

Introduction

Good evening, Council President Rouse and Councilmembers, City Clerk Voorde, Department Heads and staff, residents and supporters of the City of South Bend. Welcome to the Studebaker National Museum. Isn't it great! This is a wonderful new facility which has special meaning for us. More on that in a little while, but first I want to address a weighty matter that has been under public scrutiny since my last State of the City Address – my weight. You will recall that last year I vowed to lose twenty pounds by this year's address. Saturday morning I tipped the scales at 240 pounds. I made it! Many thanks to those who have encouraged and supported me in this effort. To all those who chided me about eating a cookie or donut, or who were watching as I decided how much to put on my plate at a pot luck dinner, or who ran me ragged on the racquetball court, thank you. I wouldn't have made it without you. It really helps to have people pulling for you.

Not to make too much of this, but there are some things I learned, or had reinforced, through my weight loss effort. In no particular order, here are some of my observations. It's good to have a goal; even better if it's measurable and public so that you can be held accountable. You don't have to eat everything on your plate (please forgive me, Mom, and Members of the Clean Plate Club everywhere). Sometimes there are setbacks, but you can overcome them, especially if you have encouragement and support and partners in the effort. Bigger isn't always better. There are a lot of approaches to the same end, but you have to be in it for the long haul. Being fit is a life-long effort that may require changing your lifestyle. There are many benefits. Two years ago, I weighed over 280 pounds. I was in danger of becoming the William Howard Taft of South Bend Mayors. Today, having shed over forty pounds, I have much more energy, feel better – and have improved my racquetball game. I remind myself that I was carrying the equivalent of a bag of water softener salt around with me all day, every day!

During the year at least 27 people told me that they were gaining the weight that I was losing (I don't think that is what Antoine Lavoisier had in mind when he formulated the Law of the Conservation of Matter). On the other hand, many other people told me that they had accepted my challenge and were losing weight or exercising more. Keep up the good work! I know that you can do it. Let's all commit ourselves to healthier lifestyles, to truly making South Bend a healthy community. There are many paths, from eating well to exercising more to

banning smoking. If we each take one small part, we will make a huge difference in our own lives, and in the life of our community. It will be worth the effort.

We do have many opportunities to be fit. I get my exercise at the YMCA, and at home - riding my bike, taking walks with my wife or dusting the cobwebs off the NordicTrack. There are many fitness centers in our area which can help develop an approach that will work for you. South Bend's Parks and Recreation Department is a leader in community wellness. From our wonderful river walk system to various activities at our Rec Centers (including aerobics to Pilates and basketball to skateboarding), there is something to do that is fun and fits your lifestyle so that you can stick with it for the long haul. The recent expansion of the O'Brien Fitness Center is a great addition to our community, allowing more people to use the equipment or interact with our helpful staff. For four years through Hearts 'n' Parks we have taught healthy lifestyles to youths and seniors. Because of our success with this program, our Parks Department was one of only sixteen cities in the nation chosen for "We Can," a national program designed to be a one stop resource for parents and caregivers in practical tools to help children stay at a healthy weight.

We are committed to making South Bend a leader in healthy living. We will develop a wellness program this year for our City employees. We will partner with our hospitals, with HealthWorks, with restaurants and with local fitness centers to develop a communitywide healthy living program. I, for one, commit to lose ten more pounds. Won't you join in? What will be your goal? Let's make this stick longer than our New Year's resolutions. Let's be in it for the long haul. Let's do it for ourselves, but also for our families and our community.

Now that we've made our commitment to the future, let's visit the past for a little. It's great to be here tonight in the new Studebaker National Museum. This is the culmination of years of work and of forging valuable partnerships. I am especially pleased that we have been able to reinvigorate the alliance with the Studebaker Drivers Club to support the museum. Their buy-in is essential to the long-term viability of this facility. We look forward to hosting their national meet in 2007. The Museum Board and staff should be commended for creating a new vision for the museum. South Bend Heritage Foundation and especially Joe Fragomeni, Sr. deserve special credit for bringing parties together to get this done on time and on budget. Our Economic Development and Engineering staff played critical roles in making this a reality. But I am most excited about the new partnership with the Center for History. Joining these museums

together will make them both better, strengthen their staffs, lead to more creative, complementary displays and increase attendance. This was absolutely the right thing to do.

Why was it important to build this facility? Why remember a corporation that left so many families high and dry when it closed? First, if you know someone who owns a Studebaker, you know not just a fan but a fanatic. Second, even though the company closed its South Bend operations, there was much to be proud of in the community's response. Third, despite those tough times, there is much to celebrate in the history of the Studebaker Corporation and its relationship with South Bend. Finally, we are fulfilling a commitment made decades ago to provide a suitable place to display the collection. There were some bumps and detours along the way, but South Bend keeps its promises. This is one of several long term agenda items that we have been checking off the list.

There are lessons to be learned from Studebaker. It was the only company to make the transition from manufacturing wagons to manufacturing automobiles. It was known for creative design and technology. It was a home-grown company with a strong entrepreneurial spirit and a highly skilled workforce that believed in the value of work. It gave back to the community, supporting cultural affairs and community organizations. Many local families had ties to Studebaker for multiple generations. The people who worked there were able to provide for their families and make life better for the next generation. The story of Studebaker is woven into the fabric of South Bend's history. Studebaker, Oliver, Bendix, Singer, South Bend Toy and so many others, helped to make South Bend World Famed. So, we honor and celebrate that past, and look to draw on the best parts as we restore our hometown pride and build for the future. Someone mentioned to me that the new museum makes one proud to say Studebaker again. Yes, it does. Last year I said that South Bend is a City of Champions. Many years ago, we were not only a City of Champions, like the one in the rotunda behind me, but also of Commanders and Hawks (both Silver and Golden), of Dictators and Presidents, and of Larks and Avantis. So, let's remember and celebrate that history as we reclaim the spirit, energy and creativity of Studebaker's people. I invite you to tour the museum after the speech to see for yourself what a great lineage we have.

Getting Things Done . . .

This has been a year for getting things done all around the city. One doesn't always see all the progress. Sometimes that is when we are working hardest – putting things in place for major developments. Tonight we will map out for you the extent of our work. I am proud of our city workforce. They are dedicated and talented. We are committed to continuous improvement through training and providing the best tools for our workers. Better project and program management will help us to accomplish our goals, drive higher performance and yield savings for our customers.

Several of our departments perform behind-the-scenes work. They allow other departments to shine – it's like being a pit crew at the Indy 500, or the grounds crew at the Masters. Their work is important, but not in the spotlight. Our Legal staff provides support and advice to all departments and divisions of the City, as well as to numerous boards, commissions and authorities. They send out the Nuisance and Drug House letters, 310 in 2005, which help to make our neighborhoods safer by keeping pressure on disruptive behavior. They also investigate and defend claims against the City. Last year the number of new claims filed was down 15% from 2004, at its lowest since I have been Mayor. Much of this is due to better safety procedures, training and management for front line workers. Legal has also spearheaded our citizens Local Government Academy to introduce residents to City operations and to encourage them to become active in local government. We are currently hosting the fourth academy with over 100 participants to date. Better informed citizenry will bring better government.

The Department of Administration and Finance – the Controller's group – includes Human Resources, Information Technology (IT), Benefits and general finance functions. We are far ahead of other municipal finance departments. We continue to win awards for financial reporting with our CAFR and Performance Based Budget. Nevertheless we will upgrade our software this year to support even better reporting. This will help us provide substantive quarterly financial reports to departments and the Council and present all the information that we need to make good decisions. We are doing cost saving analyses of telephone usage and take home cars. Our internal audit function reviews processes and procedures to make sure that we are complying with all requirements, but also to help us operate more efficiently. Through Human Resources we will review all staff training to make sure that we are giving our staff the tools that they need to be effective. IT has done yeoman work on the new City website – more

about that later; they are also assisting departments to make full use of the software that we own. Our client management software will help us be more responsive, efficient and accountable.

Earlier I mentioned that we would develop a Wellness Program for city employees this year. The Benefits division will also analyze our health insurance premiums to recommend options for our workforce. We often kid that the job of the Controller is to say “No – no, no, no, no-no, no-no-no-no”, but there is a spirit of saying “yes” in the department that will help all city departments find the resources they need to serve our customers well.

Getting Things Done . . . Public Works

Now we come to a workhorse department – Public Works. Like Legal and Admin & Finance, some of its functions are internal, serving other departments. GIS, Engineering, Equipment Services, Central Stores, the Print Shop and Radio Communications literally grease the wheels that keep the city running. Centralized purchasing of supplies can save money. Our in-house team of certified mechanics keeps our fleet of vehicles on the street in the most demanding weather. Last year we achieved 97.7% availability. In addition, our skilled crews are able to modify equipment so that we can get a faster changeover from Leaf Pick-up to Snow removal or achieve better efficiency with our Leaf Vacs during inclement weather. What a great job our leaf crews did this year under very trying conditions! The leaves refused to fall, but the snow did fall. Still these dedicated workers stuck with it to get the job done. And it only cost our customers \$1 per month! We collected almost 70,000 cubic yards of leaves and transported them to our Organic Resources facility where they will be composted and made available to the public for backyard landscaping and gardening projects.

Another great buy is the work done by our Engineering Division. By hiring and training skilled personnel we are able to produce some project plans in-house and do most of the construction inspections. This saved \$1.25 million that we would have paid to contract for these services. Staff also manages the curb/sidewalk programs, historic streetlights and the lamp post program. In 2005 we invested \$500,000 at 160 locations for the shared cost curb/sidewalk effort. Another \$1.3 million was spent on curbs and walks in the Commercial Corridors, along model blocks and in Neighborhood Partnership Center areas. Two hundred forty-two customers took advantage of the 50-50 cost sharing to install lamp posts in their front yard. This is a creative way to light up our neighborhoods.

Many of our public works employees are involved in direct service to the community, but often they don't get noticed unless something goes wrong. My hat's off to the men and women who provide us with safe drinking water, clean the waste when we're done, pick up the trash and yard waste, pave and plow the streets, maintain the traffic signals – and all the other invisible work that keeps our city functioning well. Last year we completed delivery of the new solid waste containers that have been so well received around the city. All residences now have either a 48 or 96 gallon container. They are helping to keep our alleys and streets cleaner and make us more efficient. Our Traffic Division applied four miles of Thermoplastic material and 228 miles of yellow or white paint stripes to make our streets safer. We installed or repaired 575 street name signs, 350 stop signs and 515 informational, regulatory or warning signs. Twelve School and pedestrian signs were upgraded to the new standard yellow diamond grade material. Our sign shop designed and built over 500 specialty signs. We also set up for 58 special events (various runs, walks and parades) and delivered barricades for over 62 block parties. The Lighting Division maintains 3,000 street and pedestrian lights throughout the city, does quarterly inspections and changes 8,500 bulbs at traffic signals, and replaces light poles and traffic control cabinets that have been damaged in accidents. Little things do make a difference in keeping the city safe and clean.

One of the great benefits of living in the city is having municipal water and sewer service rather than well and septic. Our utilities do an exceptional job and are truly an economic development asset. In 2005 the Water Works pumped over 7.2 billion gallons of water. That's 20 million gallons per day! All high quality. The water in our system exceeds every drinking water standard established by the EPA. Our groundwater has high concentrations of iron and manganese which can cause discolored water. Ten years ago this was our most critical problem but investments that we have made in filtration plants and renovations have rendered that problem almost non-existent in our system. Construction and maintenance crews are responsible for 42,000 service lines, 545 miles of water lines, 5,100 fire hydrants and 7,500 main line valves. During even the worst weather, we quickly responded to 81 water main leaks which generally occur during freeze thaw cycles when the ground shifts. During the summer, over 1,100 hydrants were painted with fresh coats of red, white and blue paint. We just received IURC approval of our rates (after more than a year). This will allow us to develop two new high

capacity wells, embark on a meter replacement program, add GAC filters to the South well field and complete the infrastructure for a new North well field.

The water that we send to customers gets used and is returned to us via 530 miles of sewers for treatment at our wastewater plant. In 2005 we treated 12.1 billion gallons, an average daily flow of 33 million gallons. As part of that process, solids are removed and converted to high quality biosolids, rich in fertilizer and soil conditioning value. The WWTP produced almost 4,000 dry tons of biosolids, which are applied to farmland. Testing to ensure quality is critical for efficient operations. We are particularly proud of the Environmental Services laboratory which received a perfect score on its annual review. In 2005 the lab was certified by the State Department of Health to perform chemical analysis of drinking water. It is one of the few wastewater labs in the state to achieve that certification. The lab also monitors the groundwater at Frederickson Park. We save significant expense by having the capacity to do this work in-house. Our sewer crews cleaned and maintained the main lines, catch basins and manholes to keep the system running efficiently. Using drag lines and buckets or jet rodders, they make sure that the effluent can keep flowing. This crew also keeps the retention basins cleaned and mowed. Their initiative to plant wildflowers in some of the basins not only reduces labor costs, but adds beauty to the landscape.

For some people, nothing is more beautiful than a freshly paved street. In 2005 South Bend was looking gorgeous to them. With the resources provided by the Wheel Tax we were able to boost our street paving and repair program to a high production level. These dollars are allowing us to make up for years of under funding from MVH and LRSA distributions. Last year we resurfaced 293 blocks of streets (about 24 miles). We did over 1,000 inlay patches and completed crack sealing on 412 blocks. These preventive maintenance procedures help the paving to last until we are able to schedule a full repaving. We also used over 370 tons of cold patch this year to fill potholes. Our RoadPatcher unit has been a great success, increasing our efficiency and helping us respond more quickly to pothole complaints. We are bringing a second unit online which will help us reduce the number of potholes present at the beginning of the winter season. Being ahead of the game will help us keep the roads in better shape during our most challenging time for road maintenance. Street Department crews also sweep and plow all 500 miles of roadway. They grade alleys and berms and apply dust control material. Last year

we continued the base stabilization program for selected alleys to reduce maintenance and increase durability.

Major road rebuilds were completed in 2005 on the newly realigned Bendix as part of the Bosch campus development, at United Drive to allow for expansion of a local business and on Chapin Street in front of this wonderful new museum. On a proud day in December we gathered to officially rename the reconstructed Inner Belt from Lincolnway West to Washington for Dr. Martin Luther King, Jr., honoring his contributions to our country. This street serves as an entryway to one of the city's oldest and most historic neighborhoods, and also one of its most diverse. It will bring people to the Center for History and the Studebaker National Museum. In the near future we will construct a new firehouse (Station 2) at the corner of LWW and Dr. Martin Luther King, Jr. Drive. During 2006 we will start construction on major rebuilds of South Miami and Portage. We will improve Michigan from US20 to Chippewa, adding double left turn lanes at Ireland, and we will widen Ireland to the west of Michigan to accommodate anticipated traffic to the new Erskine Commons shopping center. We have started design work for Ewing. We will design an extension of Napoleon Boulevard as part of the redevelopment partnership in the Northeast Neighborhood to allow for new housing. We're putting your tax dollars to good work all around the city.

Hometown Pride

Maintaining our streets and utilities is a key function of government. Maintaining neighborhoods requires cooperation and partnership. The Building Department, Code Enforcement and the Department of Community and Economic Development play vital roles in this effort. Our certified building inspectors are tireless in making sure that new construction and additions to buildings are safe and sound. Several members of the Building Department serve on state and national oversight boards. In 2005 staff made 31,870 inspections, driving over 169,000 miles in the course of their work – that's equal to seven trips around the earth. They inspected buildings from Lincoln School to Stanley Clark, from USF Holland in the Blackthorn area to DSW Shoes at Erskine Village. Value of new construction building permits issued in the City of South Bend last year was \$136 million, an increase of 29% from 2004. There were 166 new single-family home starts at an average cost of \$151,000. This is the second highest number of new home starts in the past ten years, but by far the highest average cost. Total value of new

home construction was \$25 million, up 24% from the previous year. Our efforts to provide a full range of housing options are paying off. Builders are eager to hook up to municipal sewer and water. We expect continued growth in both new home construction and total construction.

Once buildings are constructed and occupied, making sure that they remain habitable becomes the responsibility of Code Enforcement. Improving and maintaining our housing stock and providing environmental enforcement are the tasks which require most of our effort and which have the biggest impact on our neighborhoods. In 2005, Code inspectors performed 42,000 inspections for public nuisance, housing, zoning and vehicles. Over 17,000 notices were sent to property owners and our crew cleaned and/or mowed 7300 properties. Our Abandoned Vehicle Specialist towed 641 unwanted and unsightly vehicles. Animal Care and Control officers respond quickly and professionally to reports of stray, abandoned, injured, mistreated or dangerous animals. We again partnered with Pet Refuge to bring Neuter Scooter to town, a low-cost alternative for spay/neuter procedures on cats to stop overpopulation and reduce the spread of disease. 1821 cats received this service. We haven't heard if they are happy about it, but none have called to complain.

Residents often look to government to take care of things that formerly were not an issue or were resolved through neighborly pressure. We must revitalize that sense of pride of ownership in our homes and neighborhoods. We encourage residents to plant flowers, mow the lawn, pick up loose trash, and make sure that recycling bins and waste containers are put away after pick-up. Small things like this make a big difference. Many areas never lost this pride. Other neighborhoods are working hard to energize it. South Bend is my hometown. South Bend is our hometown. Let's all take responsibility for making it better. Don't litter. Respect your neighbors. Show your pride. To that end, Code Enforcement has partnered with different groups to clean up our city. The Adopt-a-Block program has been successful for three years, with the Westside Neighborhood Organization and St. Casimir's joining the effort. Residents have committed to pick up trash and litter on 65 blocks. We provide trash bags and gloves and dispose the collected trash. We also partner with other groups that clean up their neighborhood on a Saturday morning. We remove all the debris collected at no cost to the residents. This is a start, but we need to be in it for the long haul and each one of us needs to commit to this effort.

Our Community Development staff works directly with neighborhoods and the community to build pride and capacity. From Building Block Grants to major initiatives like the

Commercial Corridor Program, they are at the center of good things happening in South Bend. Over 500 Building Block grants were awarded in 2005, providing \$80,000 for beautification projects – helping residents, not-for-profit groups and neighborhoods show the pride that they feel. The good news - it's contagious. Others see the improvements and want to join in. Neighborliness is catching on. Our Commercial Corridors continue to make major improvements. They are more welcoming and provide a better first impression for visitors to our community. Twenty-two façade grants (\$170,000) leveraged almost \$300,000 in private investment. On Mishawaka Avenue, another six grants (\$40,000) brought \$130,000 in private investment. Eight new businesses opened on Western Avenue and a new mural was completed at Walnut. The City continued investing in curbs and sidewalks too, a total of \$1.5 million for Commercial Corridors, Neighborhood Partnership Center areas, Model Blocks and our shared cost program. On South Michigan Street we acquired three adult business locations. Those sites will never again be used for that purpose, nor will they be the cause of negative secondary effects that have disrupted the surrounding properties. Now, with South Gateway Association, we will look for positive business uses for those locations.

Community Development planners support five Neighborhood Partnership Centers, providing focus sites for public investment, community outreach and neighbor to neighbor interaction. We supplement these sites through active support of numerous neighborhood organizations and through two special efforts – Model Blocks and Weed & Seed. The Model Block program brings investment, improvements, comprehensive planning and organizing to a selected block to spur other activity. Dunham Street was the focus in 2005. Our fourth model block will be N. Wellington St. in the LaSalle Park neighborhood. This will complement the work being done through Weed & Seed, our nationally recognized program in three adjoining west side neighborhoods. A comprehensive approach and strong partnerships have led to new bleachers at Pulaski Park, soil testing in LaSalle Park area to determine what lots would be suitable for new housing, extra overtime patrols by police officers, graffiti removal, summer enrichment programs at the West Side Partnership Center and computer literacy training at LaCasa. The new William C. Ellison Residence apartments at LaSalle Park Homes will be a great addition to the area.

Not far away, in the Near Westside Neighborhood, Rebuilding Together harnessed the energy of hundreds of student and community volunteers to spruce up 29 homes. The

homeowners are overjoyed to receive this assistance. They too have pride in their properties, but have not had the resources to keep them up the way they would like. We calculate that the total value of materials, supplies and volunteer time is \$400,000. I especially wish to thank the Building Trades and contractors who provide skilled labor for roofing, plumbing, heating and electrical work that really gives substance to this program. Other communities look to us as a model. The City also provided 45 matching grants totaling \$140,000 through the Residential Enhancement Program. Owners invested \$150,000 for a total value of \$290,000. The Near Northwest Neighborhood, South Bend Heritage Foundation and the Northeast Neighborhood Revitalization Organization are actively involved in residential rehab and infill housing efforts that strengthen our neighborhoods.

Finally, our Community and Economic Development staff is driving planning efforts all around the city. From model blocks and targeted neighborhood plans, to downtown, the East Bank and Commercial Corridors, we are setting goals and objectives for growth. City Plan will knit these together and provide a blueprint for years to come. The critical component for planning is community participation. We believe in getting input from businesses and residents. Not only does it make a better plan, but it also engages the community in a positive way which makes the plans more likely to succeed. Good planning makes for good development. We are seeing the fruits of that all around South Bend.

Getting Things Done . . .Economic Development

Economic Development staff provides business assistance and manages six development areas. At Blackthorn, in the Airport Economic Development Area, years of planning and public investment continue to generate new jobs and growth. USF Holland and the Woodwind & Brasswind invested over \$11 million in new or expanded facilities. They show the continued strength of our area for distribution and warehousing. Imagineering Finishing Technologies broke ground for a new state-of-the-art facility for its corporate headquarters and high-tech precision metal finishing operations. This world class company is among the top in its field. Soon it will have a world class home, including a one-acre EcoPark which will include trails, recycled ponds and streams, benches and look-out points among plantings and materials that are indigenous to Indiana forests, wetlands and prairies. Like Studebaker, Oliver and Bendix, before it, like its contemporaries Press-Ganey, UL/EHL, Crowe Chizek, the Woodwind & Brasswind,

and Enzyme Research, Imagineering shows that with creativity, skilled, dedicated workers and strong management, business can flourish in South Bend. This high tech manufacturing company is meeting industry's needs. It is a great example of finding a niche and becoming the world's best at filling it. We will nourish this entrepreneurial spirit to grow more jobs and to be at the forefront of innovation.

North Side, South Side, all around the town ... kind of makes one feel like singing. But it is a good description of the activity and interest we are seeing in building South Bend. From Portage Prairie on the north to the Erskines on the south, we are seeing major investments and development plans. Holladay Corp. has developed a 15 year master plan for growth in the northwest. Their plan integrates housing, green space and trails, job growth and retail. We are excited to partner with them in this quality development that sets a tone for good growth. It was a good shopping season along Ireland Road with so many new stores opening at Erskine Village: Kohl's, Radio Shack, Starbucks, Logan's Roadhouse, Panera Bread, Bed Bath and Beyond, DSW Shoe Warehouse and many others. At the other end of Ireland Road, Erskine Commons is finishing the site preparation and environmental remediation so that Lowe's and Wal-Mart can begin construction. They will be open for this year's holiday shopping. The trend is catching as we saw retail investment at several spots along the Ireland corridor. We also believe that this will help to bring new businesses to South Michigan and South Main. We're pleased to give shoppers a choice in both location and unique stores. Residents have waited for this for a long time.

Getting Things Done . . . Downtown

Shoppers and diners are also getting new choices downtown. Though there wasn't a signature project during 2005, it was still a good year with a lot of activity. 2006 promises to be a banner year. DTSB has been a great partner in recruiting and welcoming new businesses to the central development area. Their efforts to green up and decorate have made downtown and the East Bank more welcoming and attractive. Numerous special events have raised the energy level and created a special feel. We held ribbon cuttings at Sit 'n' Knit and the Chicory Café, at the Spurious Fugitive Art Gallery, Nicolas J Salon and the Natural Way. The Jefferson Center underwent major renovations; and the Holiday Inn building literally saw improvements from top to bottom with the Summit Club improving its view and its décor and a new upscale restaurant

opening in the lower level – appropriately called the Cellar Door. And there’s more to come. Our staff and Redevelopment Commission have been working tirelessly to bring new investment and excitement to downtown and the East Bank.

In 2006 NOMA will bring the unique experience of Asian fusion dining to downtown. It will complement the existing mix of locally owned restaurants that provide a variety of exceptional choices for local diners and visitors who are looking for something beyond chain restaurants. When Peg and I visited Ireland, once best known for the potato, we were surprised to learn that it is becoming renowned for gourmet cooking. A few years ago, some people may have felt the same about downtown South Bend. Now we are setting the standard for distinctive dining experiences. From LaSalle Grill to the Summit Club, Ciao’s to the Morris Bistro, Rocco’s to Barnaby’s, the Emporium to Sunny Italy and the Bistro on the Race, Fiddler’s Hearth and Madison Oyster Bar to O’Sullivan’s Crossing, the 222 Italian Steakhouse to Siam, and Tippecanoe Place to the Vine, we are the place to be for one-of-a-kind dining experiences. The State Café returns to downtown to the delight of its loyal fans and the Marriott will open Sean O’Casey’s – a Guinness Pub with an outdoor seating area overlooking the Museum of Art and the College Football Hall of Fame. At the Hall, Hot Doggin’ has added to the lunchtime traffic with a menu that appeals to the kid in all of us. We are excited that South Bend Chocolate Café will expand its magic into the former Osco building. This rehab will create a distinctive new façade which will become a landmark in downtown South Bend.

The face of downtown will change significantly this year with several other signature developments. South Bend Schools is moving its administrative offices to St. Joseph Street. The major renovation of that building adds interest to our skyline, but more importantly brings a new group of professionals into the core downtown. Just north of the School Admin Building, the City will build a new parking garage to replace the one demolished in 2004. Staff is working out the details with Gameday Centers to allow them to construct a 130 room condominium on top of the garage. This will be an extraordinary investment that furthers our goal of bringing additional residential into the downtown. The developer has a great track record building in communities with top notch football teams. He is delighted to get a twofer here, not only proximity to the Fighting Irish, but also right next door to the College Football Hall of Fame. It was Hall of Fame staff who made the first connection for this project. This ideal location will bring new people downtown and may provide some rooms that could be rented in connection with conventions at

Century Center. Across the river, Redevelopment has received two very different visionary proposals for the Rink site. Each has unique characteristics from environmentally friendly condos to an exclusive office coupled with a hotel/condominium development at the former Wharf restaurant site. Either will be a great addition. The Commission will have a tough decision to make, but it's great to have quality choices.

Staff continues to talk with potential developers of the LaSalle Hotel. We are pursuing the possibility of market rate apartments, condominiums or reuse as a hotel. Some of the chance for success depends on the availability of New Market Tax Credits as part of the financing. We are optimistic that we can get this project moving in 2006 as well. We continue to look for new opportunities to increase market-rate housing units in downtown. At the NW corner of Washington and William, Historic Landmarks Foundation of Indiana has taken ownership of the Rushton Apartment building and is working with a developer to create apartments or condo units. They have stabilized the structure and cleaned out truckloads of debris. This will be a great turnaround for a structure that was scheduled for demolition. Just down the street, South Bend Heritage Foundation in partnership with the City, acquired and demolished Basic Machine, opening up more land for new residential development. This increased interest in housing, offices, stores and restaurants is a great indicator of the vitality of downtown. The momentum keeps building.

Innovation

We are fortunate to have exceptional institutional partners in the city. They provide great jobs in our community, but also work cooperatively planning growth and investment. Memorial Hospital continues to invest in state-of-the-art facilities at its main campus. Just a year ago they opened the acclaimed Heart and Vascular Center, pioneering new ways to meet patient needs. Memorial is currently exploring the need for new surgery suites and an energy center (replacing the old power plant). Plans have been proposed for a children's hospital and a cancer center. All would be part of their downtown location. A new Neuroscience Center could be developed at the NE corner of Michigan and Navarre. These investments keep Memorial at the cutting edge of medical technology and help to keep South Bend as the regional center for health care. St. Joseph Regional Medical Center also continues to invest in new ways to provide quality health care at their current campus, even as they prepare to move to the northeast. They are looking for

better ways to reach the community so that all populations have access to medical care. The new mobile health unit is one example of that commitment. I appreciate the commitment that St. Joe has made to bring positive investment to their current site once their new hospital is built. I am glad that their administrative offices and the modern medical pavilion on Cedar Street will remain here. South Bend Heritage Foundation, on behalf of the NNRO (Northeast Neighborhood Revitalization Organization) and in partnership with SJRMC, is developing a plan for reuse of the site that will include mixed use and residential components. A firm will be selected to design a master concept for the area. Eventually developers will be solicited to implement the plan. This site is prime real estate. It will attract quality taxable development which complements activity in the East Bank and the northeast neighborhood.

Madison Center continues to build out their master plan for development of the campus. In 2005 they completed the Sunshine Clubhouse at the corner of Niles and Crescent. A group home in the Northeast neighborhood should be completed this Spring. Two other facilities are being built on the main campus. A 30,000 sq. ft. children's service center will open in September across Niles Avenue from Madison Center for Children. The three-story 80,000 sq. ft. Geropsych building is one of the first of its kind in the United States. Set to open in May 2007, it will feature a research center, a chapel for spirituality programs and a patient education facility. This impressive facility will offer comprehensive diagnostic services and treatment for older adults from the Michiana area. There will also be first floor space for retail establishments as Madison Center seeks to connect its campus with the East Bank and surrounding neighborhood. They want the community to feel welcome on campus. One new feature that is sure to draw visitors is the new sculpture park at the foot of the East Race. This garden will offer quiet reflective space, but will also be available for exciting community events. Madison Center is a strong partner in the East Bank and the Northeast neighborhood, setting high standards for quality development.

Our other major partner on several projects is the University of Notre Dame. We welcome Fr. John Jenkins to his new position as president and look forward to continuing our work together for the best interests of our community. 2006 will kick-off full implementation of the NE development plan that has been adopted by the NNRO, the NENC and the City. With the help of key neighborhood leaders, our institutional partners and South Bend Heritage Foundation, we spent several years building consensus on what should be done. Notre Dame

jump-started this reinvestment by helping their staff construct new homes on vacant lots to the south of campus. These beautiful homes filled gaps and fit in architecturally. They also strengthened the fabric of this fine neighborhood. The University opened up a site for future development by helping Logan Center find a new home, and then by realigning Edison Road. The new intersection of Eddy and Edison will become a location for shops that serve both students and the community. Like the DeBartolo Performing Arts Center and the Commons area in front of it, this retail center will be a place of nexus where town and gown can interact. Notre Dame is selecting a developer to construct both the stores and new housing units along Eddy Street. It will be an exciting time in the neighborhood.

The plan also calls for new single-family housing to be constructed in the triangle area bounded on the west by Eddy and on the south by SR 23. South Bend Heritage is moving that development forward. The City will design an extension of Napoleon Blvd. and look at other infrastructure needs in the target area. SBHF is also building in-fill housing in the preservation portion of the neighborhood, as well as helping residents to fix up their properties. When the State completes the realignment of SR 23, based on a plan developed through multiple meetings with neighborhood residents, another prime retail development area will open up at the new realigned intersection with Corby. Just a few blocks south from this location, the South Bend Clinic has recently announced news of a significant expansion. With the planned improvements in the NE and East Bank neighborhoods, they decided that this location provided the best option for comprehensive care for their clients. We welcome this investment and the jobs and health care services that it will keep in this area. This extensive neighborhood development effort will become a model for other communities across the country to follow. The participation by residents, businesses and institutions is unprecedented. Together we envision creating a clean, safe and attractive neighborhood which is economically and ethnically diverse, with high-quality housing and increased home ownership opportunities that will attract appropriate retail and commercial development.

Finally, at the edge of this development area, the City is working on plans for a research park which will bring new technology jobs and investment. It will support start-up businesses, encouraging creativity and an entrepreneurial spirit. At our request, the University has agreed to reserve up to ten acres across from campus at the SW corner of Edison and Twyckenham for this tech park. We have until June 30, 2006 to develop a sustainable business plan. During this time

we will also seek funding, work with State officials to become certified, and contact prospective tenants. We are getting strong positive responses to this proposal. Project Future is leading the effort to bring this complex initiative to reality. Although this is not a Notre Dame initiative, they are very supportive of the concept. They are also aware of design issues for the neighborhood. Consequently, our site plan will complement the urban-style, walkable neighborhood which has been envisioned for the Northeast development. We have worked on this idea for a long time. I believe we have the right model for success and that this will be a win-win-win for all involved.

Getting Things Done . . . Public Safety

We also have the right models for success with our Police and Fire Departments. These dedicated professionals serve our community round the clock, using technology and ingenuity to keep us safe. In order to enable public safety officers to do their jobs well we need to provide the proper equipment and training. We have made great progress over the years upgrading apparatus for our firefighters. Long term planning has kept these vehicles on a regular replacement schedule, maintaining them in good or excellent condition. During 2005 the department refurbished a pumper at a cost of \$56,000 which saved \$224,000 compared to buying a new truck. This work was done by an Indiana company. We also refurbished a Paramedic unit at a savings of \$57,000, for a total savings of over \$280,000. Last year we decided to outfit every frontline fire apparatus with ALS equipment, including monitor, Basic EMS supplies and Advance Airway equipment. This allows our certified personnel, often the first to reach a scene, to begin emergency medical treatment when they arrive at an emergency. We were one of the first departments in the state to do this. In order to better protect reserve equipment, we built a storage facility for fire trucks, ambulances and specialized pieces of equipment. The centralized location puts all reserve apparatus at one site, and allows for mechanics to perform onsite maintenance. This will result in less down time. In July of 2005 we completed the computer networking of the eleven stations. This will be a great improvement for communication and sharing information.

Last February we hired eight new Recruits. They went through twenty weeks of rigorous training before becoming sworn members of the department. During that time they met the requirements of the State for EMT and Firefighter I & II Certification. They learned to be

Emergency Vehicle Drivers and Hazardous Materials First Responders, and learned Vehicle Extrication. This professional training continues throughout a firefighter's career to keep them up to date on the latest advances in firefighting. We have developed a strong partnership with IVY Tech, sharing classroom space and supporting their efforts to become a provider for a Fire Science Degree Program. These collaborations build on each other's strengths to expand opportunities. For quite some time we have looked at other training facility needs for the department. Last year, in discussions with South Bend Regional Airport, we identified a 40 acre site that would be suitable not only for our own use, but as a Regional Training Facility for the northern portion of the state. We believe that this could be a prime location for one of the ten regional sites. There is ongoing discussion about expanding our schools for Indiana River Rescue to become a national training institute. We are eager to explore these possibilities and proud that the quality of our training procedures and our personnel is being recognized at the state and national levels.

Through CALEA (the Commission on Accreditation for Law Enforcement Agencies), our Police Department will also receive national recognition and certification. This process involves a hands-on review of more than 400 standards of compliance. During the next three years we will update our duty manual and learn from best practices in use by departments around the world. Accreditation will involve on-site inspection of our facilities and continuous testing. CALEA dovetails nicely with our commitment to training. We have been named a regional training site for quarterly Police Executive Leadership Academy classes. PELA draws its structure from proven personnel management theory which is tailored to address police issues and techniques. It gives supervisors the tools they need to lead the next generation of law enforcement. Over forty South Bend officers have already been trained, with seventeen more in classes now. Continuous training is essential to maintaining the level of professionalism and performance that we expect from our officers. Last year our police department employees participated in over 20,000 hours of training. This included sessions on the use of Personal Protective Equipment, Verbal Judo, Use of Force, Taser and Tools for Tolerance. Two other areas of emphasis are proficiency with firearms and emergency vehicle operations. Our Regional Training Academy provides training to 33 area police departments, in addition to our own. One reason we have been able to step up our training efforts is the new headquarters facility which was rededicated on May 19, 2005. This building provides efficient work space

and is a model training facility with an indoor shooting range, large classrooms and conference spaces. It will serve the department and the community well for many years into the future.

In addition to training it is important to provide proper equipment, especially as we prepare for the possibility of natural disasters or terrorist incidents. Our department has acquired a technologically advanced Bomb Truck and a Bomb Disposal Robot. With Homeland Security funds we have ordered a Total Containment Vehicle which will allow for the safe transportation of WMD devices without any release of chemical or biological agents into the environment. This will be one of only two such vehicles in the state. Our officers who would respond to such an emergency have been outfitted with Personnel Protective Equipment. Over \$10,000 of new technical equipment has been purchased for forensic identification. This provides our Evidence Technicians with professional tools to locate, identify, process and capture evidence that would not have been discovered in the past. Crime Lab technicians have helped in solving a number of notorious cold cases during the year. During its first full year of operation the AFIS (Automated Fingerprint Identification System) identified 203 persons using false names, had 13 hits on latent prints (i.e., linked suspects to crime based on prints found at the scene), and found 66 persons wanted on warrants. This tool will become more valuable as additional prints are entered into the data base. The Remote Data Acquisition Station (R-DAS) reads “fingerprints” from bullets or casings. Since the start of last year, it has had hits on 11 cartridge cases. These hits linked multiple crime scenes using ballistic evidence. By tying a gun to a crime, or multiple crimes, it helps develop leads and capture criminals. We are one of the few departments in the state to have a full time firearms examiner. Sgt. Ray Wolfenbarger has completed two years of training. With his court testimony last November he officially gained the title of Certified Firearm and Toolmark Examiner.

The Regional Crime Intelligence Unit maps crimes throughout the city and presents information that underlies strategies to reduce crime. The RCIU prepares a bi-weekly digest of major crime information and trends which is used by the command staff to assign resources. One particularly helpful tool is the creation of “Hot-Zone” maps to show areas where reported crimes are spiking. These thermographic maps use computer aided crime analysis in connection with our GIS mapping ability to indicate areas which need special attention. The crime analyst will combine statistical and anecdotal data to understand not only the quantity, but also the type and severity of crime. This report becomes the basis for strategic planning at Comp-Stat

meetings. Several different tactics may be employed to combat the problem from bike patrols to special enforcement units (like NEST), to plain clothes surveillance or saturation patrols. If the planning and execution are successful, the hot-spot will cool in future maps and tactical assets can be redirected. This is a powerful tool to make the right calls in the fight against crime. We have been making positive strides against crime in South Bend with larcenies and non-residential burglaries at their lowest level in twenty years. Major crimes are down 31% over the past ten years. However, during 2005, we lost some ground. Residential burglaries were up 16%, though still the third lowest annual number during the last ten years. Part of the increase involved thefts of aluminum siding and copper at vacant houses. We also saw a 7% rise in motor vehicle thefts and the number of arsons increased by 27. Overall crime rose slightly (1.4%) from 2004. We will continue to use all the tools at our disposal to keep South Bend safe.

The two most important resources we have are the professional men and women of the Police Department and members of the community. Whether reporting tips to Crime Stoppers or participating in Neighborhood Watch efforts, community residents are a critical component of our Safe City strategy. Police Department staff has been tireless in their efforts to engage the community. The Citizen's Police Academy continues to be a success. This year South Bend will proudly host the 2006 National Citizen Police Academy Conference thanks to the hard work of our Community Oriented Police Leadership group. The National Night Out Against Crime was held at Howard Park, reinforcing our commitment to work with Watch groups, partnership centers and neighborhood organizations. Crime analysts and patrol supervisors share crime statistics with residents on a regular basis. Civilian Volunteer Officers (CVOs) and Volunteers in Policing (VIPS) provide valuable assistance with patrols, traffic control and special events. Without their help we would not be able to sustain the various walks, runs and parades in South Bend. During 2005 they provided over 14,000 hours of service. With the most recent VIPS class graduation, we have over 80 volunteers. Our program sets the standard for VIPS across the country. It was a special day last year when one of them, Leticia Bajer, became an American citizen. We are grateful for her service and proud to have her in our community.

The Police Department has made special efforts to reach out to seniors and young people in our community. We held special versions of the Citizens Police Academy for each group so that we could tailor the information to their unique perspectives. Reaching out to youth starts much earlier, inviting them to visit Safetyville at Rum Village Park. For those who can't come

to the park, we take the show on the road to schools, special events and community functions. Our School Resource Officers in the intermediate and high schools help to connect with staff, students and their families. Young people get to know and trust police officers on their own turf. We have established a Police Explorer Unit for those 14-18 years of age who may be thinking of a career in law enforcement. We want to make contact early on in an attempt to develop a pool of interested candidates for the future. Last year we reinstated the Cadet Law Enforcement career program using local funds. This helps pay tuition and provides part-time employment with the department for three local college students with the expectation that they will apply to join the department when they graduate. Perhaps the most popular contact with youth is through the Youth Recreation Program which collaborates with seven youth centers in the city. It allows police officers to develop positive relations with young people from diverse backgrounds, and to become coaches and role models. There are field trips, intramurals, tennis and golf, hayrides, Christmas service activities and Toys-for-Tots. Last summer students for Washington High School participated in a Graffiti Blitz to help clean up properties on the West Side. Over 1,300 youth participated in these programs. Outreach to seniors is primarily through TRIAD, Seniors and Law Enforcement Working Together. TRIAD provides information about scams and other issues that are pertinent to older adults. They conduct an annual Pill Drop program to provide a safe way for individuals to discard outdated or unneeded medications. In 2005 they introduced Project Lifesaver to St. Joseph County. This is an electronic monitoring service for victims of Alzheimer's, dementia, stroke, head injury or autism who have a history of wandering from their place of residence. This has been completely funded through community donations.

Our police officers are busy. During 2005 there were over 100,000 police dispatches. MSOS seized 120 weapons and drugs with a street value over \$4.8 million. The Traffic Section coordinated for 92 special events and won a 1st place award for the northern part of the state for efforts to promote and enforce seat belt safety. NEST targets open-air drug dealing, prostitution and disorderly houses. It has been successful addressing neighborhood issues. The K-9 unit apprehended 50 suspects. Fraud Investigators worked on 500+ cases, including teaming with officers from the federal government and other states to end several large scale fraud rings. We have developed an Identity Theft Victim Assistance Packet to help people limit the effects of their victimization and avoid further violations to their financial identity. We continued to work in partnership with many multi-jurisdictional task forces like Project Disarm which secured 82

federal indictments for suspects who have allegedly violated Federal Weapons Laws. Officers from South Bend work with twelve other agencies as part of the County Terrorism Task Force to plan, train, educate and prepare for disaster response.

Public safety is a top priority. We will continue to do extra bike or walking patrols; we will work with neighborhood organizations and businesses; we will partner with other agencies and departments; we will provide the best tools and technology available; we will be creative in developing new strategies in order to outsmart the criminals; we will build better community relations; we will recruit talented new officers that represent the diversity of our community; and we will continue to rely on the skills, dedication and professionalism of our officers to keep South Bend a safe city.

Quality of Life . . . Parks & Recreation

As people make choices about where to live, they are also interested in the amenities that a community has to offer. Our Parks & Recreation Department is another reason to take pride in South Bend. The staff and facilities are great assets and help us to be a thriving city, where we can enjoy green space or get involved in a rich variety of activities. For the ninth consecutive year South Bend was named “Tree City USA” for our commitment to trees and the environment. We planted 464 trees last year, and over 28,000 flowers. We have several destination parks in the system. Potawatomi Zoo is a gem. It is a regional attraction that continues to be ranked in the top twenty kid friendly zoos in the U.S. Last year 192,000 kids and adults visited the Zoo. They came to ride the new Zoo Train and to see the new DeBrazza’s Monkey Habitat or the African ground Hornbill Exhibit. They came to see Crunch – a 200 year old, 165 pound giant alligator snapping turtle. They came for special events like Zoo Boo and Zuletide. They came to see Lili, our newest baby red panda. They came to see the new habitat murals painted by local artists, and to see our most famous local artist Sammy the Chimp. His artwork was featured on the Letterman Show. Dave guessed that it had been painted by a human! They came to have fun together as families, to learn about and respect the environment and wildlife. Our thanks to the Zoological Society, which has been such a terrific partner in zoo improvements. Of course, the zoo doesn’t have a monopoly on cute animals. Our Animal Care and Control division not only responds to calls about critters, but also has some wonderful cats and dogs available for adoption.

We can't count all the children and families who use our neighborhood playgrounds, but these spaces too are vital to a healthy city. Our summer playground program and the Leeper Park tennis program keep kids active and having fun, learning new skills in a supervised setting. We work to continuously upgrade the play equipment at these parks. New soccer goals and bleachers were added to Pulaski Park. New play equipment was installed at Parkovash and Sorin parks. Park crews also installed a large playground assembly at LaSalle Park, and began the prep work for a water spray pad to be completed this spring. We expect to add these spray areas to many parks around the city as a fun way to help youngsters stay cool. Through a great partnership with the NNRO and South Bend Heritage Foundation, a new Sprayground was put in at Coquillard Park. On the far Westside at Belleville Park hundreds of volunteers participated in Rotary's centennial project, construction of Friendship Station. Like Kids Kingdom before it, this play structure was designed with the help of local youth and is attracting droves of children and their family members to enjoy it. Junior League and numerous foundations and businesses all pitched in to make it a success. What a great team effort to build this wonderful structure! It will be a place where friendships are formed.

The face of a couple parks changed dramatically last year. At Potawatomi Park, the main shelter pavilion, a center piece for the park since the 1920s, has been completely remodeled. It is beautiful and serves as our largest pavilion in the park system. Nearby, the band shell had several improvements. The concrete pad and new benches make concerts even more enjoyable for our regulars. At Howard Park, after years discussing it, we were finally able to demolish the old maintenance facility. This was possible because we moved to a newly acquired and remodeled larger facility at 1020 High Street, which will allow us to store all our equipment inside. This new multi-purpose structure is equipped with workshops for Park's skilled construction crews and will help them to keep our parks in better shape. This move enabled us to add green space and improve access to the river. In the future we may decide to build something at this site, there have been numerous proposals, but for now it is a great improvement that has opened up the park and views of the river. This view is best appreciated from the trestle which links walkways on both sides of the river at Howard Park. We are delighted to have this pedestrian bridge open again. It is a popular connector for walkers, joggers and bikers who use our river trail system. It also provides a great alternate route into downtown.

If you think there's nothing to do in South Bend, you haven't been in touch with our Parks and Recreation staff. From Daddy-Daughter dances to the East Race concert series, from our river walk system to our rec centers, from festivals at Rum Village Park to kid's triathlons, from the water playground at Kennedy Park to the duck pond at Leeper Park, there are a myriad of family friendly activities available. Our municipal golf courses are great values and a key to Golf Digest naming South Bend as the 16th best place to play golf in the U.S. We like to get players hooked on golf at a young age. Over 500 participants played in our junior golf program at Studebaker Golf Course last year. The Parks and Rec staff keeps us operating at championship levels. From Coveleski Stadium – home of the 2005 Midwest League Champion Silver Hawks! – to Belleville Softball Complex which consistently ranks as one of the finest operations nationally for tournaments and has won the James Farrell Award for Excellence for the seventh consecutive time. The staff is so good that we have been awarded the 2007 Men's and Women's National ASA Major Fast Pitch Tourneys. This is the first time that both tourneys have been held in the same city in one year. Our King Center Lady Soldiers basketball team won the National Adidas Basketball Shootout in Indianapolis. But they were champions off the court as well. Rec Center staff mentors youth in education and responsible social behavior. The Lady Soldiers high school age team maintained a grade point average of 3.28! By carrying forward the values that they are learning, these young ladies will be champions at life! There's plenty to be proud of in our hometown.

Quality of Life . . . Arts & Culture

Another area that has reached critical mass in recent years and that is critical to our growth as a 21st Century City is arts and culture. A vibrant arts community with varied arts venues reveals the spirit and creative energy of a place. It attracts young professionals and encourages innovation. We are fortunate to have five outstanding museums as anchors for downtown: the South Bend Regional Museum of Art, the College Football Hall of Fame, HealthWorks! Kids Museum, Copshaholm and the Center for History, and the Studebaker National Museum. These first-class facilities are joined by newcomers The Spurious Fugitive Gallery, Fire Arts and Gallery 805. Art Beat has become the event of the year, and the Near Northwest Neighborhood hosts its annual Arts Café. The Leeper Park Art Fair continues to be a popular attraction. There is talk about an arts district in downtown and the East Bank. The

numerous outdoor get-togethers are jam packed, from Meet me on the Island to Fridays by the Fountain, from Rooftop Rendezvous to the Train to Rock 'n' Roll, from Gatherings on the Gridiron to Football Fridays, crowds are flocking to downtown. Club Fever and Club LaSalle offer two distinct venues for late night socializing or dancing. The greening of downtown has been important in encouraging more street life. Moving to the next level will see more art in public places. We have extraordinary local art talent. Two South Bend artists have been featured in national magazines. We need to nurture and promote this local talent. In December 2004 the Community Foundation launched the ArtsEverywhere Initiative to showcase and strengthen our community's rich cultural offerings. Last September its new state-of-the-art website, ArtsEverywhere.com, debuted. It will increase participation in the arts, feature local artists and demonstrate how much there is to do in South Bend. It is a great website. I encourage everyone to visit it regularly to stay up to date on the arts and culture scene. This initiative will not just bring about immediate progress in the arts, but will sustain it by building an endowment for local arts and culture. This effort not only enhances quality of life but will help to keep and attract young, creative people to our city. It is one of the intangible assets for economic development. South Bend is the regional center for art and culture.

We are so fortunate to have three world class facilities among our downtown venues. The Morris Performing Arts Center, the Palais Ballroom and Century Center are destination facilities that draw thousands of people to downtown. Philip Johnson's design for Century Center has worked even better than he might have envisioned. It is flexible and adaptable. It feels like home for community events or conventions and provides more options than many centers. We can host Midsummer Night's Dream in Bendix Theater or the Hall of Fame Enshrinement Ceremonies. That is one reason it has always been one of the busiest convention facilities in the nation. The other is Brian Hedman, who is the only Executive Director the Center has ever had. His dedication to the center is unsurpassed and his leadership has made it successful and an asset for our community. Brian retires at the end of the month. We won't find another one like him. But Brian's retirement does present a unique opportunity to combine management of Century Center, the Morris and Palais under one Executive Director reporting to the Century Center Board of Managers. Combined management of these facilities would give us a unique product to sell, create efficiencies and bring more business to all three sites. So, I have asked the Century Center Board to consider assuming this added responsibility. There are some

important questions to resolve to ensure that neither facility drains resources from the other, but rather enhances opportunities for success. We also must involve members of Morris Entertainment, Inc. who have so faithfully guided the restoration of the Morris and the Palais – and raised the private funds which allowed these projects to be successful. We celebrated their most recent accomplishment last Fall, the installation of the new Morris marquee which replicates the original style but has modern messaging capability. The Morris has gained national stature. It ranks 46th in the world for ticket sales! It presents local talent and national celebrities. This Wednesday the Moody Blues start their national tour right here in South Bend! Sorry, fans, if you haven't already purchased your tickets it's too late, the show is sold out. The Palais is also a unique venue which adds elegance and history to the mix. Merging the management of these facilities through the can-do attitude of both boards will help all three facilities to reach a new level of success.

Getting Things Done . . . Technology

As we consider consolidation of management functions for the Morris and Century Center, we will also continue to look for efficiencies throughout government. During a trip to Louisville last year we learned about several programs to encourage entrepreneurship and to support key businesses in the area. One component was a unique business visitation program housed in the Greater Louisville Chamber. Sharon Kendall, Executive Director of Community & Economic Development, and I had already been discussing a position for business expansion and retention. After our trip, and after several meetings with Mark Eagan and Chamber Board members, we have decided to partner with the Chamber's High Impact Program. The City will fund a staff person at the Chamber who will reach out to local businesses to facilitate growth and reinvestment in South Bend. This person will guide business owners and managers to the right resources and follow up to make sure that nothing falls through the cracks. Reports will come to Economic Development as well as the Chamber. We believe that early and ongoing contact with local business will allow us to address issues early on and encourage new jobs for the city. It is critical that the City have good communication with business leaders. We feel this innovative approach will leverage key ties that the Chamber already has and will foster a strong sense of cooperation and partnership.

Technology is also transforming the way we do business. Earlier we saw how the Police Department is using GIS to map hot spots in the city. Other departments are taking advantage of this remarkable tool as well, whether for economic development planning or for coordination of public works projects so that we sequence our utility and street work properly. In 2005, our GIS Bureau was presented the Indiana Geographic Information Council's Award for Achievement. Further recognition was received for a project to map CSOs and catalogue the conditions around them along the length of the river in South Bend. This work by Environmental Services is currently featured on the Indiana Geographic Information Council web site. I'm proud of the work that has been done and look forward to our staff developing new and creative ways to use this powerful tool. Plotting information on a map can have a strong impact on the way that you see things. The way that you see the City of South Bend may change when you visit our new web site www.SouthBendIN.gov. IT staff has done an excellent job working with the Council and Departments to create a site that is attractive, informative and user friendly, as easy as 1-2-3. Users should be able to get to their destination on the site in three clicks or less. Forms will be available online and the site will support numerous transactions. The number and types of things that can be done online will grow as we become more familiar with the capabilities of the software and as our customers want more services available 24/7. Departments are also becoming more familiar with customer contact software that will track requests for service or complaints and provide quicker response time. This too will tie into the web site and provide better service for our customers. Please visit the new SouthBendIN.gov and see for yourself all that you can learn.

As we use technology internally to enhance our productivity and creativity, we are also making sure that the infrastructure is in place for future growth and new jobs in South Bend. You are already familiar with the MetroNet, a 40 mile loop of fiber optic lines which connects key facilities and institutions. It makes access to broadband services more affordable for users by enabling competition. Founding members of the MetroNet are realizing unexpected savings and discovering ways to enhance business operations. One investor told me that his company was initially involved as a public service because he thought the infrastructure would be important for the community. To his surprise, he has learned since then that he will recover his investment cost in three years because of lower pricing. The MetroNet has also allowed us to keep and compete for new high-tech jobs that will be an important part of our future economy.

The Research Park at Notre Dame will leverage the intellectual capital in our community to create new jobs, new products, and new businesses. It will create a community of researchers that flourish in the creative environment. It will be a catalyst for our local economy as we meet the challenges of a changing world. A great example of finding new solutions to old problems is the embedded sensor network developed by Dr. Luis Montestruque, with Professors Jeff Talley and Mike Lemmon. If this concept, which has been successful during beta testing in our sewers, can scale up and add other modules to test for various pollutants, it has the potential to save communities millions of dollars as they address CSO issues. We are eager to use the assets on our college campuses, the creative research, the quest for knowledge, the energy and idealism of the 22,000 college students who are in our community. We want them to be able to find good jobs here, to stay in South Bend – or to come back after they have had their big city experience, to be a brain gain, not a brain drain.

Planning for the Future

All this requires good planning. Planning to know where you're going. Planning to have the resources to get there. Inclusive planning that has a shared vision and brings everyone along for the ride. There will still be voices from the back seat saying, "Are we there yet?" or "I don't want to see another waterfall." But this will be a great trip. We are in the final stages of writing City Plan, which will be our roadmap for the next twenty years. The first draft of this document was completed in December and has been reviewed by the Civic Alliance and by community stakeholders. A second draft will be available for public review in April. Final approval of the comprehensive plan will be this summer. This will lead to an implementation plan with specific goals for moving forward. Good planning brings good growth and development. I am excited about the prospects that will flow from our shared vision of South Bend as a vibrant, caring city that celebrates our diversity and vitality. City Plan recognizes that we are in this together and collectively are responsible for reaching our goal. It calls for all of us to roll up our sleeves, get things done and take pride in our hometown. This has been an extraordinary process involving residents from all across the community. It will provide a blueprint for extraordinary results.

We have not been sitting still while developing City Plan. We are continuing to move forward on neighborhood and commercial corridor plans. We look at targeted development opportunities in downtown and the East Bank. We plan for future growth at the St. Joseph

Hospital site or the Sollitt property on North Side Boulevard. And we take on legacy issues with enthusiasm. We are resolving issues that have been on the public agenda for decades. Before I came into public office in 1988, there had been discussion about the need for new administrative space for our police and fire departments. Last year, with the Council's support we completed renovation of 701 Sample. Now both departments have headquarters which reflect their pride and professionalism, and will help them perform at the highest levels. After years of bickering over a site and the scope of the building, and who would pay, we took decisive action to move forward on this museum and have fulfilled the longstanding pledge to provide a suitable home for the Studebaker collection. We are seeking a positive reuse for the front of the Natatorium, a structure which has been vacant for over thirty years. The pool section is no longer viable and will be demolished. The "Nat" is the source for many positive memories, but many painful ones as well. It became a symbol for institutional racism in our community, but also a symbol for the sustained struggle to overcome discrimination. It will be a positive symbol as we move forward.

With Council's support, we have put in place funding for the initial action on our Long Term Control Plan. This will reduce sewage backups in basements and overflows into the river. During the last fifteen years we have invested \$87 million in our Wastewater Treatment Plant and collection system to meet water quality standards. Now we are beginning a ten year \$120 million program that moves us further toward the clean water goal. After that work is complete there will be more to do in Phase II, including high rate treatment or additional storage capacity. It won't be done overnight and it won't be cheap, which is why innovations like the 21st Century ND embedded sensor network are exciting possibilities to save money and take full advantage of sewer systems. We expect to enter into a consent decree with the Department of Justice, EPA and IDEM to memorialize the steps that will be undertaken to improve our system. We will leave the environment better than we inherited it for our current benefit and for the benefit of future generations.

We are committed to the environment and to smart growth, reclaiming brownfields and putting them back to productive use. At Fredrickson Park we are creating open space with walking paths. It is a living environmental lab. The Boy Scouts will construct their regional headquarters here with an environmental classroom that will be used by schoolchildren as well as the scouts. Future scouting projects will enhance the park setting and provide hands-on learning experience. At Erskine Commons private developers, with assistance from the County and City,

are bringing new jobs, new investment and new shopping choices to the South Side, while at the same time addressing legacy environmental issues at the site. This is a win-win solution for all involved, bringing significant investment to underutilized land within the city and cleaning up the environment at the same time. South Bend is also reclaiming its older industrial sites for new development. The Oliver Industrial park has opened up 34 acres of land. We continue to have interest in the available lots. It will be the new home for at least one business that is currently in a former Studebaker building. Studebaker, of course, is our biggest legacy issue. Faced with massive dinosaur buildings that continued to house some business for years, but had not been kept up to code, and now could not be given away, residents kept asking when the City was going to take care of this blight. We tried to bring new companies to the complex, but none were interested in the space. We took on several structures, including the Transwestern building and Studebaker parts warehouse, but there was so much more to do. We have finally put in place the resources necessary to acquire and clear much of this area. In a few weeks we will begin demolition of the Stamping Plant, over 1.6 million sq. ft. of space on 40 acres, to create a light industrial park. Transpo will be the first investor with its new maintenance facility. But we also have arranged for a low-interest federal loan so that we can acquire and demolish the other Studebaker buildings south of Sample Street. This loan will be paid back with CRED funds generated by new investment and jobs in the area. We are allowed to collect \$1 million a year that would have otherwise gone to the State. This support from federal and state government has been critical to implementing a plan that will open up new land for development and remove these blighting structures from our industrial core. This will be a dramatic change which will also help neighboring businesses like Exacto, which recently was honored by the Chamber as Small Business of the Year. This is a family owned business in the best Studebaker tradition of hard work and ingenuity. This area has a proud past. With new investment it will have a proud future and will become home to more businesses like Exacto.

South Bend . . . Our Hometown

There are challenges as we move forward with building South Bend. The City remains financially strong, but we face the same pressures as other units of government: rising costs for gasoline and natural gas, pension liabilities for police and fire, ongoing double digit increases in health care costs, shortfalls in revenue streams, late distribution of property taxes and restrictions

on the amount of taxes that we can collect. In addition, alleged fraud by the Healthcare Resource Group depleted our medical claims reserves by \$1 million. Nevertheless, we have been able to maintain a 20% reserve in the General Fund, while providing the full complement of services to our customers. We are tracking cash flow more closely in order to take early action if needed when unexpected events impinge our finances. General Fund expenditures for 2005 were \$2.5 million below budget. Even with these savings the capital budget, which we have filed for first reading tonight, is tight. We are able to meet priority needs, but there will be less flexibility for special projects. In the next few years we will want to construct new firehouses, and a training facility; there are numerous unfunded proposals for the Parks department; and we will continue to have neighborhood and economic development needs that exceed our resources. We will work with the Council to prioritize projects and to develop the capacity to meet not only our needs but our vision for South Bend.

If local government is to thrive, it is imperative that we reduce our reliance on property taxes and establish alternatives for financing services. The Indiana Association of Cities and Towns developed a proposal for fiscal flexibility that would allow municipal officials to create a mix of revenue streams based on local needs and resources. It would have reduced property taxes and encouraged more efficient and effective local government. Over time it would have also helped the State balance its budget. A House committee did hear testimony on the plan, but was not allowed to vote on it. I was part of the IACT subcommittee that worked for months on this proposal. There were officials from all around the state, Republican and Democrat, big city and small town. We engaged an expert team of legal, fiscal and policy consultants to study the facts and assist in shaping the proposal. Unfortunately, it was given short shrift by House leadership who felt it was too complicated to take up in a short session. It's time that we get serious about sustainable funding for local government that reduces the reliance on property taxes. There is still an opportunity for the Senate to amend this proposal into another bill and give legislators the chance to vote on it. I ask that this plan be given the serious consideration that it deserves.

South Bend is the regional center for commerce, finance and culture. We are taking care of business, through innovative partnerships with the Chamber of Commerce and developers; through comprehensive planning; through implementing our plans – addressing longstanding needs from the Studebaker Corridor to the Studebaker Museum, investing in neighborhoods,

recreating downtown and revitalizing the commercial corridors; through strategic investments in technology and infrastructure that will keep us competitive as we prepare for a new economy that merges creativity, knowledge, education, diversity, culture, location, adaptability and data transfer; through new housing opportunities in our neighborhoods and downtown; through collaboration and communication. 2006 will be a banner year, from demolishing the Stamping Plant to building up downtown, from new retail on the South Side to new jobs on the northwest, from a Tech Park in the Northeast to a Kroc Community Center on the West Side. Planning for this family and youth center has involved individuals and institutions from the broad community. Committees are working through final details to submit the proposal for approval by Salvation Army officials. It will be a great asset for helping our children achieve their full potential. This is one area that all can agree on, our children are precious and should have every opportunity to thrive. Toward that end, I am announcing tonight that the City of South Bend will PartnerUp with the South Bend Schools. City employees will be allowed to spend an hour a week at nearby schools reading with young students. Literacy and love of learning are the best gifts that we can give the next generation. The PartnerUp program reinforces those skills and builds bonds with our children. I encourage other businesses in South Bend to join in. It will boost morale and improve performance – both for the students and the mentors. What better investment can we make?

When we make a commitment to our children, we are building for the future. We need to lead by example. The City of South Bend is committed to continuous improvement. We are in it for the long haul. We will set measurable goals. We will work our plan to achieve our common vision. We will build new partnerships and strengthen existing ones. We will be creative and committed. There is great energy in South Bend. As you can see by the maps, there are many good things going on all over town. I ask everyone to join in. Take pride in your home. Take pride in your neighborhood. Take pride in your city. This is my hometown and your hometown. South Bend is our hometown. Let's join together to keep it growing strong. Thank you.

RETIREES - 2005

THE FOLLOWING CITY EMPLOYEES RETIRED IN THE YEAR 2005 WITH 20+ YEARS OF SERVICE:

<u>Name</u>	<u>Department</u>	<u>Time in Service</u>
James P. Campbell	Police – Lieutenant	1978 to 2005 (27 yrs)
Ronald J. Flowers	Water Works – Meter Serviceman IV	1972 to 2005 (33 yrs)
Armando Garcia	Police – Lieutenant	1968 to 2005 (37 yrs)
Joseph P. Gondocs	Parks & Rec. (Zoo) – Florist	1962 to 2005 (43 yrs)
Jon K. Hanley	Police – Sergeant	1973 to 2005 (31 yrs)
Jacque L. Hoblik	Water Works – Auditor III	1978 to 2005 (26 yrs)
Philip H. Kennedy	Engineering – Inspector	1970 to 2005 (35 yrs)
Joseph S. Markovich	Police – Captain	1965 to 2005 (40 yrs)
Leon Michalski	Equipment Services – Mechanic IV	1970 to 2005 (35 yrs)
Jesse B. Noell	Fire – Captain	1969 to 2005 (36 yrs)
Robert X. Quinn III	Fire – Fire Chief	1970 to 2005 (35 yrs)
Stanley Rozmarynowski	Water Works – Job Leader	1973 to 2005 (32 yrs)
Chris B. Switalski	Fire – Engineer	1975 to 2005 (29 yrs)
David P. Woods	Police – Lieutenant	1974 to 2005 (31 yrs)
James G. Hassig	Police – Division Chief	1984 to 2005 (21 yrs)

**WE MOURN THE LOSS OF THE FOLLOWING CITY EMPLOYEES
WHO PASSED AWAY IN THE YEAR 2005:**

<u>Name</u>	<u>Department</u>	<u>Time in Service</u>
Paul Belmarez	Fire – Captain	1987 to 2005 (18 yrs)
Milton G. Brown	Parks & Rec. – Part Time	April to July 2005 (2 mos)
Michael Dicks	Water Works – Meter Serviceman IV	1979 to 2005 (25 yrs)
John Livingston	Legal – Assistant City Attorney	2003 to 2005 (2 yrs)
Brian Schnakenberg	Street – Operator III	2000 to 2005 (5 yrs)

AWARDS - 2005

Mayor's Office

- ♦ *2005 "Driving Toward Success" Campaign Award*, by United Way

Code Enforcement

- ♦ *The Spirit of Hope Award*, by Hope Rescue Mission, (Outstanding service, generosity and compassion)

Administration & Finance

- ♦ *2005 Distinguished Budget Presentation Award*, by Government Finance Officers Association of the U.S. & Canada (GFOA)

Community & Economic Development

- ♦ *Hoosier Planning Award*, by Indiana Planning Association (IPA), for City Plan ("Excellence in Planning-Outstanding Marketing Project" for An American City Guest Speaker Series)
- ♦ *Golden Trowel Award*, by International Masonry Institute, for Rose Brick & Materials, Inc. (Best Masonry Restoration Project)

Department of Public Works

Division of Engineering, Bureau of Construction

- ♦ *Bowman Creek Culvert Repair Award*, by Michiana Construction Industry Advancement Fund (MACIAF), (Outstanding achievement in Excavation)

Division of Engineering, Bureau of Geographic Information Systems

- ♦ *Geographical Information Systems (GIS) 2005 Achievement Award* by Indiana GIS Council (Work Products In Support of Development of Combined Sewer Overflow (CSO) Long Term Control Plan)

Division of Water Works

- ♦ *Water Works Fluoridation Quality Certificate Awards*, by U.S. Dept. of Health & Human Services, CDC, (Maintenance of Optimal Fluoride Levels and Promotion of Good Oral Health)

Division of Environmental Services

- ♦ *2005 Safety Excellence Award and Laboratory Excellence Award*, by Indiana Water Environment Association

Division of Streets, Bureau of Sewers

- ♦ *Natural Resources Conservation Award*, by St. Joseph County Soil and Water Conservation District, (Accomplishments in Wildlife Habitat Development & Wildflower Retention Basins in St. Joseph County)

Morris Performing Arts Center/Palais Royale

- ♦ ***2005 South Bend Tribune's Reader's Choice Award for Favorite Theater***, (3rd straight year)
- ♦ ***2005 South Bend Tribune Reader's Choice Award for Favorite Banquet Facility***. (2nd straight year)
- ♦ ***WNDU's Viewers Choice Award for Favorite Concert Venue***
- ♦ ***Pollstar Magazine Rating***, (Recognized nationally, 11th among venues with 2500 seats or less, & 37th in *Top 100 Venues in the World*)

City of South Bend - *through teamwork of several work units: Police, Fire, Engineering, Building Maintenance, Central Services, Information Technologies:*

- ♦ ***Police Headquarters & Training Center Award***, by Michiana Construction Industry Advancement Fund (MACIAF)
- ♦ ***Police Department Headquarters & Regional Training Center & Fire Department Headquarters & Central Fire Station Merit Award***, by the American Council of Engineering Companies of Indiana - "*Special Projects*"
- ♦ ***Police Department Headquarters & Regional Training Center 2005 Design Merit Award***, by the American Institute of Architects – Northern Indiana Chapter for Demonstrated Excellence in Architecture (Outstanding Achievement In Interiors In A Municipal Building)



For More Information Contact

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South Bend, IN 46601

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or visit our NEW website at:
www.SouthBendIN.gov

