

*State of the City Address – Mayor Dean Maxwell
February 9, 2012*

It is always an honor to address our community regarding the status and operations of Anacortes municipal government as we work within our wonderful community. And as you know, I take great pride in every one of our communities' progressive accomplishments. While the economy remained uncertain this past year, City employees continued to provide a high level of service while looking for even more ways to save dollars. I appreciated the City bargaining units' effort to negotiate their contracts with a very keen awareness of the current economy. Our staff have performed work inhouse whenever it was cost effective, reduced energy consumption, and searched for grant funding possibilities. Individual members of our community continue to be extremely generous with their time, their dollars, and with their talents, providing solutions where government cannot.

I want to thank our Chamber of Commerce for the opportunity to participate and again have City representation on the Chamber Board. I have enjoyed working with the Chamber Board, with each of you, and with Stephanie this past year. I would like to thank past president Mark Bunzel, current president Kristi Gabriel, all those involved with the Anacortes Futures process and now the retail and industrial gap analysis facilitated by the Buxton Company and funded by the Chamber, Port, Hospital and the City. Based on good community input and now on timely and relevant data, we are starting to get focused on those areas of real opportunity that hold the most promise between now and 2025, each of which reflect the overall vision of this community. It is noteworthy that by working together we have already had an impact on huge community issues, the Barrel Tax, International Ferry Service, and now on good community planning. Kudos!

On December 19, 2011, the community lost Nick Petrish. Nick served 13 ½ years as the Ward 1 Councilmember and spent a lifetime as a dedicated Anacortes community servant adding much value to our town.

In September, I was fortunate to be able travel with our Sister City delegation to two of our four Sister Cities Vela Luka, Croatia and Losmonov, Russia. I stayed with a wonderful host family in Russia, mother Sveta, father Pasha, and 15-year-old daughter Ira. They were very gracious and open and treated me like a long lost friend. Pasha is a journalist, Sveta an accountant and Ira a student. Today as I watch the severe weather -5 degrees Fahrenheit, Russia's corrupt political system, defined by Wikipedia as "some kind of parliamentary/constitutional government with supposedly free elections," and think about the great hardships that always have been present in Russia, I am extremely grateful to be living in the best small community in America.

My home stay family in Vela Luka was equally as kind and loving; Marita, Jerko, Teo, Ante and his wife Marita and 5-year-old daughter Ema. Ema was a real chatterbox who spoke volumes to me in Croatian and was always puzzled when I could not quite understand or answer her. I'm not too sure how impressed she was.

Duane Clarke has been a most wonderful and organized steward of our Sister Cities organization in his 9 years as president. With Duane's leadership the organization has grown in depth and influence. Because of the work of our organization, there have been hundreds of wonderful relationships established and nurtured with these Sister Cities. I know these relationships will continue to pay benefit, ultimately an even more peaceful world because, though we may speak a different language, our needs and individual wants turn out to be exactly the same.

FINANCE DEPARTMENT:

Our 2011 revenues were up slightly over 2010 levels, showing some strength and another glimmer of hope for an improving City economy. Sales tax increased moderately over 2010 levels, as did utility tax and building permits and fees.

For the 29th year running Anacortes achieved the highest audit rating on our 2010 financial statements from the State Auditor. And once again our 2012 budget is a balanced one, as in all previous years of my administration. I won't kid you and say it has been an easy year, and we remain concerned and cautious because we don't know exactly what the legislature and the governor have in mind as they search for ways to patch a \$1.5 billion hole in the state budget. Stay tuned, it could still be an interesting year.

The final billing phase for the Flounder Bay Dredging project has been successfully completed; a very complex dredging project administered by City staff and a citizens Dredging Advisory Committee and paid for by 670 boat and slip owners in the Skyline Marina utilizing our sewer utility and billing system.

In 2012, the finance department will be implementing an online payment system for utility bills. The system is working in a test environment now, and will be live for next month's utility bills. We will be providing a link on our website in the next few weeks.

We are in the process of determining and finishing the financing requirements for the water treatment plant project. As planned, approximately \$10.9 million in additional funds will be needed to complete the financing and building of our new water treatment plant. We had a very successful bond issue in 2010 resulting in a 3.63% total interest cost, and as municipal bond rates have continued to stay very low, we anticipate another successful bond issue in mid 2012 to complete the financing of this project.

Because of very low interest rates on savings we transitioned and will purchase City held investments in house, no longer paying a third party advisor, saving the City \$15,000 annually.

In 2011 we moved to an online auction of surplus City equipment that has given us a much broader audience of prospective bidders and increased the amount of revenue we receive for our surplus items.

The site location is Public Surplus.com:

<http://www.publicsurplus.com/sms/list/current?orgid=173897>

INFORMATION SYSTEMS (IS)

Last year our IS department installed an Email archiving system which ensures complex compliance with records retention laws and helps reduce costs and time spent addressing public records requests to a degree.

We have been busy building custom PCs, rather than buying new from vendors, saving hundreds of dollars per computer.

Equipment in the Council Chambers was recently upgraded with new sound configuration and video processing equipment, a presentation podium, and two new LCD TVs. This upgrade will enhance the public and City Council members' ability to view information presented at public meetings and on Channel 10 and now provides wireless Internet access, and should make presentations easier and more understandable. The entire project was done inhouse by staff and saved us thousands of dollars. It is a very robust system that will provide many benefits to our community and it will also make a wonderful training and learning forum.

In 2012 an induction loop system will be installed in the Council Chambers that will improve sound levels for attendees who wearing hearing aids equipped with T coil technology.

We will be replacing twenty-four outdated laptops in police officers' vehicles and the library and wastewater treatment plant will receive upgrades in hardware and software this year.

MUNICIPAL COURT

An "in-custody" calendar was adopted by our judges that allow inmates of the Skagit County Jail to have cases heard without Anacortes police officers traveling to Mount Vernon to transport inmates from jail to their hearings in Anacortes. This alleviates travel, time and dollars and is much more efficient for Anacortes and it also creates a safer environment for our Municipal Court.

In 2010 the Anacortes Municipal Court held its first jury trial in more than five years; jurors are randomly selected from Anacortes citizens.

PUBLIC WORKS

Engineering

The water treatment plant expansion project is by far the largest and most expensive capital project the City has undertaken; in fact it may be the largest publicly funded non-transportation project ever in Skagit County. Construction of plant improvements began in January 2011, with completion anticipated in the spring of 2013. Improvements include new pretreatment and filter facilities, clear wells, intermediate and high service pump stations, a new chemical building, and standby generators that will run the facility in the event of a power disruption.

The contract with IMCO, a local Bellingham contractor, is approximately 57 million dollars. When construction is complete, the plant will have a capacity of 42 MGD with the potential to produce 55 MGD. Our current plant was built for 20 MGD, and several times in the past has produced 30 MGD. This project was featured in the January 12, 2012 issue of the *Daily Journal of Commerce* <http://www.djc.com>

Other highlights of the 2011 construction season included: the North Texas water line; the completion of the multi-phased Pennsylvania Avenue; the successful funding and construction of South Fidalgo Bay Road, which will access the future Willette Business Park; a storm water bypass project at the wastewater treatment plant; 11 new ADA ramps in old town; and several smaller projects including some localized storm drain fixes. Our engineering group saw the departure of Lyle Davis a 30-year veteran of the public works department.

The 23 budgeted projects for 2012 include: a new 16-inch waterline along Longview Avenue; the completion of a multi-phased project to eliminate I & I (Inflow and Infiltration) in the L Sewer District, a 30-square-block area of the oldest sewer in town; an upgrade of the 32nd and M Avenue intersection for pedestrian safety, and 1500 feet of new sidewalk along 29th Street (both are funded by Safe Routes to School dollars); the completion of the brick paving at the historic train depot; a re-channelization of I-Avenue to a one-way street; and a brand new section of Fidalgo Bay Road at Weaverling Road.

Water Treatment Plant

This year has brought many interesting challenges for our water treatment plant staff. Construction of the new treatment plant has impacted operations just by the fact that it is being done in their front yard.

Plant staff in 2011 completed updates to the distribution telemetry system including installing a new inflow meter at the 3MG reservoir; performed structural repairs on the 'A' Avenue booster station; installed or updated ventilation systems at three booster stations; completely replaced the suction and discharge headers at the Pointe booster station; and converted the last piece of phone line telemetry to wireless radio telemetry.

A huge accomplishment for staff this last year, the first municipality in the state to receive a START program award by working with the Department of Labor & Industries to update and improve our already comprehensive safety program.

Anacortes produced over 6 billion gallons of clean drinking water last year, an 8% increase from 2010. To put amount in perspective that amount of water would fill our swimming pool which holds 280,000 gallons, 21,000 times.

The goal for 2012 is simple - keep a 40-year-old plant running until the new plant comes on line in 2013. The plant has several important projects to complete this year including redesign and installation of intake eductor system, removal and rebuilding of the intake traveling water screens, and continual improvements to the distribution system.

Facilities

In addition to building maintenance, the facilities department spearheads our energy conservation effort citywide. In 2011 there was approximately \$42,000 in electrical cost savings in our facilities and 2012 looks to exceed those savings with new improvements that are being implemented.

In 2012 the facilities division will begin working with Cascade Job Corps to assist with training and development of students enrolled in their vocational programs; the City will simultaneously benefit from the extra help

The Museum and Maritime Heritage Center was awarded a \$6,551 grant in 2011 from Northwest Clean Air to upgrade their display lighting by changing out their existing lighting to LED.

OPERATIONS

Water Department

With fewer leaks and main breaks this year, the water department was able to complete several projects including the new 2" crossing at Old Brook Lane and the installation of a 24" valve at the Swinomish Casino, a new fire sprinkler line at Fire Station 1, and the replacement of the PVC service line at city hall.

This year the department will be replacing older service lines to copper to help improve reliability. The water department reads and maintains 7,593 meters in the system each month and is responsible for the maintenance of 159.1 miles of distribution lines.

Fleet Services

In 2012, fleet services will put 17 new pieces of replacement equipment into service. Their goal is to keep our fleet lean, yet highly efficient. One replacement piece is a paint stripping machine that will be built inhouse saving approximately \$50,000 versus buying a pre-made unit. Commercially available complete units are not the best quality or design for our needs.

Street Department

Anacortes works to be more pedestrian and bike friendly, the street department continues to improve accessibility and reduce trip hazards throughout the City. Utilizing the sidewalk replacement program, they have replaced over 1000 feet of sidewalk and repaired 144 potential trip hazards in 2011. With assistance from the engineering department, they also installed a total of 17 ADA ramps. In 2012, they will continue to identify and repair potential trip hazards and upgrade ADA accessibility.

Because all surface runoff in Anacortes eventually drains to Puget Sound, it is very important to reduce the amount of surface pollutants that enter the storm water system with the use of street sweeping and storm infrastructure and maintenance. This year the street department swept over 8000 miles of paved roadway and cleaned or inspected 1,796 catch basins and over 42,000 feet of storm lines.

To prevent sewer problems with city main lines, the street is busy crew checking and identifying any areas that may potentially cause a problem. In 2011, they cleaned 434,319 linear feet and videoed 16,274 linear feet of sewer main lines and inspected over 1,000 sewer manholes.

Our street department strives to fill potholes as quickly as possible. In 2011 the department used 297 tons of asphalt, 614 tons of gravel and 16 tons of cold mix repairing and maintaining our roadways.

An online form was created for reporting potholes and we ask that you let us know when you find one. <http://www.cityofanacortes.org/Comments/Pothole/index.asp>

Also report a street light outage online and we will get it fixed.
<http://www.cityofanacortes.org/PublicWorks/Operations/street.htm>
<http://www.intolight.com/lightsout.html>

Solid Waste

We picked up 6900 tons of commercial and residential garbage last year and maintained a drop-off site for fluorescent tubes and recyclable batteries. The solid waste crew also installed the 32 informational banners over Commercial Avenue.

The “Free Spring Clean Up” and “Saturday U-Haul” programs continue to be appreciated and well used. The free Saturdays are April 14 and September 8, from 9:00 a.m. to 1:00 p.m. at the operations facility. For the two weeks April 16 - 27 you may set out double your normal curbside service without additional cost.

The dates and times for our Free Spring / Fall Clean Ups are on the city webpage: <http://www.cityofanacortes.org/PublicWorks/Documents/SaturdayU-haul.pdf>

To help provide community recycling education, our solid waste staff held a series of “Trash Talks,” on garbage and recycling in local schools and service clubs, and continued the popular annual Recycling Slogan Contest for Anacortes elementary students. A poster “Garbage, What Do You Do With It?” illustrates which items customers can place in yard and food waste containers, recycling containers and garbage containers and we also have a brochure that lets you know what goes where at:

<http://www.cityofanacortes.org/images/PublicWorks/Operations/Garbage>

Wastewater Treatment Plant

In the last three years, our WWTP staff have reduced energy costs and eliminated programmed capital expenditures by over \$1.1 million dollars through a combination of process efficiencies and energy-saving improvements, including an upgrade to the aeration basin blower system that will reduce energy usage by \$40,000 per year. This project was 70% funded with a \$164,067 grant from Puget Sound Energy.

The major project for 2012 will be replacing the incinerator heat exchanger. The new exchanger will be more efficient and will further help reduce operating costs.

Our WWTP was recently featured in a national publication, *Treatment Plant Operator* magazine. <http://www.tpomag.com>

PARKS AND RECREATION

The parks and recreation department had several successful projects and programs this past year, including continued work on the ballfield complex at Volunteer Park and significant improvements to a little league field at Ace of Hearts / Rotary Park. Both projects involved a large number of volunteers and much community support for which the City is very grateful.

The first annual Winter Wonderland Walk attracted an overwhelming turnout to Washington Park for an evening of lights, singing, food, drink, fires, and community gathering. We plan to build upon this for next year and create a uniquely Anacortes annual community event.

At Washington Park recreational boaters are now enjoying a new pay machine and the improved options of using credit and debit cards to park their trucks and trailers. Campers can also use the new machine to pay for sites and firewood. Revenues are improving at the park as a result and customer service has also improved as staff is able to track all payments in the park much more quickly.

Whether it is the Friends of Washington Park, the Fidalgo Elementary K Kids, or the many park visitors who simply and anonymously do everything from litter pick up to trail maintenance, volunteerism continues to be strength of our community park systems.

Joint Public Works / Parks Projects

Last year we completed the first phase of the Ship Harbor Interpretive Trail. The first phase included approximately 1,700 feet of at grade trail and four interpretive decks. Combined with the 2200 feet of the Guemes Channel Trail, we now have $\frac{3}{4}$ mile of trail at Ship Harbor and we are headed into town. A special thanks to a dedicated group of volunteers, Jim Clark, Frank McCoy, Michele Pope, Gary Robinson, Steve Colby, Jack Hutteball, Dave Lervik, Vicki Stasch, Steve Mansfield who are all working to help the community “Complete the Dream” of a trail from The Washington State Ferries dock to downtown Anacortes. It turns out that the City actually owns the railroad right-of-way from New York Avenue to the Loveric property, and we are actively seeking grant funding to build that section of trail and we are actively working on easements for the rest of the trail into town.

The City is planning on completing the second phase of the Ship Harbor Interpretive Preserve trail this year. This phase will include approximately 1,000 lineal feet of elevated boardwalk with viewing stations of the wetland as Ship Harbor and connections to the existing trail.

For 2012, the parks department will be working with our public works department on improvements to N Avenue Park. In addition, the parks department will be working on the transition of the Depot Arts Center facility to City management.

The depot originally served as the Great Northern Railway station in Anacortes, opening in 1911. It was retired from railroad service in 1956 and the building was sold to the City in 1980. With the support of grants, corporate and private donations, and plenty of volunteers the restoration effort of Depot Arts Center began.

The Port and the City have worked cooperatively on various land transactions in the vicinity of the Depot beginning with the interlocal agreement of 2002. Planning department staff worked with Port staff throughout 2011 to complete an interlocal agreement, which transfers property between the City and the Port at the Depot site, resulting in City ownership of the properties surrounding the Depot.

The 2011-2013 State Capital Budget included an appropriation of \$380,000 for the Anacortes Depot Project. The Department of Commerce will administer the grant. A great big thank you to our sponsor, Senator Kevin Ranker, with support from our legislature and governor, for this appropriation. We will be dedicating this wonderful new “piazza” in early May.

PLANNING, COMMUNITY & ECONOMIC DEVELOPMENT

The department of planning, community and economic development processed a total of 18 land use applications in 2011. The planning department also processed six requests for changes to the Anacortes Municipal Code and two for our Comprehensive Plan. One request was recommended for approval, three were recommended for denial, and the others were held over by the Planning Commission for further consideration in 2012. The City Council is reviewing these recommendations and has taken some final actions.

With the economy improving in 2011, the building department was busy completing inspections, reviewing building plans, working on code enforcement issues, and a variety of other tasks throughout the year. In 2011, the building department completed 1,278 inspections; August was the highest month with 157. The building department issued 374 permits, compared to 414 in 2010. The department reviewed 36 single-family residential permits, which is an increase from the previous year’s 31 permits and compares with 2008 numbers which were pre-recession, so a good sign.

Community Development Block Grant program

The Community Development Block Grant (CDBG) is a federal grant program from Housing and Urban Development (HUD) that provides communities with flexible funding to address a wide range of community development needs.

In 2011, the City received \$95,933 for the CDBG program and allocated funding to three projects. The public services portion (\$14,389) was provided to the Skagit County Community Action Agency, which assisted 50 individuals through the CHORE program, a program that helps people stay in their homes and receive help with a spectrum of needs from A-Z. The City will provide approximately \$38,000 to upgrade the doors within the municipal building to remove architectural barriers to the elderly and disabled individuals.

The third project, which will be accomplished through two program years, is the renovation of the playground located at 28th Street, behind the bowling alley. The project will provide new equipment, accessible pathways, picnic structure, and play lawn to accommodate the children living in the adjacent housing. Funding for \$30,000 will be applied from the 2011 funding.

Public Records

Public records requests were up again in 2011 from the previous year. This year the City received 84 requests compared to 74 last year; staff spent approximately 400 hours researching requests at a cost of approximately \$26,000. We have posted those requests online in a summary page so you can view.

http://www.cityofanacortes.org/Legal/public_records_cost.htm

Public entities continue to struggle with some of the requirements and spend excessive dollars and time on overly burdensome and a few frivolous requests that have nothing to do with making government more transparent and open. Local examples include a citizen who received a parking ticket and who apparently was not happy submitted 17 requests for information within two weeks, other examples are commercial inquiries from out of state requesting broadly defined information, looking to further their client list of local businesses, and in Arlington a request from an inmate in the prison system looking to make money by trapping Arlington in the broad and stringent requirements of the current law regarding public records.

FIRE DEPARTMENT

The City was awarded the Assistance to Firefighters Grant for \$152,500, to install a drop down diesel exhaust removal system and sprinkler system at Station I.

The department made great progress in training members of the department to a higher level of operational readiness in technical rope rescue. The department completed one live training burn on a local structure in 2011.

Last week, we received notification of acceptance of a \$212,000 federal grant submitted by West Skagit Regional Fire Departments (Fire District #13, Fire District #17, Fire District #11, and Anacortes) to purchase a Mobile Live Fire Training Prop. The prop will enhance the ability to conduct more frequent and consistent live fire training, and can be moved and utilized at each department's location to reduce travel costs, and out of service time.

The fire department partnered with Island Hospital, Red Cross, and Skagit 911 to host an open house in October.

Community volunteers worked diligently to complete the assembly of the antique American La France engine in time for the 4th of July parade. They have done a

wonderful job, a big thanks to Loren Knutsen and to his entire talented group of volunteers.

The countywide “MyStates” notification system using the 911 database is available for the immediate notification of fixed home telephones. A public education campaign to ask citizens with cell phones, VOIP home phones, or pagers to register their devices will be implemented later this year so they can be notified in the event of a regional disaster. Go to Skagit911.com to register your cell phone or VOIP phone.

POLICE

The police department continues to provide extensive services to residents and constantly seeks to improve services when possible.

In 2011, crimes remained at a level similar to the previous year. While thefts were down slightly, the number of residential burglaries rose. Officers and detectives were able to make several arrests in connection with some of the burglaries.

Again we ask that you watch out for yourselves by watching out for your neighbors, if you see anything that looks suspicious or out of order please call 911 and let us know, we can all do our part by being more aware that theft does occur here and working together we can prevent it.

Officers are worried about the resurgence of the drug heroin in the community; particularly the increase in drug overdose cases over the last year. APD is working with the Skagit County Drug Task Force on combating the heroin problem as well as other drug enforcement issues.

The department held both a Citizens Academy and Little Citizens Academy summer camp for kids ages 9 to 12 years old. Both academies were well attended. The department began to utilize Nixel™ to send pertinent and timely crime information, traffic advisories, and community safety messages out to residents via text messages. nixle.org - TheNixleTeam@nixle.com

In August, the City started the “City Work Crew” as an alternative to jail for non-violent, low level offenders in the community. By the end of the year, nearly 30 offenders had provided over 70 days of labor to the city, in lieu of spending time in jail. The offenders performed jobs that would have otherwise gone undone and the city saved over \$6,000 in jail costs.

Two long-time employees retired this last year. Sergeant Wayne Korterud retired in March and Officer John Taylor followed him in June. Officer Jackie Richter joined the department after graduating from the police academy in August.

Each officer attended over 24 hours of continuing education including defensive tactics, a legal update course, and scenario based patrol procedures training in the fall.

LIBRARY

The Library commemorated its Centennial Year with a birthday party on March 5. Organizations and clubs hosted special Centennial programs throughout March.

http://library.cityofanacortes.org/rooms/portal/page/Sirsi_HOME

<http://library.cityofanacortes.org>

2011 Highlights:

- Providing passport service
- 90.7% increase in eBooks and audiobooks usage
- Basic computer-skills classes using the new laptop lab, space limited to 10 students for effective hands-on learning
- The meeting room was often booked three or more times daily
 - The library sponsored 105 programs with 4342 attendees
- The Manieri Jazz Committee continued 2nd Sunday Jazz performances. A Centennial Swing Dance was hosted. Jazz scholarships were awarded. Band instruments were collected for needy band students
- The first inventory in 5 years was completed with the help of volunteers. Of the over 100,000 items collection, only 1253 items were missing. The RFID security system proved to be effective
- The Anacortes Public Library Foundation sponsored Centennial events and established a permanent endowment through the Centennial Legacy Donor drive.
- Record-breaking FriendShop sales helped fund materials and children's programming
- Summer Reading program attendance tripled over previous years
- The Children's Library partnered with institutions and organizations to bring Reach Out and Read to Anacortes

2012 Goals:

- Increasing eBooks and audiobooks collection
- Offering classes on downloading books to mobile devices
- Transitioning the information system to Open Source Software
- Partnering with the Anacortes School District to earn an All-America City Grade-Level Reading Award

MUSEUM

The Anacortes Museum & Maritime Heritage Center continues to reach out to the community.

The exhibit, “Island Plants & People” features Fidalgo Island’s evolving landscape and our effect on it. The museum just opened “Washington’s First Women in Government” highlighting the state’s first elected females. For local relevance, the museum added a section featuring such Anacortes notables as the first woman police chief (Bonnie Bowers) and mayor (Bettye Bryant). “Anacortes Presents,” a special exhibit case, continues to highlight unique local collections and increase community participation.

In October the museum had the largest number of visitors counted in a month – about half of them were from Anacortes’ entire fourth-grade class.

The Maritime Heritage Center added a new outdoor exhibit featuring three panels installed along the sidewalk at the WT Preston, providing year-round information about the snagboat. Other new exhibits — possibly one featuring the America’s Cup winner BMW Oracle, built and tested in Anacortes, will be added for the upcoming season.

“Great Northern Depot Highlights” is an 8-panel exhibit in the freight room of the historic Depot.

Goals for 2012:

To increase public access to its collection, the museum is developing web based access to its growing database. People will be able to browse through historic photographs at home and order copies online. In the fall the museum intends to reorganize and renovate the Research Library. Some of the collection will be available online before the renovation begins.

HUMAN RESOURCES

The human resources department continues to provide expertise in risk management, employee and labor relations, benefits, safety and wellness. We are mindful of the expense of training and work to provide training in risk management in partnership with the WA Cities Insurance Authority. In 2012, we will continue to focus on partnerships to enhance training opportunities.

I am very proud of the trusting relationships we have established with our employees and bargaining units. We are beginning 2012 with each of our four collective bargaining agreements settled. In 2011, the Teamsters agreed to open their collective bargaining agreement and graciously agreed to wage concessions to better align with economic indicators. We were also able to negotiate a three-year successor contract with the International Association of Firefighters Local 1537. Both contracts were settled locally and without the utilization of outside attorneys.

The City continues to meet the financial obligations of our retired police and fire employees who joined the state retirement system prior to August 1977. We play an active role in managing those benefits to ensure we are meeting the intent of the law and being mindful of our financial obligations and their impact.

The City has been recognized for eight consecutive years as a Well City Award recipient by the Association of Washington Cities (AWC). We purchase health insurance benefits through AWC's Employee Benefit Trust. In 2012 we are realizing a 2% cost savings in our health insurance premiums which equates to a cost savings equivalent to a 1% property tax increase. This could not have occurred without the commitment and active participation of our staff.

In conclusion, each of us is dependent on the other, living collectively in a community, a place where we benefit from collective wisdom and interests. I think we have accomplished far more than many communities ever dream of simply because each of us care deeply and contribute to our community welfare. Each time I hear from a visitor who says, what a beautiful community, I am flattered, but I know that it is much more than beauty that makes us whole and real.

One of my favorite quotes penned by Margaret Mead,

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”