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STATE OF THE CITY MESSAGE by Mayor
Charles Royer, June 28, 1982

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ACTION OF THE COUNCIL

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REPORT OF COMMITTEE

Mr. President:

Your Committee

to which was referred the within.....

would respectfully report that we have considered the same and respectfully recommend that.....

CHAIRMAN

CHAIRMAN

STATE OF THE CITY MESSAGE
MAYOR CHARLES ROYER
JUNE 28, 1982

Madame President, Honorable Members of the City Council,
Fellow Citizens:

Given the serious conditions we face, I have prepared a serious speech. But before I begin, I would like to share something with you. It is one response to my request of the department heads for a summary of major achievements during the past five years. It summarizes the state of one corner of our city, the zoo:

"Mr. Mayor:

- In 1978 we established the world's first and largest naturalistic exhibit for gorillas;
- In 1979, the Humane Society of the United States gave its #1 rating to the Woodland Park Zoo;
- In 1980, the American Society of Landscape Architects gave us the President's Award;
- Last year, the American Society of Zoological Parks and Aquariums gave the Exhibit Award to the Savanna; and
- This year, we shall be the first city zoo to put an orangutan on the moon."

The flame of imagination may flicker, but it will never die in Seattle.

In preparing for this speech, I asked each department head for a list of three accomplishments and a summary of the challenges the management team sees facing our city. I got back a ninety-page book of accomplishments and a lot of encouragement. Everyone in the Cabinet recognizes we're in a tough situation. But they respond to it with the attitude Bob Swartout expressed.

"We're getting so much experience being lean, just think how good we'll be when better times come and you give us what we need."

Another member suggested using General McAuliff's famous quote from the Battle of the Bulge. I told him I couldn't just come before the City Council and say, "Nuts." He said he meant the other quote, McAuliff's words to his own troops

when he had to tell them they were completely surrounded. The General put it this way:

"Our unit has been given the greatest opportunity in the history of the American Army. We have the chance to advance in any direction to meet the enemy."

There is a little of McAuliff's condition in the state of our city today, and more than a little of his spirit.

* * *

Twenty months ago, our nation's course was dramatically changed by a single question, asked on national television by a candidate for President. The question was simple: "Are you better off now than you were when my opponent took office four years ago?"

In millions of American homes, that question planted a seed of doubt, from which a decision formed. In the course of a few days, that question changed ten million votes, and the man who had asked it was on his way to the White House.

And with him came many candidates who shared his values--men and women who had run campaigns against some of the fundamental ideas of government. They quickly put their views into action.

Federal agencies established during five decades of social change, agencies that created jobs, built homes, protected the environment, and secured human rights, were placed in the hands of their traditional enemies. Programs which, however inadequate, had provided some measure of hope to the elderly, the disabled, and the poor, were abandoned on the premise that the private sector alone could do the job.

Responsibilities shouldered by the federal government for generations were hastily cast off to state governments which lacked the resources to meet those responsibilities or even the organizational structure required to try.

This was not government, but theology. And the priests of this radical economic doctrine, the monetarists and supply-siders, sold the President, the Congress, and the people a new combination drug for the economy: tight money policies to bring down inflation; tax cuts for individuals

who didn't need them and for corporations who in many cases failed to reinvest them; an arms buildup born more of belligerency than of the need for a strong defense; and finally, the amputation of domestic programs to atone for staggering deficits created by these actions.

We have been taking this medicine now for eighteen months in ever larger doses. Its effects are central to the state of our city. These federal policies, and their corollaries at the state, affect everything we try to do in Seattle. As much as we might seek to be, we are not independent. We are more vulnerable than ever before to decisions made in other cities and on other continents. Foreign airlines cancel orders for 767's, and more of our neighbors join the ranks of unemployed; Olympia cuts the budget for the state mental hospitals and Seattle's streets become the asylum of last resort.

Our city is a part of an increasingly complex and interdependent world, a human Rubik 's cube in which the movement of any part affects all the others.

Seattle is part lumber town. We hurt when, with a flick of his veto pen, a President kills even a moderate stimulus for a housing industry which stagnates at its lowest ebb since the government began keeping track.

Seattle is a factory town. We hurt when factory orders fall by 2.3 percent as they did in April.

Seattle is a tourist town. We hurt when Washington State's hotels and motels have an average occupancy rate only three percentage points above the break-even point.

Seattle is a city of small businesses and a port for the Eastern Washington farmer. Small business, the farmer, and our city hurt because interest rates are allowed to stay at usurious levels.

So, the state of the city is in many ways the state of our country. And our country is hurting.

It is time we stopped asking who's to blame. The evidence is as fresh as the ink in the morning paper. It is time for political leadership to start acting like leaders. My first responsibility as Mayor is to keep the city's physical and financial house in good condition and to provide

for the safety of its citizens. You and I as elected leaders have done that. We have cut budgets and raised taxes, and while we have disagreed--many times--on how to do it best, we have always put aside partisanship and philosophic division to deal with urgent problems. And we haven't done badly.

At a time when the State Legislature is in emergency session, looking down the barrel of another fiscal crisis, the City of Seattle remains relatively solvent. We project that general fund revenue for 1982 will be about \$3.8 million above the adopted budget due to changes in state taxes and adjustments in the utility tax base. This will help to cover unexpected liabilities until the year's end. Shortly I will have some key financial information on CPI adjustments and new figures on property and sales tax receipts that I will share with you. I wish I could be optimistic about those numbers, but you and I know 1983 will not be easier than 1982.

The state has allowed the city very few tools, and our effort to win new ones in the Legislature met with only modest success. We asked for home rule; we were given only the option of raising the sales tax by a half cent and the real estate tax by a quarter cent. We asked for more tax flexibility; we were given new tax limits. Within these narrow bounds, we must find a way to protect our city. If we take no action on taxation, we face a deficit ranging from \$13 to 22 million in 1983. Just to continue the level of service we are now providing, a level I consider to be the absolute minimum in many departments.

I plan to spend a great deal of time in the coming weeks with Councilman Rice, Chair of the Budget Committee, and other Councilmembers to forge a strategy on revenue sources to balance the 1983 budget. There may be differences of opinion between executive staff and the Council on our financial options, but we are all resolved to work through those problems constructively. The solution must be fair. Fair to the taxpayer, fair to the people who expect a reasonable level of government services, and fair to the employees who must do the work.

Unfortunately, not all our problems are within our control. So we must speak to our partners, the state and federal governments, and demand of them what we demand of ourselves. You and I must join in calling for an end to the destructive partisanship and philosophical bickering in Olympia. It is time to demand a united front to save the public schools, the

colleges and universities, the mental hospitals, medicaid and chore services. It is not too late to prevent what the President of the University of Washington has called the "dismembering" of Washington's public institutions. And those institutions are central to the health of our city.

We must demand and help to provide leadership for a general reform of the tax system in our state. Considering all possible solutions, including an income tax, we must create a more fair and stable tax system. Until we meet that challenge, the state of the city remains in jeopardy. The existing system is simply too unfair, and too weak a foundation on which to build a city for our children. Just as the costs of government action must be accurately reported by those who frame our budgets, the human and financial costs of government's inaction must be weighed.

- How much more will it cost us in the future to replace the bridge we say we cannot afford to repair today?
- What will the lasting damage be if we continue to increase the use of our parks without providing for their maintenance?
- How many elderly people will be forced into nursing homes if the state ends the chore services program?

The concept of balancing the budget should mean more than matching numbers on the bottom line. A budget is not balanced if it neglects half the equation. A good budget should reflect the best answer we can possibly give to a set of challenges.

Throughout city government, our employees have answered challenge with creativity and careful management.

During the last two years, the Council has supported OMB's efforts to improve cash management. The general fund cash balances have been increased by \$1.8 million in the last year through better forecasting. We hope to increase this amount by \$1 million by making further cash management improvements. These additional balances, when invested at 12 percent, will yield \$200,000 a year for the general fund, enough to cover the salaries of eight police officers.

Two weeks ago, the Department of Community Development received final approval for an innovative plan to "float" our

block grant funds by loaning them for development purposes until they are needed for specific projects. The interest earned will add a half million dollars to the block grant fund. This year we will also begin to see the return on our urban development action grants--from the Fluorocarbon factory in South Seattle, the new Wright office building in the Central Area, and the Olympic Block in Pioneer Square.

These efforts and the spirit of invention they represent, stand in stark contrast to the message from the Administration to the U.S. Conference of Mayors. In a draft report on urban policy, the Administration charged that federal aid had crippled cities by destroying the imagination and initiative of city officials and public employees.

They say we lack imagination. I say there is more creativity demonstrated by Seattle's public employees--at every level--than is being shown in Washington, D.C.

Our employees have not given up on public service. In a thousand ways, large and small, they move us forward. A person in the Department of Administrative Services, for example, reduced maintenance costs for the city's streetsweepers by 29 percent in the past year by clever changes in the preventive maintenance program. Someone in the Parks Department found a way to use the heat from the showers at a community center to warm the gymnasium. Three of our Cabinet members and the Comptroller devised the payroll checkoff system so that city employees would have an easy way to contribute to the foodbanks. And their fellow employees responded with an annual contribution of \$60,000. The new cable franchise for the Central Area and Beacon Hill will not only guarantee service, it will provide a share of the equity to community-based organizations to make them more self-sufficient.

This is the kind of innovation that will be required to balance the human and financial budget of our city. Last year, Seattle helped to solve that equation with two extraordinary political victories. In November we asked the people to tax themselves so that we could build 1000 units of new public housing for the elderly. Seventy-six percent of the voters gave their approval--a remarkable victory which officials in other cities can scarcely believe.

Three weeks ago, we issued a request for proposals to build the first 200 units, and the response from builders was

overwhelming. The investment Seattle made at the polls in November will soon pay off--first in construction jobs and then in homes for the elderly. The first residents of these homes will move in this fall, less than a year after the measure won at the polls.

All last year, we invested a lot of time and very little money in a melodrama that ended in the conversion of the Public Health Hospital to community control. With that investment of time and the help of our Congressional delegation, Seattle managed to win a beautiful historic building, 600 jobs, about 20 percent of the University Medical School's teaching program, and the chance to run a public hospital that is so good anyone would want to go there. In August the Public Safety and Health Committee will receive a full report on the progress of the hospital under its city charter.

All of these accomplishments have meant that the state of the city is better than it would be if local government had not summoned the courage to take action. We have done our part, but we need our partners. The state of our city is not what it could be if we had the help of an activist state and a strong federal government.

Seattle is justly famous for its quality of life--a concept that means more than a view from a window on a clear day before the Olympics have lost their snow. It is a concept that has political dimensions. It is a will to make the decisions that allow people to see the Olympics over the buildings, or smell a fresh wind off Elliott Bay and not be offended by its odor, or simply survive well here with modest means.

I see major challenges to that quality of life in the year ahead--challenges that justify the same intense effort and the same strong alliances between private and public enterprise, that won the elderly housing bond issue and the Public Health Hospital.

The first challenge is the need for energy self-reliance for our utility. In pursuit of that goal, we have had many battles during this past year, and energy battles will dominate the immediate future.

Most of the conflicts are tied in some way to WPPSS, a complex problem that truly has the dimensions of a tragedy.

Since 1978, the cost of the energy we buy from Bonneville has risen five fold. And we are among the most fortunate utilities in the region because we generate 70 percent of our own power. At times during the last year, the region's ability to secure credit nearly evaporated under the intense heat of these problems. Like most issues, this unprecedented financial failure is a cyclical one. In the latter part of 1982 and all of 1983 we will once again come closer to the edge.

The WPPSS collapse has resulted in other attacks on our self-reliance. As we were forced to pass on to our ratepayers those big increases from Bonneville, some of them filed suit. While industrial customers failed in court to take away our ability to set rates and policy, they will now move from the judicial to the political process where they will seek to alter the fundamental policy direction of our utility.

Not all of our problems have been caused by outside forces. Our weatherization program has been slowed by a variety of problems. While we met our goal of 2,000 homes in the first full year, we have reduced our higher goal for the second year while these problems are ironed out.

We were disappointed on High Ross this year. The International Joint Commission reviewed all the information, bit the bullet, and ruled not to rule for a year. Next week we will return to negotiations with the Canadians under the umbrella of the IJC and in good faith, we'll try again. The higher dam at Ross is a major part of our strategy to be self-reliant. High Ross, and several low head hydroelectric projects, improvements at Cedar Falls and the Tolt River Dam, plus a variety of conservation projects, move us closer to control of our own destiny.

During the next year we must reconcile our interests in regional energy policy and our long-term goal of self-reliance. They are not exclusive concepts.

The Power Council's first Regional Energy Plan could be a big step out of the mess in which the region is mired. Their success will mean financial stability in energy matters and greater certainty in the economy of the Northwest.

A second challenge, equally as important as energy self-reliance, is the preservation of the network of

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community programs that provide the raw materials of survival to the poor and unemployed. Those who remember Seattle's economic recession of a decade ago understand that no one is immune to the trauma of such a time--a time in which even the most secure families may suddenly need help..

Seattle recovered from those hard times, partly because we were willing to care for one another--at foodbanks, community clinics, and emergency shelters. In that recession we had the help of the federal government. Now Seattle must weave its own safety net.

We can be proud of the human services we have in place--community health centers and Health Department programs that are models of preventive care; elderly services, children's programs and a veterans' center that have all won national awards..

In this tough period in Seattle's history, these programs are just as important as police and fire protection. We cannot allow our human service system to be destroyed any more than we can afford to sacrifice other elements of public safety.

Sooner or later, the bill for human need always comes due. We can choose to pay these costs in the courts, the hospitals, and in the streets, or we can help to sustain an organized and compassionate system of community services.

The third major challenge lies in protecting the environment--from the urban environment that surrounds City Hall to the wilderness areas owned by our utilities.

We must complete the land use planning process we began when I took office. In the first stages we worked together to write the hard-won victories of neighborhood preservation into law for the single family and multi-family areas of our city. But protecting Seattle's neighborhoods had a price--the planning of downtown's future had to wait until the neighborhoods were secure. I do not apologize for this choice, but it has made more urgent and difficult the task of guiding the growth of downtown to conform to Seattle's values. We must soften the edges of the steel and concrete with open space and new parks, clean the air with better transit and fewer automobiles, and strengthen the character of downtown's own residential neighborhoods--Belltown, the Market, Pioneer Square, and the International District.

Part of this plan should be a new park, running the length of the waterfront, to enhance the magic of our harbor. Work on this idea is well underway by private citizens and the city--and, over time, we will become more involved.

We must take the political actions necessary to protect our legacy of parks, open space, and clear water. The Water Department has already fought one tough battle to keep Secretary Watt from awarding oil and gas leases in the Cedar River Watershed. Seattle has been protecting that area since 1900. We don't let hunters in there, let alone Exxon. We won that fight.

Now it appears that large sections of federal surplus land which we had counted on to complete Discovery Park and Magnuson Park may instead be sold to the highest bidder. We must do battle again if need be, to win these lands for public use.

The legacy of Seattle's parks must be preserved for our children. We must pass Seattle's share of the pro/parks bond issue, regardless of what difficulties we may face in doing so. The parks have been overused for many years, and we have not had the funds to renew them. The pro/parks bond issue would enable us to rehabilitate older facilities, acquire greenbelts before they are lost to development, and complete such large, partly developed parks as Magnuson and Gasworks.

Just as necessary is passage of the general purpose bond issue that the Capital Preservation and Improvement Committee will bring to us next month. These bonds would fund a wide variety of projects--none of them glamorous--all of them necessary: the renovation of eleven fire stations; the restoration of seven Carnegie libraries; the rehabilitation of the Alaska Way Seawall; replacement of the electrical systems on drawbridges; the repair of streets and traffic signals, and much more.

Our response to these three challenges--energy self-reliance, preserving human services, and protecting the environment--will determine our ability to secure for our children the quality of life we have enjoyed.

But there is a final challenge that must be mentioned in the discussion of the state of any city in any part of our troubled world.

Seattle is at the center of the bullseye in a nuclear war of nerves, as are all of our sister cities. It is to our credit that we have not learned to live with that fact.

This summer, the first Trident submarine will move silently into Puget Sound.

With the cost of that first submarine we could educate every child in Seattle for a generation. With the money spent to build a single naval attack plane we could employ every jobless young man and woman in the state of Washington for a year.

If I had a few moments with the President and could give him one message from the people of our city, I would ask him to reflect on the words of an earlier Commander in Chief--Dwight Eisenhower. He said:

"Every gun that is fired, every ship that is launched, every missile that is built, is, in the final sense, a theft from those who are hungry and are not fed, are cold and are not clothed.

"This world in arms spends not money alone. It spends the sweat of its laborers, the genius of its scientists, and the hopes of its children."

I began by recalling a question. I shall end by asking one. Is it possible that we can find the means to realize our dreams if we stop wasting our energies on nightmares?

Yes, it is possible, as all things are possible when one looks out at the world from a city so good and so rich in spirit as is our Seattle.