

## **MAYOR MARGARET HARTO:**

This year marks the 15<sup>th</sup> year of cityhood for Covington. I am proud of the city Covington has become:

- Covington is a city for families.
- Covington is a city for business.
- Covington is a city worth investing in.

And, Covington will continue to grow. We are growing healthier, as we are becoming a hub for healthcare and wellness facilities in Southeast King County.

And, we are growing our reputation as we are being increasingly recognized across the state as a municipal leader. In fact, Covington was just named the number one city in the state for retail sales growth for the sixth year in a row, and we were awarded an Association of Washington Cities Municipal Excellence Award for economic development.

I am fortunate to serve as your mayor alongside a team of hard-working and passionate council members. We are a dynamic group featuring a variety of perspectives, but we still manage to make unanimous decisions more often than not, and that is a unique quality to have in a council.

Each January we engage in a strategic planning workshop to evaluate our progress as we work towards reaching our goals, carrying out our mission

and implementing our vision of creating an unmatched quality of life in Covington.

To discuss Covington's successes this past year and give you a look into what's in store for our city, I'd like to introduce City Manager Derek Matheson.

**CITY MANAGER DEREK MATHESON:**

Thank you Mayor Harto.

As the mayor mentioned, Covington turned 15 years old in August, and we've learned a lot over those 15 years.

We've had our growing pains; we've learned to do more with less; and we've learned that partnerships with the public sector, private sector, non-profit sector, and community are the way of the future.

We are fortunate to have a forward-thinking yet practical city council, a strong and reliable staff, and an impressive community on our side. With these assets, we've been able to accomplish a good deal this past year and we are making a name for ourselves in the region and across the state.

**Community Support:**

Here are a just few examples of how the community is helping Covington grow:

- Last October, the city held an event called Destination Covington. This event was designed to promote all that Covington has to offer to the development community. With a minimal budget, businesses in the community stepped up and donated several thousand dollars to help pull off the event. More than 60 people attended, which has landed six concrete leads for future development possibilities. Destination Covington even garnered the city an Association of Washington Cities Municipal Excellence Award in Economic Development.
- Earlier this year, your City Council appointed a committee comprised of residents, community leaders, and business people who are passionate about Covington's future. This Budget Priorities Advisory Committee, or BPAC for short, has been charged by the city council with studying the city's budget and providing a report with recommendations by the end of the year.

The report will address the city's needs (both operating and capital); the city's priorities for the use of existing revenue; the city's priorities for the use of any new revenue; whether the community would support additional taxes or fees to meet currently-unmet needs; and, if so, which taxes or fees, if any, the community would prefer.

- We are in the midst of developing a higher education partnership with Green River Community College. We worked closely with the Covington Chamber of Commerce and GRCC this past summer on a

survey to gauge the community's support for higher education courses in Covington. I am happy to report that GRCC will be offering their first classes in Covington in early 2013 if not sooner! We'll start with continuing education courses but our unabashed goal is to expand that to credit courses (maybe in the healthcare field) and eventually recruit a permanent GRCC presence in our town center.

- And, finally, we could not accomplish everything we do without the committed volunteers that serve the city. From our HOA members to volunteer commissioners, to individual residents, to groups of employees, our volunteers have served over 1,300 hours since January!

**Development Activity:**

With community support like that, Covington's growth isn't being halted by the stagnant economy, and we are proud of that fact. More specifically,

- The City Council's Town Center vision is starting to take shape with the construction of Phase I of Valley Medical's new medical office complex that will eventually include lower-level retail space, upper-level offices, and outdoor public space. The overall TC vision features a public plaza, civic complex, vertical multiple story buildings, and a traditional main street with slow moving traffic, on-street parking, and visible retail businesses.
- The City is working to negotiate a Right of First Refusal with the Kent School District to purchase the Covington Elementary property

at the east end of the Town Center if and when the school district decides to sell it. The school is a key piece in our town center jigsaw puzzle.

- The City Council enacted a property tax exemption program to incentivize mixed-use development in the town center and multifamily development adjacent to the downtown.
- The Soos Creek Water and Sewer District is investing millions of dollars to install sewer infrastructure that will enable development in large areas of our downtown, generally west of Covington Way SE, where sewer currently isn't available and buildable parcels have lay dormant.
- Partially as a result of our Destination Covington efforts, two property owners are funding a study of the Northern Gateway, a 484-acre mostly rural freeway interchange in the northernmost part of the city. The 3-phase study will help determine if and how the land should be developed. Both Target and Olive Garden have expressed interest in the study.
- We've started the design phase of the highly anticipated SR 516: Jenkins Creek to 185th improvement project, which will widen the portion of SR516 near Home Depot to five lanes and eliminate the critical pinch point there.

- And, if you've driven past the Covington Community Park site lately you will have noticed that construction of the first phase – a grass soccer field, parking lot, and restrooms – has begun! The first phase is expected to be complete in early spring 2013 and future phases will occur as funding becomes available.

**Budget:**

As a result of exceptional financial management and extraordinary efforts by staff to obtain grant and other funding, these projects and others aren't a drain on our budget. In fact,

- The city has managed to secure hard-to-find grant funding for several projects including: just over \$1.5 million for construction of phase one of Covington Community Park; \$250K for crosswalk improvements citywide; \$136K for stormwater improvements in the Aqua Vista neighborhood; \$46K for emergency management; and \$10K for an urban forestry program. We are also in the running for two other grants for pedestrian and bicycle safety and street resurfacing projects.
- Since investing in a lobbyist four years ago, the city has secured over \$6 million from the state legislature, and this year we secured almost \$1.6 million: \$800K for our SR 516 project; \$380K for reconstruction of 156<sup>th</sup> Avenue SE from SE 260<sup>th</sup> Street to SR 516; and \$400K for aquatic center renovations including replacing the roof, retrofitting and replacing lighting, and a new exterior paint job. We've paid our lobbyist \$100K over those four years, so we've achieved a 60-fold

return on our investment!

- When we assumed jurisdiction over solid waste and recycling services in 2003, the city authorized the current hauler, Republic Services, to continue to operate under a state certificate for at least seven years. The council decided this year to enter into negotiations toward a Covington specific franchise that offers the right mix of rates and services for our residents and businesses.
- We spent some time working with Southeast King County cities to develop an alternative model for animal control apart from contracting with King County. But, in the end, we were able to negotiate a more favorable contract with the county that has resulted in a savings of roughly \$15K annually.
- We recently made adjustments to the city's employee compensation program. We changed the comparable cities that we use to determine employee salaries and benefits. Instead of comparing to cities that represent what we aspire to be, we now compare to cities that reflect who we are – a recently incorporated city with a limited tax base. This change will help us ensure employee salaries and benefits remain affordable to the city and fair to the employees. We've enjoyed a highly-stable, extremely talented workforce these last few years and we want to keep it that way!

**Public Service:**

The forward progress and development activity we are experiencing is exciting for Covington. But I can assure you other city services are receiving careful attention, too. We continue to identify ways to be more efficient, improve community relations and provide an unmatched quality of service to our citizens.

- If you can remember back to January, you might recall a significant winter storm that paralyzed the region with record snowfall and a subsequent ice storm. Even with power outages and major road closures in the region, City Hall never closed. Our public works team worked around the clock spreading 300 tons of sand and 1,500 gallons of de-icer on city streets. We hired emergency seasonal maintenance workers to assist in the clean-up, which was a six-week effort. And, we maintained communication with our citizens throughout the process, even through power outages, via social media.
- Covington police recently began a pilot Police Volunteer Program to enhance public safety. This program will train volunteers to help patrol city parks, conduct vacation house checks and identify suspicious activity in the city. If you are interested in becoming a police volunteer, you can get more information from our Police Chief Kevin Klason.
- In June, the city council extended a medical marijuana moratorium until confusion about legalities on the state and federal level are worked out.

- The appointment of a new code enforcement officer has made a sizeable impact on open cases this year. We have been able to close 30 open cases in the past year and reduce the open case load by 58 percent! This is a huge accomplishment considering our budget only provides for a half-time code enforcement officer.
- We also entered into an agreement with the city of Black Diamond to provide building official and code enforcement services. This arrangement is a win-win situation because they aren't ready to hire their own employees to perform the duties, and it allows us to offer our existing employees more hours.
- We've focused on building relationships with the HOAs and neighborhood groups in Covington. We are holding forums to offer HOA and neighborhood leadership opportunities to converse with city staff on important topics like public safety and traffic. We participate in National Night Out each August to strengthen those relationships even more. And, we've worked closely with the Timberlane HOA in efforts like public safety, clean-ups, and code enforcement.
- Our Parks and Recreation Department initiated new events this summer as part of our ongoing commitment to provide activities for families with the first-ever Summer Concert Series and KidsFest events. Held outdoors at Kentwood High School, the Summer Concert Series featured country, Top 40, and big band musicians each Friday night for three weeks. And, held in the Kohl's parking lot, KidsFest

featured a bike rodeo, vendors, musical entertainment and the Reptile Man – all activities just for kids.

**On the Horizon:**

So, what does this next year have in store for us?

- We are going full swing into budget preparations in the coming months and we look forward to presenting a balanced budget to City Council. We're hopeful, even optimistic, we can maintain our existing level of service and workforce for another year. While our revenues are trending upward, our expenses are trending upwards as well, not unlike each Covington family's budget.
- The City Council will receive the BPAC's report at year end and have the opportunity to use the group's recommendations in their strategic planning process for 2013.
- We will enter into Phase Two of the Northern Gateway Study which will begin to define a vision for how that area will develop in the future.
- We will see MultiCare begin construction on the first hospital in Covington!
- And, we will celebrate the opening of Phase One of Covington Community Park in April 2013.

**Conclusion:**

We have a lot to look forward to in the coming weeks and months.

- We will continue to be attentive to the needs of our residents and businesses.
- We will keep navigating the economic challenges with creativity and resourcefulness.
- And, we will strive to further the relationships and partnerships we've been building in the community so we can continue to grow.

You are all key players in the development of Covington's future and I thank you for being here today.