

Mayor Cindy Siegel's State of the City Address Presented on February 4, 2008

Every year in February the City takes the time to reflect on what has been accomplished in the past year, status of existing projects and new initiatives; and the goals and challenges of the upcoming year.

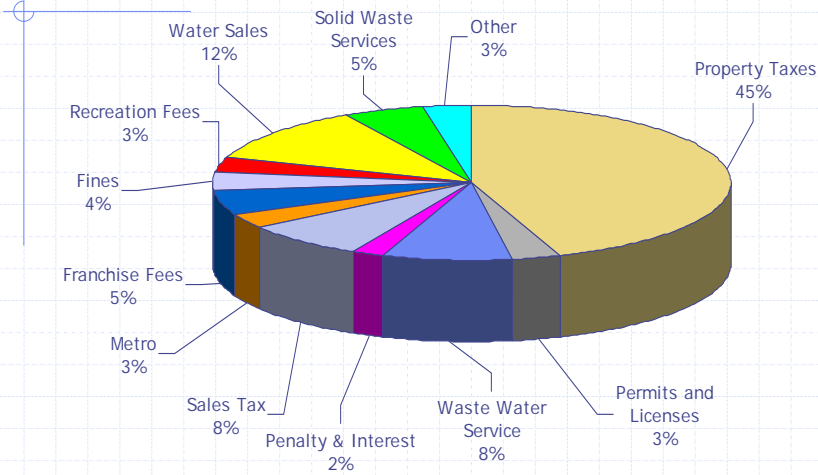
This year is especially important because it is Bellaire's Centennial year. In 1908 William Baldwin and the South End Land Company purchased the land and founded the town of Bellaire. As you can see from the slideshow, we've come a long way in the last 100 years. I am especially proud of the accomplishments over the last 10 years and in 2007.

Last year was another good year in Bellaire. Bellaire continues to thrive and prosper. Our tax base grew by \$306,369,489. This is an 11.7% increase over 2006. We continue to see strong residential redevelopment with 164 new home permits issued. The average value of a home today in Bellaire is over \$480,000. Commercial redevelopment of \$8,319,122 was added to our tax base. As a result, the City Council was able to reduce the tax rate by 4 cents. Ten years ago the tax rate was 51cents and today it is 40 cents. This is due to the continuing strength of our tax base and the commitment by the City to spend tax dollars in a fiscally responsible manner, while ensuring the expectations of our citizens for top quality city services, facilities, and infrastructure are met. Our bond rating is one of the best in the country for a city our size. However, in light of the problems with the world economy today, the City will continue to scrutinize closely the downturn in the market and what a possible recession will do to Bellaire redevelopment and our bond financing in the upcoming year. We will respond accordingly with any steps needed to minimize a potential negative impact to Bellaire's finances.

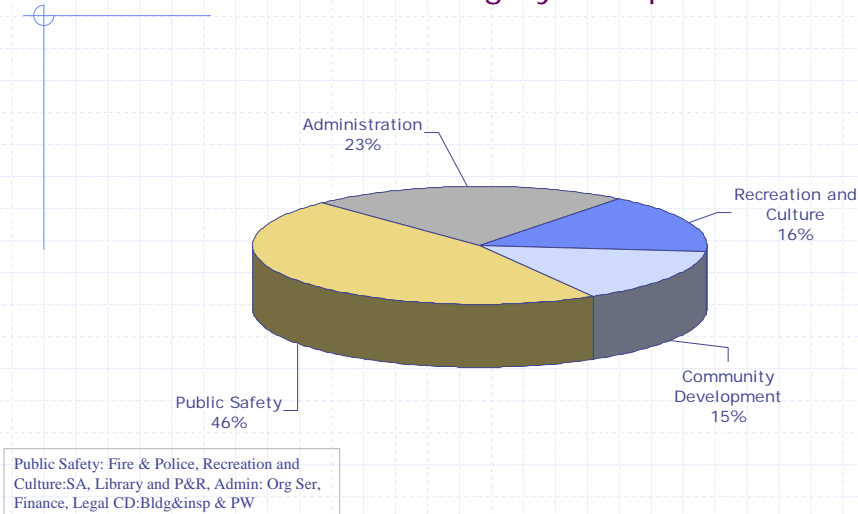
The City Council's and City Management's top financial priority is ensuring our debt obligations are met without a tax rate increase; that operating expenditures are kept in line; and that every "extra" dollar is either invested back into capital improvements with long-term benefits for Bellaire residents and/or the tax rate is reduced.

So how were your tax dollars and other City revenues spent? First, let's look at what sources City revenues come from. (See Pie chart slides on revenues and operational expenditures breakdown (ie, police, fire, recreational, etc.)

FY2007 Revenue Sources of All Funds



FY2007 General Fund Category of Expenditures



Here are some of the highlights of improvements and accomplishments made in 2007:

- Although I can't say we are a "crime-free" city, crime in Bellaire decreased by 18% over 2006 and nearly 30% since 2005.
- The fire department responded to 1034 EMS calls and 48 Fire calls, up 7% from 2006.
- The Bellaire Millennium Renewal Bond Program that was passed in 2000 was completed (a year ahead of what was originally projected). The objectives of that program have been met:
 - The sanitary sewer system replacement was completed
 - Critical water distribution lines were upgraded to improve fire hydrant flow
 - Loop 610 drainage improvements were made in partnership with the Texas Department of Transportation
 - The ride ability of every street in Bellaire was improved through either reconstruction, rehabilitation or resurfacing (with the exception of a few blocks that are scheduled for total reconstruction under the new Rebuild Bellaire bond program.)
 - The bonds of this program are being paid for through the **increase of the tax base, not the tax rate.**
- Today over 7 miles of City streets have been completely replaced with new concrete and an improved drainage system
- As passed by the voters as part of the 2005 Rebuild Bellaire bond referendum, the City is building new sidewalks when a street is reconstructed. To-date we have spent \$811,000 for new sidewalks and \$600,000 to repair or replace existing sidewalks. Although we continue to budget annually for the repair and replacement of existing sidewalks, we have found the cost of building a new sidewalk when the street is replaced vs, as a stand-alone project, **cuts the cost of the sidewalk in half.**
- Through both bond programs, there has been a 40% improvement in drainage capacity citywide. Our engineers estimate that a single Bellaire street being lowered and reconstructed with increased drainage capacity under the street has improved drainage as much as 400% for some blocks

that had little or no drainage before. Streets reconstructed have gone from only being able to handle 20-30% of a two year storm event to 100% of the two year storm. (This is true even when the concrete from the new sidewalk is added.)

- The City now has access to a geographical information system (GIS) with the ability of the public to access via the internet
- The Parks and Rec Department just went "live" over the holidays with online registration and credit card payment ability via our webpage.
- Our library now offers residents Internet access, Wi-Fi, digital audio books, eBooks and videos that can be downloaded at home or on the go, as well as over 50 databases that be accessed from home or business 24/7.
- City Hall foundation repairs were completed with the Civic Center Auditorium, South Rice Meeting Room, Council Chamber and Conference Room all renovated.
- The Rec Center was painted and has new duct work, wall coverings, and front desk area.
- Repair work was completed in the Police station public restrooms and locker rooms. However, the design work is currently underway for substantial renovation of the Police Station.
- Evergreen Park and Mulberry Park have new fences and the Pool Pump House at Evergreen has been renovated.
- We have enhanced the custodial service in our City Buildings
- The new Family Aquatics Facility was built and is in the final inspection period. The heated fitness pool and diving well should be open to the public shortly with the grand opening for the entire facility to be held May 3rd.
- \$1,118,941 was received in grants and gifts. \$1million was from the Patrons for Bellaire Parks for the new Aquatics Facility and the rest of the grants and gifts were given for such items as deliberators and library books.
- 3 art benches have been installed in our parks with a 4th one currently under construction by our library. Funds have been donated to the City for three additional art benches and they will be constructed and installed this year.
- The Trolley Car Shed roof was replaced and the shed and trolley car painted.
- After an investigation regarding why the Trolley Pavilion has deteriorated so rapidly, we have an engineering firm preparing construction plans to renovate it and we are seeking bids from construction companies to do the work.

- A market analysis was completed regarding our downtown as the first phase of a revitalization plan for that area.
- A facility land use study was completed that addresses possible placement of the new fire station and municipal courts, while looking long-term to where other city buildings, as the need arises, could be placed in the future. This was necessary to ensure that city buildings will be replaced in a manner and in a place that serves the citizens of Bellaire now and for the next 50 years. We want to ensure that we have looked at all possibilities for placement of new buildings, like the fire station. We are rebuilding not only for our current needs, but planning for the long-term needs of our City.

It continues to be an exciting time in Bellaire! We are ending 100 years of Bellaire's history and looking towards the next 100 years. The complexion of our City is changing dramatically. New residents are moving in and new homes and businesses are replacing existing ones. The City continues to change in a manner probably not seen since WW2. The decisions and steps that the City takes in the next two years will influence what Bellaire looks like and our quality of life for not only the next 10 years, but possibly 50 years into the future.

City Council met a few weeks ago to update our goals and objectives for the next two years. On February 16th, we will be holding a joint boards and commission workshop with Council to develop a strategy for implementation and a timeline for meeting these goals and objectives.

This year and over the next two years Bellaire will need to:

- **Continue to remodel and build our facilities in a way that will best serve our citizens now and in the future.** The facility land use study laid out three possibilities: (1) Rebuild a building in the same place where it is currently; (2) combine certain facilities in future buildings in a way that improves the services offered and creates additional green space; or (3) seek to move some City facilities to the downtown area of Bellaire. No decision has been made at this time regarding which path to take other than to proceed with the design of the new fire station and the remodeling of the library and police station. However, as we look to Bellaire's long-term future,

decisions made regarding the placement of the fire station and the municipal court facility will influence decisions made regarding the placement of other City buildings that might need to be replaced in the future.

- **Develop a comprehensive vision and implement a plan of action as it relates to the revitalization of our commercial areas and other under-developed land in Bellaire.** Our commercial areas are redeveloping as we speak. The RDD district is at a pivotal point where it can develop in a way that protects the residential neighborhood that abuts to it without hurting the current property owners' investment in the RDD. We have a small window of opportunity to influence the direction the redevelopment of our commercial areas and the RDD take - that in a few years will be gone. Why should we care? We could take the "hands off" approach and let what happens – happen. I believe we should care because the way these areas redevelop can either hurt or enhance our investment in our homes. Additionally, the way these areas redevelop can either hurt or enhance Bellaire residents' quality of life in the near future and for decades to come. Our Planning Zoning Commission is starting a review and will be updating Bellaire's Comprehensive Plan. The citizens of Bellaire will play an important role in crafting what our vision for the future looks like and how our Comprehensive Plan is updated for future land use in Bellaire.
- **Continue Rebuild Bellaire infrastructure improvements with an eye to what the next infrastructure program will include.** This means more reconstructed streets, improved drainage, new sidewalks and pedestrian/bike trails, and new City buildings and other facilities. The path that we are on is the one where as the tax base grows and the City (and our citizens) can afford it, the City will replace critical infrastructure and facilities. For those of you who are new to Bellaire, in 2000 the voters of Bellaire chose not to replace all of the infrastructure at one time because the tremendous cost of such a program would have driven the tax rate up to almost \$2 for approximately 20 years. In addition to the tremendous tax burden that it would have placed on Bellaire property owners, it would have also, had a detrimental impact on the City's bond rating and the residential and commercial redevelopment in Bellaire. Instead the voters chose a more conservative and prudent approach. They reaffirmed their position with an overwhelming vote to pass the Rebuild Bellaire bond referendum in 2005.

The stability of our tax base and the needs of the community will continue to influence the direction of any future capital improvement program.

- **Look for ways to improve and add to our parks, green space, and playing fields.** Many Bellaire parents know there are currently not enough playing fields to meet the demand for our youth sports programs in Bellaire. This is going to be further compounded when Horn Elementary is rebuilt in the near future and the Horn field is eliminated, until the new school is built and the old one torn down. Parks, green space, and playing fields add intrinsic value to all of our lives, as well as to our investment in our homes and will play an increasing role in the health and welfare of our community, if the population in the region grows as predicted.
- **As we place additional demands on our employees for an even higher level of service, we need to ensure that we maintain the stability of our workforce and that the City employs the highest quality of employees.** Our employees need to be fairly compensated, have adequate health coverage and other employee benefits and training, so that Bellaire remains competitive within the marketplace. Given that salaries and benefits are 75% of our operational budget, the challenge however, continues to be how to do all of this in a fiscally prudent way.
- **Work to keep our taxes as low as possible and still meet the needs and desires of our community for exceptional service and a high quality of life standard.** We live in a great location. We have wonderful schools, the best police and fire departments, and a great library, parks and recreational and senior programs. All of these add up to a high standard when looking at the quality of our lives. Working to keep our taxes low in comparison to our neighbors and yet, looking for ways to improve our quality of life and the services and infrastructure our city provides, will maintain our quality of living and protect our investment in Bellaire.

As we turn the pages of a new chapter in Bellaire's history, what is our vision for that future? Will it include a dynamic commercial area where Bellaire residents want to shop? Will there be housing alternatives for the Bellaire residents who no longer have children at home and want to downsize? Will the negative impact of 610 Loop, Highway 59, the Westpark Toll road and the increasing number of cars driving through and by Bellaire residential neighborhoods be minimized by an accessible

area mass transit system? Will we increase the City's tree canopy and landscaping to buffer Bellaire residents from the noise and pollution of Houston and the freeway system, as well as continuing Bellaire's reputation as an aesthetically pleasing place to live? Will Bellaire still be one of the safest small enclave cities in Texas or will the City of Houston's problems of crime encroach on Bellaire to a point that our police won't be able to adequately protect our citizens? Will Bellaire still be attractive to families, singles, empty-nesters, and seniors by providing premier parks, playing fields, and library and recreational facilities? Most importantly, will Bellaire still be known as the "City of Homes" with its own unique character and a strong sense of community?

Today we have an exciting opportunity to improve on what has made Bellaire great in the past. I know that the easiest route is the path of least resistance. It is the path of accepting the status quo and keeping things the way they have always been. Positive change is time consuming and doesn't usually come without tension and effort. However, historically Bellaire has shown over the last 100 years that a city that thrives and prospers is a city that is dreaming about what it can become and looks for ways to make future opportunities a reality. It is a city that doesn't rest its laurels on its history, but looks to making a future that is even better. It seeks ways of improving city facilities and infrastructure, encouraging a more prosperous commercial district, pushing the quality of life to an even higher standard, and creating a safer community for its residents to live, work and play in. This year as we celebrate our Centennial, I would ask each of you to work with the City Council and our Boards and Commissions in creating a vision for Bellaire's future and help make it a reality. Together we can leave a legacy of an even better Bellaire for future generations to celebrate. Thank you. God bless Bellaire for many generations to come!