in taking the first steps to design a model for watershed management. This will include setting common standards, *planning and funding an alternative water supply*, addressing risks of emerging contaminants, and making clear that we cannot sustain economic growth without sufficient quantities of clean water.
- 3) As directed by the EPA, the City Council will continue to seek solutions for managing storm water, potentially to include a storm water utility.
- 4) We will identify an industrial park site to facilitate the design, manufacture and distribution of products, create new jobs and diversify our local economy.
- 5) The Comprehensive Plan will be finalized—at least until the next time—and we will take the next step to develop a unified zoning code to implement the vision set forward by the citizens of Moscow.
- 6) Affordable, workforce and senior housing programs will grow out of necessity and market demand.
- 7) We mustn't allow the long-sought ball fields on Palouse River Drive to drop from our list of priorities.

- 8) The City will continue to look for ways to be more efficient and to stretch the budget. Our new Voice Over Internet Protocol (VOIP), installed just last week, will save an estimated \$1,000 per month in telephone expenses. We'll replace depreciated and outmoded vehicles in the municipal fleet with more efficient ones, including electrics and hybrids.

Conclusion and remarks of appreciation

In conclusion, Moscow enjoys a unique and enviable reputation. We are rich in so many ways. It is our collective privilege and obligation to assume the challenge of diversifying and growing the economy without sacrificing quality of life. On the heels of President Obama's Inaugural Address, it is prudent that we take his inspirational messages to heart and act on them. He reminded us that, "We remain the most prosperous, powerful nation on earth. Our workers are no less productive than when this crisis began. Our minds are no less inventive, our goods and services no less needed than they were last week or last month or last year. Our capacity remains undiminished." He said, "Our challenges may be new. The instruments with which we meet them may be new. But those values upon which our success depends—hard work and honesty, courage and fair play, tolerance and curiosity, loyalty and patriotism—these things are old. These things are true. They have been the quiet force of progress throughout our history. What is demanded then is a return to these truths."

The President called upon each of us to help each other and our nation to prosper and to restore confidence. This is true at all levels of government, within all aspects of community. The old, quiet truths to which the President referred are alive and well in this room today. Witness the product of hard work and the courage of commitment reflected in our revitalized 1912 Center. Recognize the generosity and community-mindedness of our predecessors and those who continue to inspire this community today.

The President talked about fair play, tolerance and patriotism—all important parts of Moscow's representative and participatory governance. Happily, he also mentioned curiosity—a trait that inspires us to excel and to stay connected. *Curiosity may have drawn you to today's address, but the reality is that most of us already knew the state of our city. We know that neighbors help neighbors, that our community is safe, that the arts and recreation keep us healthy in body and spirit, and that we have many fewer boarded-up storefronts than we see on the national news. To a large extent, the state of our city is what we make of it, what we believe and what actions we take. We are not immune from the hardships of the global economic recession, but it is important to remind ourselves that we can influence how we manage local challenges locally. Buy Local Moscow is one such example. As we have been doing so successfully, let's continue to take the slow and steady approach for the long run, to listen to the languages of economics and ecology, to balance sustainability with profitability, to preserve those qualities that make life in Moscow so exceptional and to be inspired to guide it toward becoming even better.*

Thank you again for your interest in the state of our City.