



City of Centennial

2007 State of Our City “A City Evolving”

Thank you Sheriff for that wonderful introduction. There is something intimidating about being introduced by a person who carries a gun. I feel like I need to make this a great speech or it could be my last.

I know all of us here share my sentiments that we are so proud to have the Sheriff leading what I believe is the best law enforcement agency in the United States today. Thank you Sheriff and thank you to all the men and women of the Arapahoe Sheriff's Department for all you do to keep Centennial safe.

Thank all of you for honoring the City by being here today. I am humbled and proud to have had the opportunity to serve this City since its beginning and I thank you for the support you have given me as I continue in this leadership role.

As always I am proud to introduce the individual whose resilience, strength and understanding has allowed me to serve and continue to serve the people of Centennial: the first lady of YOUR city, my wife Susan. Susan please stand up.

All of us in city government -- elected officials and city employees -- are not in a privileged position, except that we are privileged to serve. We are in positions of immense public trust, with the responsibility to do what is best, in the short-term and the long-term, for our City and its people, now and in the future.

Along with my colleagues on the City Council and our professional city staff, we have successfully and effectively delivered unparalleled services and projects to you in this past year. Please help me thank them all.

Let me thank Laurie Christianson and the Rotary Club of Centennial for again providing this wonderful opportunity to bring this report to the community on the State of Our City.

The main objective of Rotary is service -- service above self -- in the community, in the workplace, and throughout the world.

This is truly demonstrated by the efforts of this club and let me highlight just one of their current efforts.

This club, in partnership with the Broomfield and Longmont clubs, is currently engaging a group called "Engineers Without Borders." Their combined efforts focus on providing clean water and sanitation, renewable energy and affordable housing to communities around the world.

Their hard work is making an immediate positive impact on the quality of life for more than 200 school children and villagers in the rural mountains of Thailand.

Help me thank them for all they do.

The best State of the City address ever given was last year by Denver's Mayor Hickenlooper. After being introduced he rose and walked to the microphone and simply said "the state of the city is good" and then turned and walked away to thunderous applause.

Of course like all of us in politics he couldn't leave it at that so he returned to expound on his comment for the next 45 minutes.

Well I don't want any of you to think I'm going to limit my comments to seven words because I have a very important message today and I ask you to stay with me.

In both 2005 and 2006 during my State of Our City address I talked about Centennial being a city on the rise. A city that over time would reveal itself. A city that would never stand still.

Today I am pleased to tell you that I am more confident than ever that we are that type of city. We are a city that is evolving, a city that is not standing still and I believe a city whose best days still lie ahead.

I choose to define our City by its abundance of assets.

- ◆ Centennial is a safe city.
- ◆ Centennial has dedicated City employees, and visionary City leaders who do their best every day and provide top-quality services to the people of our City.
- ◆ Centennial has superb special district partners that provide great services to our citizens.
- ◆ Centennial has great learning institutions that provide energy, creativity and ideas.
- ◆ Centennial is growing in population and we are rich in diversity.
- ◆ Centennial in its short history already has a tradition of hard work and timeless values.
- ◆ Centennial has strong and proud neighborhoods.
- ◆ Centennial is blessed with an active citizenry who give their energy and creativity to make our City all that it is.
- ◆ Centennial has incredible youth with the type of enthusiasm that makes a difference.

- ◆ Centennial has a strong business base with an amazing corporate ethic of sharing assets with the community.
- ◆ Centennial has great community organizations like the Centennial Rotary Club - investing time and resources to strengthen our moral compass.
- ◆ Centennial has majestic mountains to our west and golden plains to our east and the incredible beauty of parks, trails, and waterways that surround us.

All of this provides the perfect backdrop for exceptional recreation, entertainment, commerce and housing that makes Centennial a great place to live.

When you leave today look around you and you'll see even more of Centennial's assets. But most of all you'll see Centennial's future.

In 2007 I am proud to be able to stand before you and tell you that the state of our City is strong. Stronger today than yesterday and because of the richness of our assets we will be even stronger in the future than we are today.

This afternoon I want to spend our time together looking at the future and have you focus with me on the message that I need you to take with you today. It's a message with great significance.

But I would not have done my job today if I had you only focus on the future and not celebrate the City's achievements this past year.

Before you today are two documents: one, our Annual Report to the Community and the other, a report on the significant accomplishments from our community service partners.

I hope you take the time to read through them and take note of how much we have to be proud of this past year.

Let me highlight just some of what you will read about and much more that we didn't have room for:

- ◆ For the second year in a row, Centennial is the safest city in Colorado and in the top 50 of our size in the country.
- ◆ Arapahoe County Sheriff's Office was reaccredited for an unprecedented sixth time through the Law Enforcement Accreditation Program.
- ◆ The successful formation of the Southeast Metropolitan Stormwater Authority with our partners in Arapahoe County that will begin to address the more than \$70 million in unmet drainage improvements and repairs.
- ◆ The completion and celebration surrounding T-REX and the addition of light rail to our community as well as a new call-n-Ride curb-to-curb bus service.

- ◆ Our continued role in what we call our "Main Street Partnership," the corridor study of Arapahoe Road that will facilitate the large traffic volumes moving along the corridor while preserving and maximizing the economic development potential.
- ◆ We continue to work with our partners at Arapahoe County on a Joint Planning Agreement for areas around Centennial Airport.
- ◆ Centennial received the Colorado Intergovernmental Risk Sharing Agency 2006 award for the City's loss prevention program.
- ◆ You will read about the overwhelming approval by our citizens in November of a TABOR exemption for our revenues received from fines and fees through 2013.
- ◆ How we once again ended the year with a \$2.1 million surplus of General Fund revenues.
- ◆ That Arapahoe Library District was ranked 5th overall among libraries of the same size across the country putting it in the top 100 libraries nationwide.
- ◆ The creation of a regional Board of Fire Code Appeals formed among our four Fire Districts.
- ◆ Arapahoe County Water and Wastewater began construction of \$27 million wastewater plant expansion project to provide for future growth.
- ◆ Willow Creek Elementary was named a 2006 No Child Left Behind - Blue Ribbon School, one of only five schools in Colorado and 250 schools nationwide to be recognized in 2006.
- ◆ Newton Middle School began its first year of implementation of the International Baccalaureate Middle Years program.
- ◆ Over 95 new development applications were accepted by Land Use Services Department and over 3,800 new permits issued with a total valuation of over \$111 million dollars in commercial, residential and retail construction.
- ◆ We became the home of the new United Launch Alliance joint venture between Lockheed Martin and Boeing bringing almost 400 highly skilled jobs to the City.
- ◆ And there is much more, in fact 18 pages of other achievements that were submitted to me by our departments and partners.

Please help me thank everyone who made 2006 another great year for the City.

I now need to turn your attention and focus to the crux of what I want to speak to you about today. I am going to call this a "quiet crisis."

If you look up the words "quiet" and "crisis" in the dictionary you will see a definition of quiet as "making little or no noise," and the definition of crisis being "a worrying time; a situation or period in which things are uncertain, difficult or painful;" and lastly, "a time when action must be taken."

To me these are the perfect two words to describe to you what we are facing. A worrying time of uncertainty that is currently making little noise but will become painful if action is not taken.

I have borrowed the term "quiet crisis" from a presentation recently given by Dr. Marty Wachs of the Rand Corporation when he was in town to address a number of us on the funding dilemma that we are facing with transportation in the state.

Centennial in the future -- not today, but in the near future -- is going to also face a funding dilemma. This funding dilemma that I am going to tell you about is the catalyst that will allow us to create the plan that will be the future of Centennial for the next 50 years. So we have a quiet crisis that is really an opportunity allowing us to take proactive action to define our future.

When I talk with my fellow Mayors in metro area I find many of them with similar concerns as the ones I am going to tell you about today. Those who do have these concerns are seeing comparable stress on how they fund their futures.

Let me describe the funding dilemma that we face and the opportunity and plan.

Centennial as I mentioned to you before is a City evolving. We formed the City on the basis of what we heard from our future citizens at that time. A City of limited services and low taxes. We did that, and for the last six years have maintained that philosophy.

We have invested back into our road infrastructure both in maintenance and expansion. We have begun the revitalization of Southglenn, a dying mall. We have become the safest city in Colorado through extraordinary and dedicated law enforcement. We have limited and streamlined our general government services, all the while fully funding our reserves and ending the last 4 years with significant general fund surpluses.

We have done all of this with little financial demand upon our citizens. This is demonstrated by the fact that in most cases we have the lowest or close to the lowest expenditure per capita in the metro area and even the state for every service we provide. We have held to our promise and kept the burden from the backs of our citizens.

So why do I say there is a quiet crisis?

The larger macro issues are not surprising. We have begun to change in our demographics since we formed with new families moving into the city, with a larger aging population, and a dimming of the reason and basis for which we formed the City.

This creates the dilemma.

Two weeks ago the City Council and City Management spent a weekend looking at this problem. Based on current analysis between now and 2012 we have diverging cost and revenue trends.

Our revenues are projected to increase at an annual rate of 3.9 percent per year while our costs are projected at current service levels to increase at 8.7 percent per year.

By 2012 and possibly sooner, if we maintain current service levels and we take no proactive action we will possibly be facing significant revenue shortfall.

This problem is created by several of the things I mentioned earlier but let me just highlight six areas of major concern.

First: Centennial to a large extent is land locked and built out, with the exception of the area around Centennial Airport that is mostly in unincorporated Arapahoe County and with vested property rights to do as they please.

Second: Centennial has limited future retail development potential due to not having any significant large undeveloped acreage available within its borders.

This is compounded by what we call sales tax leakage. Sales tax leakage is created by major retail malls and power centers positioned on the borders of Centennial but are in other municipalities and even the two counties.

The majority of this was done prior to our existence and, very simply, since we have limited opportunity to create more retail within our borders of any significance Centennial citizens shop elsewhere.

Third: Centennial has great neighborhoods and high-valued housing stock -- something for everyone and something that is a clear asset for Centennial.

But we also have aging neighborhoods and with it an aging infrastructure concern. One fourth of Centennial was built prior to 1969 and some structures as far back as 1900.

One half of Centennial was built during the boom years between 1970 and 1989. And one quarter was built in the last 17 years. This aging problem will put major pressure on our service delivery levels in the near future as well as a need for neighborhood revitalization and preservation.

Fourth: Like every municipality we are seeing significant cost increases in both material and personnel. It is a trend that is anticipated to continue but at slightly more moderate level. To give you an example, our Public Works Department, based on the escalating costs for just material, is seeing a 70 percent increase to maintain the same level of service

as we have today.

Fifth: We project a reduction of our franchise fees due to recent federal regulatory actions. We also believe we will see significant pressure from our legislators as they begin looking at placing a larger funding burden of road construction on local jurisdictions by possibly reducing the Highway User Trust Fund distribution. These two revenue areas make up 19.3 percent of our total General Fund.

Sixth: We are seeing more and more demands by our citizens to provide a larger variety of services and more depth in the services we currently provide.

So what's the plan and why are we talking about it now if it's in the future, and what actions are we even ready to take?

I am a student of history and with the scenario we are facing it reminds me that in 49 BC Julius Caesar was sent an order to disband his army and return to Rome. You see, a group of senators led by Pompey was beginning to fear Caesar's growing power and knew they had to strip him of his army and either execute him or exile him. When Caesar received this decree he was in southern Gaul with less than 5,000 men because most of his legions were farther to the north where he had been campaigning. Caesar, knowing what the senate was trying to do, had no intention to disband so he called his captains together and said "let the die be cast." We will cross the Rubicon, and march on Rome. His captains tried to have Caesar wait until his legions could join him, but Caesar knew that he must seize the initiative and strike before the senate could react. Waiting was not an option.

We as government often do wait and we wait too long to act, particularly when we face no significant immediate pressure. But I believe it is sometimes better to act even before you judge you are ready -- to force the issue to seize the initiative and to cross the Rubicon. Your City Council and City management seized the initiative at our recent workshop and laid out the following actions.

We will start immediately by looking at ways to better maximize our service delivery efficiency and ways to exploit new and existing revenue sources.

This year we will look at key cost-related activities. We will develop better and more valid cost estimates within all of our departments but in particular Public Works where the costs are more volatile.

During this year we will renegotiate our Inter-Governmental Agreement with Arapahoe County for road and bridge services and with the Sheriff's Department for law enforcement services.

We will put out a Request For Proposal to both the private and public sectors for engineering services and Capital Improvement Project management.

We will significantly restructure our current Land Use Services Department to make it

more effective for both the City and the customers we serve.

We are asking City management to tighten our spending controls and at the same time I will ask that the Council embrace the concept that for every new service we provide or piece of legislation we seek to enact that a fiscal note be attached to it so we can see the monetary commitment we are making now and in the future before we adopt it.

On the revenue side we must support in every way possible the Southglenn redevelopment project to maximize its potential within itself and to use it to spur redevelopment of existing retail around it and within the Arapahoe Road and University corridors.

We will determine which if any revenue sources currently at our disposal may have the potential for uncollected revenues.

We will begin to explore all revenue opportunities and sources not currently utilized by the City and determine their validity to our future.

We will hire an Economic Development Director and create an economic development plan that will focus on three fronts: retain our existing businesses; attract new businesses with a major emphasis on retail; and begin a plan to develop industry clusters that can be built off existing businesses currently in the City. Let me expound on this area for just a minute.

We have two good chambers of commerce and a very good economic development organization that serve Centennial but they also serve many other masters.

We have realized what Lone Tree, Aurora, Englewood, Littleton, Parker and even Highlands Ranch have recognized.

Yes, you must be part of the regional organizations but you must have someone who isn't marketing everyone else and you at the same time. It just doesn't work.

You have to have an economic development focus that is from within and someone in charge of that effort from the City's perspective. This will help us to expand Centennial's tax base, grow our own economy and create good jobs here in the City.

With the arrival of the headquarters of the United Launch Alliance in Centennial we now have the nucleus to make this happen. The United Launch Alliance brings together the space industry's most experienced and successful teams: the Lockheed Martin Atlas and Boeing Delta rocket teams.

Under this new joint venture ULA will provide reliable, cost-efficient spacecraft launch services for the U.S. government. The future of the space program launch services is here in Centennial now. We must support the ULA mission by encouraging companies that will do business with them to move to Centennial, and we must provide a friendly environment with which they can do so.

We already have several companies located in Centennial now such as Seagr, Cablenet, Federation Inc, Hoffman Video and the NASA Space Store, all deeply involved in the space industry. And if you read last Sunday's paper you know that this is an industry that in 2005 had a \$180 billion annual revenue.

It is an opportunity waiting to be capitalized on and one that we can't waste.

It will require a vision and a plan and the willingness to push outside the status quo of our comfort boundaries. Not just for Centennial, but those landowners in the unincorporated part of the county that adjoin the City.

I can promise you we will push your comfort level and we will entertain all plans and all ideas that are brought to us. It would be irresponsible of us if we didn't.

We'll be criticized for this as we have been before, but as Aristotle said, "Criticism is something we can avoid easily, by saying nothing, by doing nothing and by being nothing."

I believe it is better to plan boldly than to be nothing just to avoid the criticism of others.

But a plan is important only if we have a common vision for our City. If we are not unified, we will have change for the sake of change, and growth for the sake of growth, but we will ultimately not advance in making our City the prosperous, dynamic and desirable place that it can become.

Our vision will be compelled by our circumstances, and by the challenges and the opportunities that are before us. As I have said, Centennial is evolving and we must decide what Centennial wants to be today and in the future. Is it a City with limited services as we were founded, or do our citizens now want more?

Leadership isn't about imposing a leader's sole dream; it's about developing a shared sense of destiny. It's about creating the climate in which people join together and turn challenging situations and quiet crises into remarkable success.

It's about enrolling others so they can see how their own interests and aspirations are aligned with the vision and thereby become mobilized to commit their individual energies to its realization.

Helen Keller was once asked: What would be worse than to be blind? She replied, "To be born with sight and to have no vision."

It is with these thoughts in mind that I proposed to the City Council at our recent workshop something I talked about in my 2005 State of Our City address and that I am asking Council to implement this year -- a Community Vision Project.

It's a project that I believe will be the most important thing I do as Mayor, and that can only succeed if the community joins us in owning both the process and the outcomes.

During this project I want our community to also take on the effort of creating our own City Charter and moving us to a home-rule form of government, to give us the flexibility to implement the wants and dreams of our community without the statutory confinements that we currently live with.

A wonderful explanation for why I believe so strongly in this idea comes from the book *Alice in Wonderland*. At the part when Alice asks the Cheshire Cat which path she should take, he replies with a smile, "That depends a good deal on where you want go."

I think the City Council can follow the path we are on without a clear community vision of where we want to go, or we can take the advice of the Cheshire Cat and ask the community where they want to go and what path they want to take to get there.

I believe this Vision Project will create a community-owned road map that can show us the way for the next 30 to 50 years. Planners have a nice phrase for this -- creating the "intentional city" -- a purposeful and thoughtful city that grows not only from opportunity, but from people's dreams, and what they are willing to do as partners with their government to make those dreams happen.

I believe the way we create our future is to tap our community's energy and ideas to chart an intentional future that is far superior than a future left to chance.

And that future will be here soon. We need to link the choices we as a community make today to the resources we will have tomorrow, and link government's actions to the destiny chosen by the community.

Today we face new realities in a constantly changing economy. We need to be proactive and seize the opportunities as they present themselves. We need to be aggressive. We need to take charge of our future.

We need to map out where we go next. Where do we fit, in the context of this region and our surrounding cities? How do we succeed and how do we prosper? We need a strategy that capitalizes on our inherent community strengths. We need to establish a clear direction for stable economic growth and finally, but most importantly, a vision that unites us as a community.

I believe that to understand the heart and soul of Centennial, you should look not at what we have already achieved, but at what we aspire to be. All of us have a role to play. All of us have a part -- resident and business.

Let us all do what we can to make Centennial a City in which we can achieve our individual dreams but let us also understand that our strength comes from each of us working for the good of all of us and the aspirations for the home we call Centennial.