

THE AGE OF CITIES

South Bend

# STATE OF THE CITY 2007

Mayor Stephen J. Luecke



*21<sup>st</sup> Century City*



## Dear Friends and Neighbors, Councilmembers, City Clerk , Department Heads, and Staff,

My thanks to Jim Coppens and the Board of the South Bend Civic Theater for allowing us to use this wonderful space. Congratulations to all who worked so hard to make this impossible dream come true. This space represents the generosity of so many donors and foundations – it also provides a venue where the imagination takes root and we are transported from our daily lives to connect with universal experiences, to be inspired, to see the world from different perspectives, to share culture and emotions. That is the power of the theater. The City is proud to have been a partner in developing this space. Isn't it great to live in a community that values the arts and culture and has such marvelous facilities? Through this project, the Civic Theater and the entire city have once again demonstrated that we can “reach the unreachable star.”

Getting to that star requires partnerships, planning and resources. Communities, like South Bend, that are able to pull together in this way are model cities. In my first State of the City address ten years ago, these are some of the characteristics that I listed as key to being a model city:

- It is financially sound, fiscally responsible and accountable for its resources
- It has dedicated employees providing effective and efficient city services
- It emphasizes public safety
- It reinvests in facilities and infrastructure, preserving them for future generations
- It stimulates growth and development in the economy and its neighborhoods to provide good jobs, quality housing and opportunity for its residents
- It enhances the quality of life with programs and facilities for education, recreation and entertainment
- It reaches out to the community to create a shared vision for the future and to develop partnerships to reach that goal

We have built on these principles during a decade of progress, building a strong foundation for the future. Tonight's address will recount some of our accomplishments, detail three exciting development areas, and propose additional action steps. Working together, if each plays a role and we follow the script, our quest will be successful. I tip my hat to those stalwarts who have championed the value of cities even when things looked bleakest. They knew that there would be a resurgence. Yet many thought they were like Don Quixote who saw a castle where there was only a wayfarer's pub. But now there is renewed interest in cities and the advantages of urban life. Because of the work we have done during the last ten years, South Bend is ready to capitalize on this interest.



# Welcome



### The Age of Cities

During a Hometown Gathering last month in Indianapolis, Mayor Bart Peterson asserted that this is The Age of Cities. Urban centers have a renewed vibrancy that generates energy and creativity. Diverse people gather to share ideas, to appreciate art and culture, and to find new opportunities. The synergies in cities bring investment and jobs and a heightened quality of life. We saw this enthusiasm reflected in our City Plan process.

- Residents want an enhanced arts and culture district, and are calling for smart growth with dense development in the urban core.
- They value our river and good stewardship of the environment.
- They celebrate our city’s diversity, and want us to promote new technology and an entrepreneurial spirit.
- They support augmenting the vitality of downtown with new housing, retail and businesses opportunities.

By building on a decade of progress and following the City Plan, we will reach those goals. **As the regional center for education, health care, business, the arts and entertainment, South Bend is positioned to be a shining star.**



## But, there are challenges ...

Even with the renewed interest and investment in cities, communities across the country are facing critical challenges to success. Cities are under severe financial strain – especially in Indiana. Across the nation we are hit with the triple whammy of rising costs, declining revenues, and requests for more services. Here at home, this has been compounded by the implementation of a 2% Circuit Breaker. This property tax cap will provide much needed relief for some property owners, but it will also result in a 25% reduction in revenue for local governments in St. Joseph County. Unless replacement revenues are put in place, there will be significant layoffs and cuts in service for our constituents.

The Indiana Association of Cities and Towns recently released a State of Municipalities report based on a survey of its members. Over half the cities and towns report that they were less able to meet financial needs in 2006 than in the previous five years - 70% believe that they will be even less able to meet needs in the next five. Seventy-five per cent of Indiana municipalities experienced revenue shortfalls in 2005. The shorted areas that were most frequently reported were state distributions, property taxes and local option income taxes. Our cities and towns are also experiencing significant cost increases for necessary expenses such as fuel costs, employee health benefits, unfunded mandates, liability coverage, infrastructure and public safety needs. A majority expect that they will soon need to delay or reduce spending on capital projects in order to balance budgets. In South Bend, employee health insurance costs rose 9% last year. Since 2001 our health costs have risen 63%. We have also seen dramatic increases in pension and benefit costs for police and firefighters.

Nevertheless, South Bend remains fiscally sound – for now. Because of good financial controls and efficient management, we are able to maintain a 20% reserve in our General Fund. This has helped to buffer financial pressures. We will be able to fund a \$19.7M capital program in 2007, including our utilities. There is an untapped 0.2% EDIT levy available in St. Joseph County which could help to buffer the residential component of the circuit breaker. Still, I am deeply concerned about the long-term impact on our budget when the full 2% Circuit Breaker is implemented. I support property tax relief, but we need to sustain our city's ability to provide essential services. Replacement revenue sources are needed. That is why I have been a strong proponent of Hometown Matters, IACT's proposal to provide property tax relief while also giving options to local government for new revenue streams to support needed services. I cannot emphasize too strongly how important it is for the Legislature to take action this session to fix the problems that result from the Circuit Breaker.

- 75% of Indiana municipalities experienced revenue shortfalls in 2005 and significant cost increases for necessary expenses such as fuel costs, employee health benefits, unfunded mandates, liability coverage, infrastructure and public safety needs.

### Hometown Matters:

- Brings Decision Making Back to your Hometown
- Reduces Reliance on Property Taxes
- Establishes Alternatives for Financing Local Government

- 2% Circuit Breaker, enacted by the State legislature, will result in a 25% reduction in revenue for local governments - it will cost all units of government in St. Joseph County nearly \$70 million in lost revenue by 2010.

Most of our property taxes support our Police and Fire Departments. If new revenue sources are not provided to replace dollars lost to the property tax cap, there could be dire results for those departments. Because public safety is among the essential services that cities provide, there is never a good time to cut these budgets. This is even truer now as cities face two other major challenges: an increase in violent crime and a plague of vacant properties. After years of impressive gains by communities across the nation, Burglary and Homicide rates have been on the rise. Easy access to illegal guns has fueled the fire, and violence among our youth has become a plague. We can and will win these battles, but it will take creativity, resources and a holistic approach to be successful. Our public safety personnel are in a double bind as they work to simultaneously address local violence issues, while also being prepared for terrorist attack. Homeland Security matters have required time, training and attention that would otherwise have been focused on local crime prevention. Our police and fire personnel have developed special skills and acquired unique tools that not only will serve South Bend and the surrounding region well, if we ever have a major catastrophe, but also augment their daily responsibilities. I am proud of the professionalism in both these departments. But even their dedication and skills cannot prevent all tragedies.

For the first three-and-a-half months of 2006, South Bend did not have a homicide. Then the worst happened. One of our own family, Cpl. Scott Severns, was shot during a robbery attempt as he valiantly protected a friend. Despite doctors' best efforts, he died two days later. With a number of other high profile cases during the year, it seemed that there was an epidemic of homicides. At the end of 2006 we had recorded ten murders in South Bend. This is the fewest we had recorded since 1985. I felt relieved that the total had not been higher. My relief turned to dismay in early January when we discovered five victims over the span of a few days. Four homeless men were brutally attacked and left in service vaults along the railroad tracks. An elderly resident was murdered in his own home. Our hearts go out to the families and friends of all these victims. We don't look at these statistics and see only numbers. We know that each victim is a person and that each deserved a better fate. Our Metro Homicide Unit is top notch. They are determined to follow all leads and to uncover all the evidence so that they can identify and catch the perpetrators. They build a case which allows the Prosecutor to seek the maximum punishment. They have solved better than 90% of their cases. I am proud to report that through intense police work, under extremely difficult conditions, the Metro Homicide Unit has made arrests in these five murders. I applaud their efforts and I assure our community that when violence occurs we will bring the responsible parties to justice.

Because of my deep concern about the rise in violent crime and my frustration with easy access to illegal guns, I have joined Mayors Against Illegal Guns, led by Mayors Bloomberg of New York City and Menino of Boston. The flow of these weapons into communities all across America is a travesty. They have made neighborhoods less safe and law enforcement far more difficult. I have joined this bi-partisan coalition to learn from other mayors, to share strategies that we are using here in South Bend and St. Joseph County and to pressure Congress to reject laws that tie the hands of police officers and prosecutors. The topic of illegal guns is not a liberal or conservative issue; it is an issue of law and order - of life and death. We want to keep guns out of the hands of criminals and terrorists. We want the maximum punishment for those who possess, use and traffic in illegal guns. We



- Cities face two major challenges: increase in violent crime and a plague of vacant properties.
- 75% property taxes support Police and Fire Depts.
- There is never a good time to cut budgets for these essential services.

#### Mayors Against Illegal Guns

- Punish to the maximum extent of the law criminals who possess, use, and traffic in illegal guns.
- Target and hold accountable irresponsible gun dealers who break the law by knowingly selling guns to straw purchasers.
- Pursue cities' right to access, use, and share trace data that is essential to effective enforcement.
- Work to increase the ability of the ATF to combat illegal gun trafficking.
- Work to develop and use technologies that aid in the detection and tracing of illegal guns.
- Support all legislation that supports illegal guns; coordinate litigation strategies; share information and best practices.

want to stop straw purchases of guns, and be able to share trace data which is essential to successful enforcement. We want the ATF to be effective in its efforts to stop illegal gun traffickers. This is a national problem which requires national attention so that our communities will be safer and our cities successful.

A third challenge for cities across the nation compounds the public safety issues - the question of vacant and abandoned properties. Many communities have an aging housing stock which has not been well maintained and which may no longer meet market expectations. These properties often enter a downward cycle, which includes foreclosures, bankruptcies and property tax sales. Some are “flipped” many times, often to unsuspecting buyers who pay too much for them and are unable to make the needed improvements. In South Bend the problem has been exacerbated by the impact of property tax reassessment. Good landlords, who might fix these properties up, are burdened by disproportionate taxes on their existing properties (without benefit of homestead credits), and are unable to take on new ones. Other investors are reluctant to do quality rehabilitation of these properties. Staff did an analysis of the vacant properties in four areas. They found that most of the houses are not on the market, either for sale or for rent, and they are current on property taxes. More than 60% of the properties did not have active repair orders from Code Enforcement. So, there are opportunities available to reclaim these properties as we develop strategies to bring new homebuyers and investors to these areas.

One other negative trend makes this job more difficult. Individuals are salvaging copper and aluminum from these properties, often without permission. This makes these structures even less desirable - and adds to the larceny and burglary crime stats. I commend the Council for its passage of the ordinance requiring scrap metal dealers to get identification and thumb prints from persons selling scrap metals. As a result of this ordinance, we were able to arrest several thieves involved in this activity. We will use every tool we have to reduce this blighting influence on our neighborhoods. During the past ten years, the City has invested over \$20 million in housing programs. There has been remarkable success on West Washington, along Cushing, Cottage Grove and Portage, on the Southeast Side. We have provided first-time homebuyer assistance and rehab loans. Rebuilding Together has touched hundreds of homes, and families, throughout the city. But many vacant properties remain. We will evaluate what is working and consider new strategies, from abatements for substantial rehab to incentives for realtors, from a new homestead program to targeted clearance. We will find and implement programs that work to bring new investors and homeowners to older neighborhoods.

Despite these obstacles, cities are enjoying renewed vigor. Because of the hard work we have been doing in many areas, South Bend is poised for new growth and investment. Let me highlight some of our efforts using the framework for Model Cities from my first State of the City address.



New Housing Strategies:

- Abatements for substantial rehab
- Incentives for realtors
- New homestead programs
- Targeted clearance
- New investors and homeowners in older neighborhoods
- In 2006, Code Enforcement inspectors created the first ever database of abandoned and vacant housing, to more effectively combat this challenge.
- In the last ten years, South Bend has invested over \$20 million in housing programs.



**2006 Savings & Efficiencies**

- Wastewater Treatment Plant reduced energy usage by 23%, saving \$200,000.
- Public Works reduced purchase of road salt by 50%.
- Building Maintenance has year-to-date kilowatt/hour savings of 4.8% and year-to-date natural gas savings of 16%.
- Fire Dept.'s computerized EMS reports will eliminate manual entry of 15,000 reports annually.
- Bureau of Streets pilot program planted wildflowers in retention basins, holding down maintenance costs and saving wear and tear on equipment.

**Financially sound and fiscally responsible**

Through good budgeting practices and strong financial management, we have been able to maintain a full range of critical services for our customers, even as we have trimmed the workforce. We have established 20% reserves in the General Fund to cover cash flow, and to handle unexpected expenses or revenue shortfalls. This best management practice has also helped us to maintain an A2 bond rating, which indicates above average credit worthiness. Last year we earned \$3.7 million interest, which was \$300,000 more than in 2005. Our self-insured liability program saved \$885,000 compared to the cost for premiums for a fully insured program, and we continue to look for cost savings in all that we do. After an analysis of our phone system costs, we cancelled the maintenance contract for a \$45,000 annual savings and switched long distance carriers for an additional \$21,500 annual savings. Because of the Metronet, we are able to save \$3,000 per year while quadrupling our broadband capacity. This is critical for proper functioning of the website and for distance learning opportunities. We are implementing an internal audit function which reviews procedures as well as finances to ensure that we are as efficient as possible. By paying attention to small items as well as the big picture, we have been able to keep South Bend financially strong.

**Dedicated Employees Providing Effective and Efficient Services**

I want to commend all our city staff for their dedication and hard work. In 2000, we had 1,341 employees. Today that number is 1261. We are providing more service with 80 fewer workers. Our workforce has accepted the challenge to do things faster, better, and with fewer funds. A few quick examples of efficiencies we have developed over the past few years. New street sweeper technology allows us to cover the same area with fewer drivers. Our standardized trash containers have not only made neighborhoods cleaner, they allow us to be more productive with our crews. The Roadpatcher unit allows one operator to do the work of several people, and to be safer while doing it. Because of shrinking budgets, we needed to restructure the Code Enforcement Cleanup Crew. Much of that debris will now be handled by Solid Waste personnel as we find new ways to provide needed services. I wish that I could highlight every division, but time doesn't allow it. So, I invite you to view the departmental displays in the lobby and visit our website to learn more about what our loyal employees do every day. Last year we introduced the updated South Bend website. This year we are bringing an intranet for City employees online to provide easy access to information on city benefits, human resource policies, employee programs, etc. This will help Human Resources to be more efficient and effective. We are using technology to improve service.

## Emphasis on Public Safety

Seventy-five percent of our general fund expenditures are for police and fire operations. In addition, these departments have benefited from major capital investments in facilities and equipment, both from local and federal funds, and with Homeland Security dollars. Our police officers and firefighters put their lives on the line every day as they work to keep South Bend safe. We are committed to providing them the best tools and training, so they can do their jobs well. But we still look for savings in the process. The Fire Department regularly upgrades its apparatus. When the situation warrants it, we will refurbish an existing rig, or buy a used one, saving hundreds of thousands of dollars without sacrificing quality. With good planning and a dedicated revenue source through EMS funds, we have been able to keep our fire department vehicles in top shape. The Department's administration has been putting together a plan for a regional training center that would serve firefighters, law enforcement, hospitals, emergency management personnel and others requiring emergency response training. This is an ambitious proposal for a Level 3 training site serving the seven-county District 2 Fire Training Council. In addition to classrooms, there would be training props to simulate a range of potential emergency situations from burning vehicles and buildings to hazardous material spills, from tornados to terrorist attacks. The Airport Authority has approved use of a 50 acre site, now we just need to find the funds to build it. South Bend will look at constructing some of the components, but for the facility to reach its full potential we will need the cooperation and support of other entities in the region. It will benefit all communities and help us all to be better prepared.



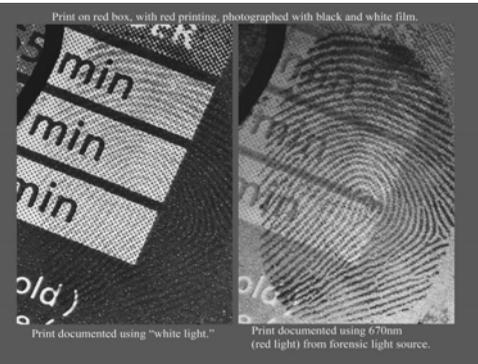
As a result of the Police Department's strong commitment to training and professional development, South Bend Police officers averaged nearly three times the amount of continuing educational training than is mandated by Indiana statute for 2006. This included Emergency Vehicle Operations Course (EVOC) training, which has helped to reduce the vehicle accidents. All officers received the progressive "Tools for Tolerance" training which helps officers to deal with a culturally diverse population in various situations. We also provided practice in shooting skills, "active shooter" building searches, and NIMS 700 training for coordination of first responders arriving at a major incident. Thirty-six supervisors took Covey's Effective Leadership training and seventeen attended the four week Police Effective Leadership Academy. As numerous experienced officers retire this year, we are making sure that the next generation of leaders is properly prepared to step into key positions. The department is also seeking CALEA accreditation for the first time in its history. This three-year process will benefit the community as procedures and policies are reviewed to meet national standards.

Crime statistics brought mixed results for the year. As we have seen across the country, reported crime is up. We experienced significant increases in Robberies, Residential Burglaries and Larcenies. However, three categories were at the lowest reported level in over eleven years – Rape, Aggravated Assault and Non-Residential Burglary. Despite the increase in 2006, reported crimes are still 24% below their level when I took office. We will continue to develop proactive strategies in order to move all crime categories to new lows. Some of the increases that we are seeing were due to stealing copper and aluminum from

- Fire Dept.'s new refurbished pumper truck saves City \$200,000, compared to purchase of new truck.

- South Bend Police Officers average nearly 3 times the amount of continuing education training than is mandated by Indiana statute for 2006.
- PD is seeking CALEA accreditation for the first time in its history.





vacant structures. Extra patrols in affected areas and the Council’s scrap metal ordinance have been helpful in reducing these crimes. I am most concerned about the increase in Residential Burglaries and Robberies, and the availability and use of illegal guns. The Project Disarm Task Force focuses resources to take firearms off the streets and prosecute those who violate the laws. To date this multi-jurisdictional unit has made 141 arrests, won 115 convictions and confiscated 1025 firearms through their investigations. The U.S. Attorney’s office also sponsored “Don’t Lie for the Other Guy”, a campaign to reduce straw purchases of weapons, reducing illegal possession of guns in our community.

Still, nothing is as effective as dedicated officers using their training and instincts to stop crime. The Regional Crime Intelligence Unit provides up-to-date information to officers on hot spots and trends. There was a series of residential burglaries on the southeast side which caused fear among nearby homeowners. Finally, a fingerprint was found at one crime scene. The officer was not able to lift the print with traditional methods, so he took a digital picture of it. We were able to load that photo into our Automated Fingerprint Identification System (AFIS) - and got a hit! The suspect was arrested and 26 burglary cases were successfully closed. The Department has purchased over 190 digital cameras and readers for the Uniform Division allowing images from a scene to be instantly viewed or sent electronically, helping officers and prosecutors to be more effective. Integrated Ballistic Identification System (IBIS) technology has allowed us to read the “fingerprints” of bullets and casings. Thus we can identify weapons and connect them to multiple crimes, helping to solve cases and allowing the Prosecutor to seek longer sentences for crimes. The department continues to reach out to the community and take proactive steps to reduce crime. After a series of tragic murders last year, we helped to create a PSA video “Enough is Enough!” which spread the message of the terrible consequences of gunplay and violence. Our School Resource Officers are providing “Gang Resistance Education and Training” with an anti-violence message to 6<sup>th</sup> graders in the South Bend Schools. We continue to reach out to the entire community and have been working to foster trust in minority communities. In conjunction with the U.S. Attorney’s office, we have provided Community Analysis Process for Planning Strategies (CAPPS) training for social service, government, and criminal justice professionals to develop and implement action plans that address community crime, violence and substance abuse. It will take all of us, working together to keep our neighborhoods safe. Through Volunteers in Police Service (VIPS) and Civilian Volunteer Officers (CVOs), through Community Oriented Policing Leadership Group, through more than 220 Neighborhood Watch groups with over 1400 Watch Captains, we are making a difference.

Our Police and Fire Departments have top notch equipment, from the Bomb Disposal Robot and Containment Vehicle to a chemical/biological substance analyzer. In car video cameras, lap top computers and new turnout gear help them do their jobs effectively. They are trained and ready. With a concerted effort by the entire community we will reach our goals.

- In 2005, the Midwest had 5.6% increase in violent crimes, the highest of any region in the nation.
- In last 10 years, South Bend has seen 24% drop in reported crimes.
- Metro Homicide Unit has solved over 90% of their cases.
- To date, Project Disarm Task Force has made 141 arrests, 115 convictions, and confiscated 1,025 firearms.
- In 2006, NEST removed 23 illegal guns from the streets of South Bend.
- MSOS Unit seized over \$3 million of illegal drugs in 2006 and processed 300 more cases than 2005.

## Reinvest in facilities and infrastructure

When I became mayor, we had been under investing in our facilities for years because there were insufficient resources to fund the capital investments needed. With the adoption of local income taxes, new funds were available to begin to catch up on deferred projects. We can now look with pride on state-of-the-art facilities for our police and fire departments with new, long-needed, headquarters for both. Station 10 and new Station 2 are strategically placed for better service. The Public Works Service Center and an addition to Equipment Services help our crews perform better and protect our equipment. Our new maintenance facility not only serves the Park Department better, but also opened up new green space at Howard Park and provided more access to the river. We built a new park on the Southeast Side – the first new neighborhood park in decades. We were finally able to make good on the City's responsibility to provide a quality home for the Studebaker National Museum; and now we are renovating a nearby building to hold its archives. We refurbished the aging parking structure at Main and Colfax, ensuring its structural integrity and giving it a new look that brings pride in our downtown. We have responded to the challenge of removing numerous dinosaur buildings from our older industrial core, clearing the way for new investments and jobs. With significant help from the public, we were able to construct a new Veterinary Hospital for the zoo and restore those twin jewels downtown: the Morris Performing Arts Center and the Palais Ballroom. It is critical for a community to reinvest in its facilities. It not only shows pride, it also strengthens community and encourages other investment. I am grateful that we have had the resources and the support to make these projects happen.

Many of our investments are less visible to the public. Though we had two high profile renovations of Water Works facilities – at North Pumping Station and the Oliver Wellfield, much of our utility investment is out of sight. Our municipally owned utilities have been busy ensuring quality service to existing customers and building capacity for growth. Over the past ten years Water Works replaced old mains, extended new lines and improved treatment facilities. We have invested over \$87 million in the Waste Water Treatment Plant and have embarked on a \$200 million plan to reduce overflows of our sewer system and back ups into basements during heavy rain events. At the Street Department, we are still doing catch up, but have stepped up our paving program to a sustainable level. We are also taking on major road and intersection improvements. Work on Portage from Lathrop to Cleveland, with its two roundabouts, should begin this summer. Other road projects support development, like the work on Ireland at Michigan. Widening Douglas Road will make access easier to the medical use retail center and other investments that will follow. These represent the critical investments that we are making to keep South Bend vital and competitive.



### \$44.6 million in public construction in 2006:

- Fire Station #2
- Studebaker Museum Archives
- Lathrop, Lincolnway West, Olive, Bendix Improvements
- Riverside Trail Expansion
- CSO Long-Term Control Plan



## Growth and Development

Our public investment in infrastructure and facilities, good planning and working with developers is bringing new businesses, new jobs and new investment to South Bend. Let me highlight some of the growth areas. In December of 2002, the South Side Development Area was established to help with the redevelopment of the Scottsdale Mall site and to facilitate the redevelopment and remediation of the Fitterling Landfill site. The new Erskine Village and Erskine Commons shopping areas are huge successes with 900,000 sq. ft. of stores and over \$60 million investment. These two major retail nodes are serving as catalysts for smaller scale projects along the corridor. The Erskine Hills Shopping District is home to four of the top ten retailers by sales volume in the WORLD. It also has seventeen of the top Hot Retailers. This is a great comeback for South Bend on the retail scene and we expect to see continued growth.

At Blackthorn, new and expanding businesses are adding to the ongoing success of the Airport Economic Development Area as we continue to build on the half billion dollars already invested there. PEI Genesis, which manufactures, assembles and distributes electronic components, outgrew their existing facility on Bendix Dr. but decided to stay in South Bend. They will consolidate their North American manufacturing operations in this facility, and have the capacity to expand up to 350,000 sq. ft. in the future. Access to the Metronet was an important factor in their selection of this site. Schafer Gear, McCormick and Company, and Federal Mogul are all making substantial investments in new equipment for their facilities. In highly competitive markets, these businesses can not maintain sales and employment levels without continual investment in more efficient equipment. In some instances these investments do not bring new jobs, but they help to make the existing job base more secure. McCormick and Company is consolidating its manufacturing of U.S. condiments products, adding 38 jobs to our local economy. These are just a few examples the good jobs and strong investments we continue to see in the Blackthorn area. With its excellent location, easy access to Metronet, the interstates and our fine airport, this will remain an important growth area for our community.

Just to the north, Holladay Corporation is starting work on Phase I of Portage Prairie, a 500 acre comprehensive development that is intended to be a center for the growth of jobs and services for northwestern St. Joseph County and the City of South Bend. This master planned development will include residential and neighborhood retail uses, destination retail and a light industrial and distribution park. In addition, the development of the project reserves about 90 acres for future growth which could include a research or advanced manufacturing campus. The Huron building is the first to go up. It will contain 150,000 sq. ft. of flex space. The City is assisting with construction of Dylan Drive to provide access from Cleveland and Adams roads. Future development in this 150 acres could bring a million sq. ft. of buildings with 800 to 1,000 jobs. As Portage Prairie becomes fully developed, private investment could top \$300 million and total jobs could be 3,000 to 4,000. The scale of this project shows our commitment to comprehensive development. We are pleased to work with Holladay Corporation and grateful for its

## PUBLIC / PRIVATE INVESTMENT:

### Erskine Hills — \$60 million

- Top 10 Largest Retailers (4)
- Top Hot Retailers (17)

### Blackthorn — \$500+ million

#### *2006 Expansion:*

- PEI Genesis
- Shaffer Gear
- McCormick & Co.
- Federal Mogul

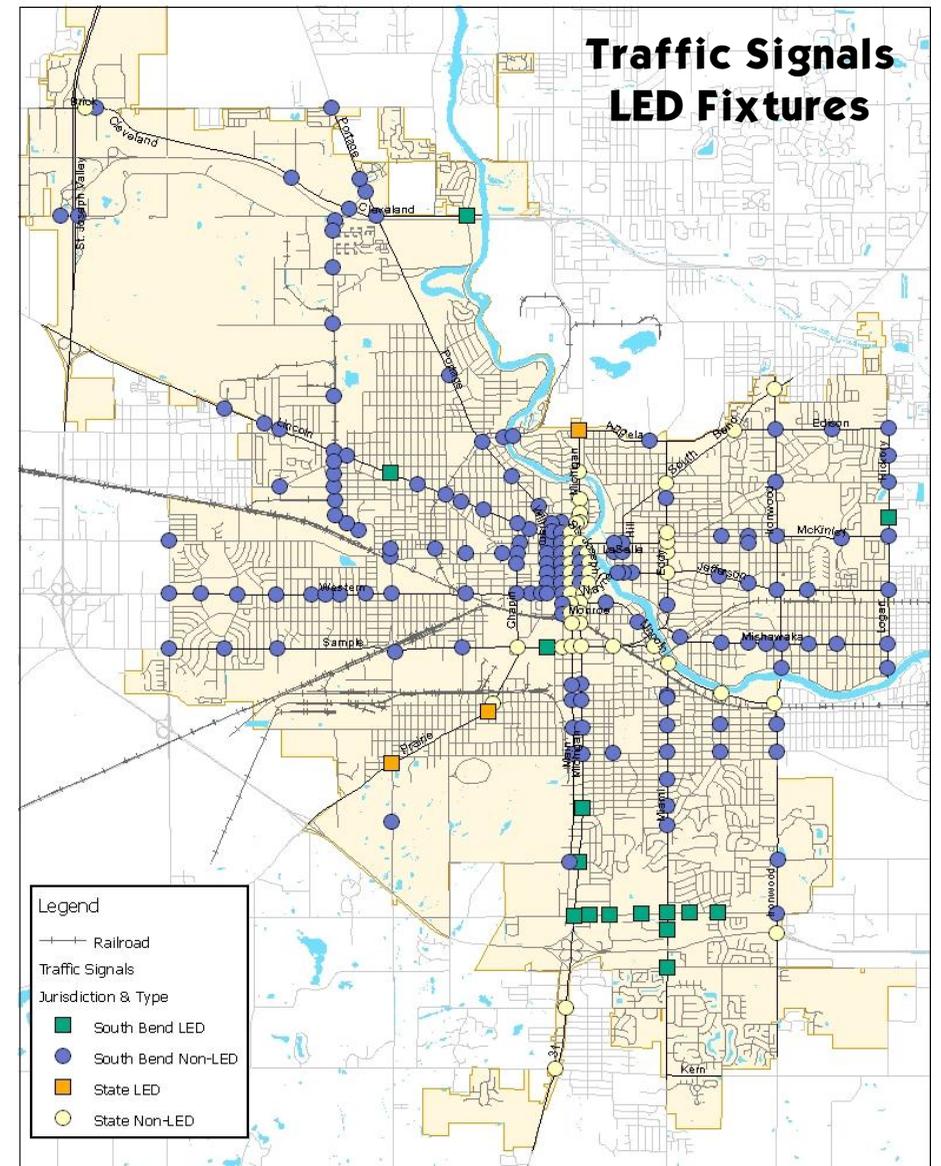
### Portage Prairie—\$300 million

- Holladay Corp. Planned Development
- 3,000 jobs

dedication to South Bend's future.

Three-and-a-half centuries ago, the first Europeans sailed on the St. Joseph River, recognizing the importance of this area as the shortest portage for a route to the Mississippi. More than 160 years ago, the first telegraph line was strung through here, followed five years later by the first train. Nearly 75 years after our first airport opened and more than 50 years after groundbreaking for the Indiana Toll Road, South Bend is again the center of a key communication hub. The St. Joseph Valley Metronet is a critical connector for our future growth and development. This 21<sup>st</sup> Century Technology has opened up a robust competitive environment in which major data users can connect to a host of private sector broadband technology service providers. The Metronet puts South Bend on a level playing field with Chicago and other large cities, offering Internet connectivity that is not available in mid-sized communities. The average cost for one-gigabit service in St. Joseph County previously ran from \$3,000-\$5,000 per month, now one can get almost unlimited gigabit service for approximately \$1,000 per month. With its high-speed connectivity and access to transcontinental fiber linking it to the rest of the country, South Bend is an ideal location for such high-tech business entities as data backup and disaster recovery operations, data and call centers, conference centers and research facilities. With information technology critical to the successful operation of businesses large and small, health care facilities, education, government and other organizations, access to the Metronet will create substantial opportunities for economic growth throughout the St. Joseph County area. Having planted a small seed to help get Metronet started, the City will reap a bountiful harvest of new jobs and investment.

We use technology for competitive advantage, for efficiency and for cost savings. The City is taking advantage of a new statute that encourages contracts that attract private capital for investments that pay for themselves out of energy savings. The City has over 200 traffic signals with a current energy bill of \$440,000 per year. By changing the incandescent bulbs to Light Emitting Diodes (LEDs) we can reduce energy costs by 85%. This will save us \$3.6 million in power costs over the next decade. In addition, we save 90% of the labor cost for annual bulb changes. These savings will allow us to pay for the new LED signals and add upgrades such as battery backups at key intersections that will keep the signals functioning during power outages. This project will improve safety, save energy, help the environment, and make efficient use of City workforce. It's a winner on many fronts. We



### 21st Century Technology creates robust competitive environment

- Metronet makes South Bend competitive with Chicago and other large cities
- Ideal location for high-tech business entities
- High-speed connectivity
- Access to trans-continental fiber

### Using LED Technology for competitive advantage

- \$3.6 million in power cost savings over 10 years
- 90% labor cost savings



look forward to initiating the bid process with the Common Council at the February 12 meeting and hopefully completing the changeover in 2007.

Many of the new LED traffic signals will be on our Commercial Corridors. They will be a fitting complement to the improvements that have been taking place on these key arterials into the city. Since its inception, the City has invested \$6.75 million in projects on the Commercial Corridors. We have installed new curbs and sidewalks, improved streetscapes, and demolished nuisance properties. The façade grant program has been a hit, helping business owners freshen up the exteriors of their buildings and bringing private investment to match public dollars. Gene's Photo is a great example of the dramatic change that can result from this effort. In some instances the City has brought additional resources to address critical issues such as the acquisition and demolition of several adult businesses in the South Gateway Corridor. We appreciate the partnerships that we have built with business owners and residents along these key traffic connectors. Their input has helped to generate quality results.

2006 was a tough year for new housing starts in South Bend, the county and all across the country. 102 permits were pulled for single-family homes last year. Even though the total was down, it was still the eleventh straight year with more than 100 new home starts. The average price per home in 2006 was \$169,000, up from \$89,000 a decade ago. So we have seen progress in attracting higher end homes in the city. From 1997-2006 1,372 new homes were constructed in South Bend. An additional 500 apartment units were built during that period, providing almost 1900 new dwellings in the past decade. Total construction in South Bend last year was \$132 million, which is right at the annual average for the last ten years. During my time as mayor, there has been over \$1.3 billion worth of construction in our city. With numerous projects in the works, we expect that number to keep growing. We are proud of the construction jobs this work provides and eager for the new investment in our city.

I recognize that government does not create jobs. Our role is to facilitate development by the private sector. It is important to maintain good communication with the business community, to identify and assist local companies that have the potential to grow. Most of our expansion will come from existing companies in the community, not from outside recruiting. So, I am excited that we have been able to move forward in partnership with the Chamber of Commerce to visit high-impact firms that are vital to growing new jobs here. In the two and a half months since the Existing Business Growth Initiative began, we visited 74 businesses and found encouraging news. Forty-three of them are headquartered here. 94% project sales growth over the next year and 56% expect to increase their employment. That will mean about 600 new jobs for our community. 41% of these businesses are increasing investment in their facilities and 57% plan to buy new equipment. 73% expect the business climate to improve in the next 12-18 months. The City and the Chamber were able to resolve various issues raised by 45 of the companies. Several firms have connected to the Metronet as a result of these visits. We learned about several growth opportunities. Early action has helped to

New Housing in South Bend

- Since 1997: 1,372 new homes and 500 new apartment units
- 2006 Total Construction: \$132 million
- \$1.3 billion in the last 10 years!

Existing Business Growth Initiative

- 94% projected sales growth
- 56% of existing businesses expect to increase employment
- 600 projected new jobs

keep those investments here and will help them to succeed. This partnership is helping local business feel appreciated. It will help to further strengthen and grow our economy.

Partnerships have also been the key to supporting neighborhoods. Partnerships with neighborhood organizations, with community development corporations, and with neighbors themselves. The City has invested over \$20 million in housing programs during the last ten years: providing assistance to first-time homebuyers; offering rehab loans; supporting the annual Rebuilding Together volunteer effort. We work with the Near Northwest Neighborhood, Inc., South Bend Heritage Foundation, and other development groups to build new homes on vacant lots and to substantially renovate older homes. Last year, Habitat for Humanity finished its 100<sup>th</sup> home locally. Model block initiatives and the Residential Enhancement Program are also making an impact. These efforts are helping to stabilize and revitalize many areas of the city, but will all be evaluated as we turn our focus to the problems caused by vacant and abandoned houses in the community. We may have to change or eliminate some programs as we look at a variety of strategies to be effective.

Some of our outreach efforts are on a smaller scale, but still make significant impact over a period of time. Building Block Grants have allowed residents to plant flowers or landscape their front yards; they have supported tree plantings and neighborhood signage. They have encouraged pride and neighborliness. Last year \$80,000 helped bring simple beauty to 470 properties. In the nine years since we started this program, we have invested over \$500,000 and impacted almost 2,500 properties. Similarly, the curb and sidewalk initiative is making a major difference, investing \$7.3 million at 3,354 properties. This shared cost program has also helped to provide wheelchair accessibility at many street corners throughout the city. Complementing this work has been the targeted curb and sidewalk replacements near Neighborhood Partnership Centers, along Commercial Corridors and in model blocks. More needs to be done, but this has been one small way to make our community more walkable as well as raise property values.

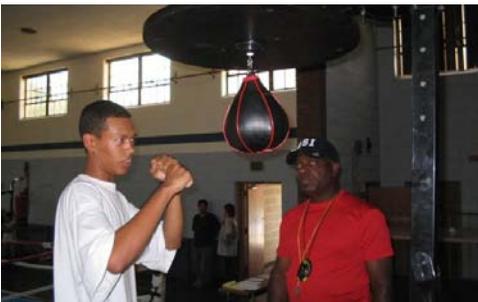
Another important asset for our community is the local street grid. The City has about 500 miles of streets. On average we should repave each street on a 20 year return interval. For many years we had not received sufficient funds from Motor Vehicle Highway or Local Road and Street funds to maintain that schedule. Our streets were suffering. Several years ago we decided to increase the paving budget to preserve our street assets. Passage of the Wheel Tax has allowed us to implement a sustainable program which is catching up on deferred roadwork and establishing a proper return cycle. A 35% increase in asphalt prices last year cut into the number of miles we could pave, but we are determined to maintain an extensive paving program in our neighborhoods as well as doing major reconstruction projects. Since 2001, we have spent over \$8.5 million to pave 150 miles of streets. Our winter weather is tough on our streets, but our crews take full advantage of paving season to keep up with maintenance so that our streets help to move traffic safely and enhance our neighborhoods.



- Building Block Grants - \$80,000 for 470 properties in 2006  
\$500,000 for 2,500 properties since 1997
- Curb & Sidewalk Grants - \$7.3 million for 3,354 properties
- Street Paving - \$8.5 million for 150 miles of streets, since 2001

Partnerships - \$20 million in Housing Programs

- 1st Time Home Buyers' Assistance
- Rebuilding Together
- Habitat for Humanity - 100th home built in South Bend!



The Parks and Recreation Department has also been busy making improvements to our neighborhood parks. In recent years we have added a community room at the Charles Black Center and made improvements to the King Center. We have replaced play equipment at many parks, adding handicap accessible modules at several locations. We have invested in the Skate Park and the Kennedy water playground. We renovated the classic 80-year-old pavilion at Potawatomi Park and installed concrete picnic pads. The new Southeast Park introduced the water spray park, which has been popular with the kids. We have installed similar facilities at other locations, including LaSalle Park this year. In the last decade we have made substantial investments in Park and Recreation facilities on the community and neighborhood scale. Over \$15 million has been invested in facilities that are so important to quality of life and health and fitness.

Local parks and recreation agencies are now being called upon to use their trained programmers and facilities to assist communities with the growing health problem of obesity. Our South Bend Recreation team has been addressing our community wellness issues with a variety of programs and activities. South Bend was one of only sixteen cities nationwide to be selected to participate in the U.S. National Institute of Health “We Can” program. This effort has educated hundreds of local youths and adults about the benefits of a healthier life style. Many cities across the U.S. are now be using South Bend’s program as a model for their own community programs. Building on the success of the “We Can” program, the SBPRD has spearheaded a new youth wellness initiative called ‘Weight Winners”. Our partnerships with local physicians and health care agencies have provided resources and have opened doors to many heath programs available through “Weight Winners” for kids. With the recent expansion of the O’Brien Fitness Center, our fitness programs have grown dramatically in size and in quality. Cardio, strength training, and overall fitness goals are a day to day reality at the new fitness center. Over 1800 new members signed on to take advantage of the state-of-the-art equipment and the trained staff. We have also initiated an employee wellness program. City employees voluntarily participated in screenings which assessed health risk factors and led to recommendations for reducing risks. The O’Brien Fitness Center plays an integral part with the fitness training and recommended life style improvements to help employees live a healthier and more productive life.

Parks are for everyone, but they are a special benefit for children. They provide green space and recreational space, a place to build friendships and to enjoy family. Whether riding the train or visiting the new lion exhibit at the zoo, ice skating at Howard Park or meeting friends at our rec centers, enjoying the Daddy-Daughter dance, the Conservatory, or the duck pond, special memories are formed – and an appreciation for community. We have a number of youth initiatives that help our children to develop their talents, to make good decisions, and to value friendships. After school programs provide safe places for students to continue their learning, while having fun and sometimes getting a bite to eat. Youth grants encourage initiative and leadership. Tru Soldiers at our rec centers and the police department tennis and boxing programs develop character as well as sports ability. It is critical that we help all our children to succeed. That is a true measure of a community.

\$15 million Investment in Health & Wellness programs & facilities

- O’Brien Skate Park
- Kennedy Water Playground
- Potawatomi Park
- O’Brien Fitness Center - 1,800 new members!
- Employee Health & Wellness Program
- NIH “We Can” Program
- “Weight Winners” Program for Kids
- Potawatomi Zoo & Conservatories
- Howard Park Ice Rink
- SBPD’s Tru Soldiers athletic programs

## Quality of Life

Another mark of a city's vitality is its quality of life. Does it have a first class park system? Do the arts flourish? Is it respectful of the environment? Standing here in this magnificently renovated theater, there is no doubt in my mind that South Bend is staking its claim as a leading center for arts and culture. What other community our size has such superb facilities? South Bend Civic Theater is clearly one of the premier community theater venues in the country. Our glorious Morris Performing Arts Center now ranks 36<sup>th</sup> in the world for tickets sold. And the DeBartolo Center at Notre Dame is preeminent among university facilities. The programming is top notch and draws an audience from a large region. The grand opening of this theater is a milestone. To have reached its fundraising goal so quickly shows the strong support in this community for the arts. It is also an example of smart urban renewal, breathing new life into a ninety-one year old historic structure. As we celebrate the 50<sup>th</sup> anniversary of the South Bend Civic Theater, we applaud not only this new space, but also the spirit. For this theater is civic in its best sense – it is of a city. It reaches out to new audiences with diverse casts and plays that portray the varied experiences of different cultures. It brings us together for a shared experience that entertains us, and challenges us, and lifts our spirits.

This is the energy of arts and culture. This is the energy of cities. All over South Bend one can feel the momentum of new events and new venues, reinforcing our position as a regional center for culture. Last year I reported that the Morris Performing Arts Center was gaining national stature as a destination venue. It has exceeded our expectations! Over 111,000 guests attended nearly 100 events at the Morris, including a record 10 sold-out shows! This tremendous success derives from its slate of first-class shows like James Taylor and the Blue Man Group, from the proximity of the elegant Morris Bistro, and from the popular “Friday’s by the Fountain” summer series, supported by downtown businesses. The state-of-the-art marquee adds life to downtown and draws in new audiences. On the internet, a Google search for “civic performing arts theater” points to the Morris website as the second most viewed from over a million possible sites.

There is so much to see and do in South Bend. Perennial favorite events are drawing ever-larger crowds of area residents. Art Beat welcomed 7000 people this year to view the work of over 300 artists. In two and half summer months 17,000 people were treated to over 26 free outdoor concerts through the East Race and Potawatomi concert series. And there are more new events to look forward to each year. Hip!Pocket brings unique live music to shops in downtown and the East Bank Village District. New this year is City Celebration 2007. In cooperation with the Historic Preservation Society, we will be presenting a full year of family events all around South Bend. Whether it's getting out on the ice rink at Howard Park or joining the Spring Fling at the Conservatories I encourage everyone to come out and explore South Bend again. It's fun to rediscover events like the Leeper Park Art Fair and the Arts Café. Make sure you check out ArtsEverywhere.com to stay on top of all the events and galleries in our area.

### Leading Center for Arts & Culture...

- South Bend Civic Theatre - 5th Anniversary
- Morris Performing Arts Center - #36 in the world!
  - 110,000 guests
  - 10 sold-out shows
  - #2 on Google Search, out of 1 million sites
- DeBartolo Performing Arts Center

### Energy of Arts

- Art Beat - 7,000 visitors
- East Race/Potawatomi Concert series - 17,000
- HipPocket!
- Leeper Park Art Fair
- NNN Arts Café
- ArtsEverywhere.com
- South Bend City Celebration



While exploring the city you'll discover new additions to our growing fine-arts scene. Spurious Fugitive continues to show nationally renowned artists, while the new Studio 815 on Lincolnway West provides gallery space and resources for local artists. Fire Arts is both gallery and studio where artists create and display their work. The creative juices are flowing in our arts and technology district. Across the river, the South Bend Regional Museum of Art continues as one of the best regional museums in the country. Their Meet Me in the Gallery event last Friday kicked off the Scholastic Art Exhibit, which features gifted student artists from our community. The new management team at Century Center is eager to leverage the Museum of Art and the College Football Hall of Fame as it attracts new events and conventions to the Center, which will be a win-win for all involved.



As we enter Black History Month, I am proud to highlight the new use for the Natatorium on West Washington. This public structure, which once was an awful reminder of segregation and discrimination, became a landmark for local civil rights efforts that finally won the right for people of color to use the pool. IUSB is transforming it into the Civil Rights Heritage Center - a space for learning about local and national civil rights struggles. After the renovation, what once was a place of discord will become a landmark our local struggle for equality and reconciliation. This project complements the growing museum district that includes Copshoholm, the Center for History, the Studebaker National Museum and its new archive building in the former Jelly's Bar.

As we remember the past through our marvelous museums, one of the key lessons to be learned is leaving a positive legacy for future generations, in particular, being good stewards of the environment. To that end South Bend has been actively engaged in reclaiming brownfield sites, returning them to productive use. Fredrickson Park is a former landfill. We have capped the site to prevent groundwater pollution and installed a methane recovery system. The Scouts have started construction on the Morris 1st Source Boy Scout Service Center, which will provide space for South Bend Community Schools to conduct environmental education programs in a natural learning environment. It is also conveniently located for the Scouts' own environmental stewardship and awareness training. Erskine Commons shopping center was developed on a site that had a 13-acre construction debris dump. New stores were built on clean soil and the parking lot serves as a cover for a clay lined landfill cell with all the latest environmental protection features. It is good to reclaim sites that were once dumps with its attendant blighting influence.



Civil Rights Heritage Center



Morris 1<sup>st</sup> Source Boy Scout Service Center

Our largest brownfield project by far is cleaning up the environmental legacy issues

Remembering Our Past...A Legacy for New Generations

- IUSB Civil Rights Heritage Center
- Center for History
- Studebaker National Museum

Reclaiming Brownfield Sites

- Fredrickson Park
- Erskine Commons
- Studebaker Corridor
- Oliver Plow

in the Studebaker Corridor. To date we have demolished over 3.5 million square feet of blighted industrial buildings. Having already cleared buildings from the Oliver plant, as well as the TransWestern and Standard Surplus buildings, we undertook the demolition and soil remediation of the former Studebaker Stamping Plant. It was a massive undertaking - 1.4 million square feet of dinosaur building on forty acres. The debris created a mountain of crushed aggregate, 270 million pounds, that will be reused at construction sites around the county. We will create a new light industrial park for new jobs and investment at this site. Transpo will construct its new bus maintenance facility at this spot and set a tone for future development. What a transformation! Their move will open up an exciting new housing development opportunity along the river near Howard Park. In 2007 we will tackle another massive Studebaker building as we continue with redevelopment plans for the area. Having already acquired and demolished Huckins Tool and Die, the City has now acquired the former South Bend Lathe. We are seeking qualified bidders for demolition to begin later this year. We are negotiating with Underground Pipe and Valve to clear that parcel as well. Altogether we will have about 120 acres in the Studebaker area and another 40 acres in the Oliver Plow area that are prepared for reuse as productive business parks where people can once again find employment opportunities in the inner city. This is not only good for the environment, it is also an important part of our Smart Growth strategy.

The City of South Bend is committed to environmental stewardship and engages in a number of model programs. In 2006 our Neighborhood Code Enforcement department and the Near Northwest Neighborhood received national recognition for the Adopt-a-Block program: neighbors organizing cleanups to keep South Bend Clean and Green. Our Solid Waste Program has completed transformation to City-wide containers and new technology trucks including some with low entry cab and robotic arms to improve system efficiency. This approach has improved neighborhood cleanliness as the containers prevent animals getting into trash and making a mess. We are moving to our next generation of high efficiency sweeping technology. The new units will be larger enabling us to spend more time sweeping and less time taking materials to dump. Our total mileage swept for 2006 was over 17,000 miles, which reflects 17 complete passes over the entire City.

Environmental stewardship is important throughout our entire organization. Our new Zoo Director brings excellent credentials and exciting ideas for South Bend. He is seeking to convey the relevance of conservation in our everyday lives through experiences at the zoo. This will help visitors to make wise decisions that are environmentally responsible as well. As an AZA accredited facility, we participate with scientifically based conservation programs such as the Species Survival Program which ensures a genetically healthy captive population of exotic animals within our facilities. We support this effort by exhibiting these animals and educating our visitors. We also breed animals that are in most need of population stability and growth to have any hopes of long term sustainability and eventual reintroduction into the wild. It should be an exciting year at Potawatomi Zoo with new additions this year including African Wild Dogs, which are quite rare and are quickly



Studebaker Corridor

- 270 million lbs. crushed aggregate - Recycled!
- New Transpo Bus Maintenance Facility
- 160 acres of former brownfield ready for reuse

Neighborhoods

- Adopt-A-Block, NNN, & Code Enforcement received national award
- Over 17,000 miles of streets swept in 2006

Potawatomi Zoo - Conservation Everyday

- Protecting endangered species
- African Wild Dog Exhibit
- Immersion Indoor Butterfly Display



diminishing throughout Africa, and a new pair of Snow Leopards. Later in the season we are planning a walk through immersion indoor butterfly exhibit displaying butterflies from around the world. Experiences like this touch families and help them see the relevance that nature has in their lives. Our zoo can become a conservation leader in our community, sharing information about issues such as global warming, recycling, composting and creating wildlife friendly habitat in our own backyards. Helping each of us to make a difference.

Volunteers have been making a difference for the St. Joseph River for decades. Michiana Watershed is celebrating its 50<sup>th</sup> anniversary this year. Its annual riverbank cleanup draws scores of residents who remove trash and debris. It's a great effort. The South Bend community began rediscovering the river as an asset some 25 years ago. Thanks to George Kessler and the wisdom of early city planners, we have many beautiful stretches along the river that are public land rather than limited to private enjoyment. South Bend was a leader in building riverfront walkways and community amenities well before it caught on throughout the region. Construction began in July for the first phase of Riverside Trail, extending from Angela Boulevard to Oakwood Drive. The second phase has been awarded another transportation enhancement grant. This will complete the trail to Darden Road. With these sections completed we will have riverwalk trails along two-thirds of the river miles from where the St Joseph River enters the City at Logan Street to where it leaves the City at Darden Bridge. City Plan placed high priority on our river and riverwalk system. I believe it is important to complete these trails and connect to the Mishawaka system. So, I am directing our Engineering staff to begin preparing plans this year that would finish walks along the entire length of the river in South Bend.

The largest public works construction project in the history of South Bend is also an environmental project. When sewers were originally built in our city, they were designed to carry storm water to the river. Later, when indoor plumbing arrived, sanitary sewers were connected to the storm sewers, still carrying flow directly to the river. It was not until the 1950s that our Wastewater Treatment Plant was constructed. Interceptor sewers were built to carry the effluent to the plant. Most got treated, but during heavy rains, some overflowed to the river. We have been working for the past twenty years to reduce that overflow of sewage into the river, and have recently begun implementing a Long Term Control Plan which will minimize the amount of overflows. Phase 1 of the plan focuses on human health as a priority by prioritizing projects that help reduce chronic basement backups during heavy rains where stormwater overwhelms the capacity of the combined sewers. In 1991 an estimated 2 billion gallons a year overflowed into the river. Since then, by increasing treatment capacity and by separating 2,000 acres of combined sewer area, we have reduced overflows by 58%. When Phase I of the LTCP is completed in 10 years, the work will reduce CSO overflows by an additional 40%. Phase II improvements, over a twenty year period, will capture and treat even bigger storms to push these reductions even further. I am proud of this work to preserve our river.

- Michiana Watershed
- 50th Anniversary

South Bend Leading the Way..

Riverside Trail Phase I & II

- 11 miles of riverfront walkways
- 2006 investment - \$1.7 million
- 80% federal funding

Clean River Healthy Neighborhoods

- Reducing stormwater overflows and sewer backups

## Develop a Shared Vision

The desire for a cleaner river that has walkways along its length and is an asset for recreation and for development in the downtown is one example of shared vision which is captured by City Plan. The City Plan process has been extraordinary. Thousands of residents and business leaders participated in hundreds of sessions to craft the community's blueprint for growth and development. But even before City Plan, we worked to find common goals through public input. Whether at the Neighborhood Partnership Centers, along our Commercial Corridors, in partnership with Downtown South Bend or neighborhood organizations and development groups, we have sought advice from those who would be most affected by an initiative. Not only did this provide better plans, it also encouraged a sense of ownership by neighbors and investors. Now that the Common Council and the Area Plan Commission have adopted City Plan as the comprehensive plan for South Bend, our task is to embrace the shared vision and implement action plans that lead us to our goals.

The ten City Plan goals are:

1. Encourage sustainable growth that preserves and enhances the character of South Bend and ensures compatibility of land uses.
2. Provide a balanced transportation system that is integrated locally and regionally, supports alternative modes of transportation and is pedestrian friendly.
3. Provide efficient and progressive public facilities and services that accommodate future growth and meet the community's changing needs.
4. Achieve a thriving housing market that offers appealing neighborhoods with diverse housing choices.
5. Promote a healthy and diversified economy that fosters a competitive business environment and offers opportunities for employment and entrepreneurship.
6. Promote sustainable environmental management that enhances the quality of air, water, and land resources, and preserves the St. Joseph River as an irreplaceable resource.
7. Promote an attractive and aesthetically pleasing public realm that preserves and enhances the City's history and built environment.
8. Attain a vibrant, inclusive community that achieves ethnic and racial harmony, provides equal access to economic and social opportunities, and encourages civic engagement.
9. Establish a dynamic arts and culture environment that is integrated into the social and economic fabric of the city, promotes broad awareness, and sustains the downtown as a regional arts destination.
10. Enhance South Bend as a center of life-long educational opportunities that support people of all ages to compete successfully in a global economy.

This plan belongs to the entire community. It will take many partners pulling together to achieve success. City government has several key roles to play – catalyst, partner, facilitator and convener. We take responsibility for leading the effort to achieve the goals. Departments have been asked to review their activities against the five-year implementation action plan. As you have heard in my report, much of what we



# Shared Vision



are doing already aligns with these goals. Where any gaps exist, departments will develop strategies to meet the objectives. Tonight I am establishing several key directives to show progress on City Plan priorities.

- A key theme during City Plan meetings was the desire to make South Bend pedestrian friendly and to support alternate modes of transportation. Based on that input I am declaring it a priority to complete our riverwalk system from Logan Street to Darden Road in the first 5 years of the City Plan Implementation. To accomplish that I am directing the staff to start engineering plans in 2007 for remaining segments of the riverwalk.
- To develop bike paths that share the road with vehicular traffic, I am directing the Engineering and Traffic and Lighting staff to establish one major north-south and one major east-west bike path each year during the first 5 years of the Implementation Action Plan. At 10 miles per year, this will establish a substantial 50 mile network of bike lanes in South Bend.
- We will develop a series of strategies to address the negative effects of abandoned properties, to set higher standards for the maintenance of vacant lots, and to reduce vacant housing by 10% in the next three years.
- We will evaluate the viability of connecting the Airport Economic Development Area TIF to the Sample-Ewing Development Area in order to bring public resources to strategic West Side areas to spur new investment and jobs.
- Finally, recognizing the devastating and pervasive impact of poverty – on individuals, families, neighborhoods and the community, I will convene community and business leaders to explore Bridges Out of Poverty as a strategy to lift families out of poverty in South Bend and St. Joseph County.

City Plan will be our blueprint to reach our shared vision so that in 2025 South Bend is a vibrant, caring city where residents and government celebrate our diversity and vitality, as together we nurture our educational, social, cultural, natural, human and economic resources.

### We're On Our Way

After a decade of strategic investments, good planning and a shared vision, we are well positioned to implement City Plan and to reach our goals. 2007 should be a banner year for South Bend, with much pre-development work beginning to bear fruit. I have already mentioned the significant development on the north and south ends of the city – Blackthorn, Portage Prairie and the Erskine retail corridor. I would like to wrap up this address focusing on vital projects that are happening east side, west side, all around downtown! These three examples show our wide-ranging approach to development and partnerships.

Strategic Investments

Good Planning

Shared Vision

The Northeast Neighborhood is home to approximately 7,000 residents and several key institutions. It has one of the oldest neighborhood organizations in South Bend and has a great history of community involvement. Several years ago, neighbors joined with the University of Notre Dame, the City, Memorial and St. Joseph Hospitals and Madison Center to form a new organization to do planning and development in the area. The NNRO, with the assistance of South Bend Heritage Foundation, helped to shape an exciting comprehensive redevelopment plan that embodies many of the smart growth principles in City Plan. It is mixed-use and mixed-income. It is walkable and it takes advantage of existing infrastructure. There has already been substantial construction of new homes on vacant lots, both grand in scale along Notre Dame Avenue and more modest to the west. Older homes are being rehabbed. Edison Road was realigned. Plans call for Phase I commercial/retail development at the intersection of Eddy and Edison with an estimated investment of \$50 million. Work should begin this year. About the same time, we should have a groundbreaking for 60 new single-family homes in the Triangle. These will be at market and affordable homes. An additional 270 units of townhomes and condos will be constructed along Eddy and Edison. The total housing investment will be over \$65 million. A Phase II commercial development will follow when the State completes the realignment of SR 23 from Twyckenham to Campeau. This design will carry traffic smoothly along a four-lane boulevard that will eliminate the hazardous Five Points intersection. This new section of road addresses crucial neighborhood concerns so that it will be an asset for residents too. When built out, this redevelopment effort will provide 400 new homes, 200,000 square feet of retail/office space and represent \$135,000,000 investment. Other investment will follow.

At the northeast corner of the development area, the City will sponsor a state-certified tech park. It is a terrific location. Synergy with the University of Notre Dame and the IU School of Medicine will make this an attractive location for research and start-up businesses, for a community of scholars and researchers who interact with each other, generating new ideas and creative energy. This collaborative effort will provide up to 250,000 square feet of office and laboratory space. It will attract, incubate, support and retain new innovation based businesses. As it helps to move research findings into commercial marketplaces, it will be a new source of economic and cultural vitality for the region. To the south and west, South Bend Clinic is doubling its size with a \$40 million addition. And Madison Center is completing work on two major additions to its campus. These investments strengthen our positions as the regional center for healthcare. Between those two facilities, we are planning with the NNRO and St. Joseph Regional Medical Center for reuse of their site as they construct a new hospital. We are using the same process that was followed for the NE development plan to outline design concepts that will be shared with developers. This drawing is preliminary, but it includes key concepts for housing and commercial. There could be from 120 to 300 housing units and 50,000 square feet of commercial/retail development. It is a great



**Northeast Neighborhood Development - \$135 Million**

- One of the oldest neighborhood organizations in South Bend
- Comprehensive Redevelopment Plan
- Mixed use & mixed income

**Phase I**

- \$50 million commercial & retail development
- 60 new single-family homes
- 270 townhouses and condos
- \$65 million total housing investment

- Innovation Park - 12 acre research park
- South Bend Clinic Expansion—\$40 million
- Madison Center—2 major additions



site, overlooking downtown and the East Bank and we believe the timing will be right as the NE finishes building out about the time that this 35 acre site will be available. These efforts show our commitment to defining spaces, creating places and enhancing community.

One project that is unique in its ability to enhance our community is the Salvation Army’s Ray and Joan Kroc Corps Community Center proposed for Alonzo Watson Park at the corner of Chapin and Western. Mrs. Kroc’s dream was for each center to be a ‘beacon on a hill’ that reaches underserved neighborhoods and provides unprecedented opportunities for excellence and achievement for thousands of participants. She and Mr. Watson were kindred spirits. As the Director of the South Bend Housing Authority, he was dedicated to furthering educational attainment for children living on the West Side. Two years ago I announced that we were one of just ten communities in the Midwest, and the only city in Indiana, to be pre-qualified for a grant. Since then, numerous committees and scores of volunteers have been developing the vision and the details for a world-class recreational and educational facility. Our Kroc Center would have fitness and aquatics programs, teen space, classes and venues for the performing arts, education and life development, family enrichment, a gymnasium, and spiritual development. The site is highly visible and easily accessible. It will complement nearby museum campuses and be a great anchor for Western Avenue. The final packet with designs, programming and operational plans has been submitted to the Army’s regional review committee. They visited South Bend on January 12<sup>th</sup> and were impressed with the coordination and cooperation among so many partners. We expect to hear final word on approval of the \$35 million grant later this month. Fr. Theodore Hesburgh, Governor Joe Kernan and Mayor Bob Beutter have agreed to lead the local effort to raise our match for an operating endowment. This facility would be a center for excellence and achievement that engages the promise of every child. I have faith that we will succeed.

South Bend’s Downtown and East Bank are the regional center for arts and culture; for healthcare; finance and business; and government. There is a growing excitement and energy among businesses and patrons of the arts in this area. Two new high tech businesses, Odysian Technology and Omicron Biochemical, are creatively retrofitting existing buildings on the East Bank. These research and development companies, with high skilled, high paying jobs, are eager to be part of this creative arts & technology district. Unique dining opportunities add flavor to the experience. From NOMA’s Asian fusion cuisine (and the only jellyfish tank in the Midwest) to Carmella’s at Macri’s, we continue to offer distinctive dining experiences downtown. Howard Park General Store has reopened a lunch counter, and Jimmy John’s has jumped in between the Chicory Café and South Bend Chocolate Café. The expansion of the Chocolate Café – the flagship store for this rapidly expanding, nationally known business - will bring more children and families downtown.

Soon more families will have the opportunity to live downtown. Holladay Corp is transforming an office building into Colfax Place Condominiums. The All-American Plaza recently opened its newsstand and expects to develop 101 N. Michigan into office condos. They will add new construction to the north which will

**Salvation Army Kroc Center**

- World-class recreational and educations facilities
- South Bend one of only 10 communities in the Midwest to be pre-qualified
- Possible \$35 million grant

**Downtown / East Bank**

- Heart of the region for arts & culture, finance, business, & government

**New Investment:**

- Odysian Technology
- Omicron Biochemical
- NoMA
- Carmella’s at Macri’s
- Howard Park General Store
- Jimmy John’s
- Chicory Café
- South Bend Chocolate Café Expansion

house retail and residential condominiums. Historic Landmarks Foundation of Indiana is working with a developer to refurbish the Rushton Apartment building as either apartments or condos. We are developing designs for a potential town home development along William and West Washington. This past Friday, officials from Gameday affirmed that they expect to break ground later this summer on their \$40 million, 189 unit, 15 story condominium hotel tower just south of the College Football Hall of Fame. This building will dramatically change South Bend's skyline. The developers are excited to be in downtown South Bend and encouraged at the positive improvements that they see. People are enthused about new housing options and want to be part of the action.

Another dramatic change to our skyline was the transformation of the new South Bend Community School Corporation administration building. This \$6 million renovation took a tired, nondescript structure and turned it into an inviting landmark. When it opened in June last year, it also brought hundreds of school corporation professional into the core downtown. Memorial Health Systems has taken substantial office space in One Michiana Square. Projects like these have helped to raise downtown Class A office occupancy above 90% and Class B space to 84%. We are working with a developer on another office renovation downtown that would enhance other activity. At the far south end of downtown, Historic Landmarks Foundation is working on an exciting adaptive reuse for the former School Admin/Studebaker Administration Building. It would save the structure and bring positive attention to South Bend. With the Metronet in place and connections to the wealth of transcontinental fiber optic cables that run through downtown, we believe there is also great potential for data and call centers to come online here. We look forward to welcoming WNIT to downtown. They will be expanding their offerings in creative ways, reaching out to new audiences. Recently they taped a pilot show with the Sit & Knit Yarn Café for possible syndication on PBS stations across the country. Creative minds are at work in South Bend.

Memorial Hospital continues to anchor the north end of downtown. They have been in effect building a new hospital on their existing site. Improvements to their Emergency Room a few years ago helped them to achieve Level II status as a trauma center. The Memorial Leighton Heart and Vascular Center set the standard for excellence in design and in patient care. Last year they broke ground for an expanded surgical and cancer center. This \$80 million investment will be high tech and high touch for the patients. The City worked with Memorial to realign Bartlett Street to accommodate this development and to make room for future growth, including a planned Children's Hospital. We will eventually realign the connector between Michigan and Main to allow expansion of Memorial's campus to the south. They have been a great partner in the renewed vitality of downtown South Bend.



GAMEDAY TCR HALL OF FAME



Living Downtown - New Opportunities

- Colfax Place Condominiums
- 101 N. Michigan - office & residential space
- Gameday Center Condominium/Hotel
- Rushton Apartments

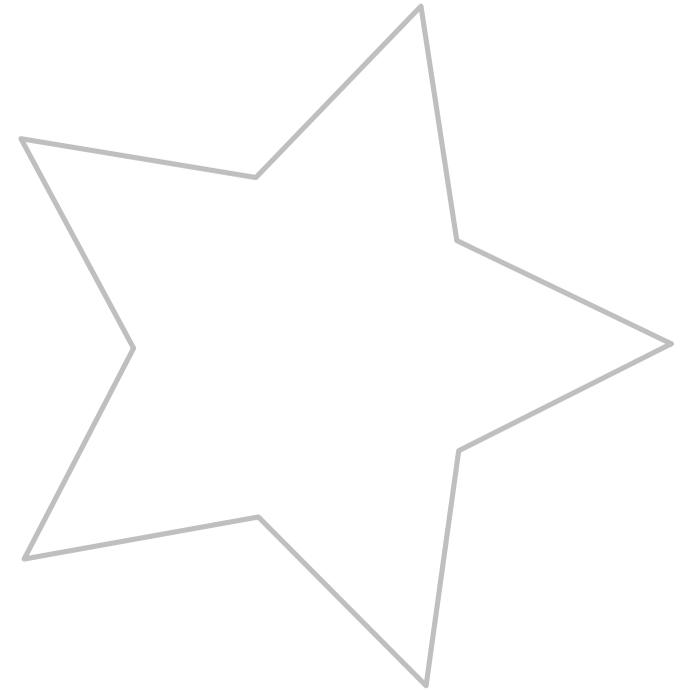
Looking Forward:

- New \$80 million Memorial Hospital Surgical Center Expansion & Cancer Center
- Memorial Children's Hospital
- WNIT Public Television



## It is the Age of Cities...

It is the Age of Cities. People are eager to share in the vibrancy, diversity, opportunity and creativity that is reborn in our downtowns. Building on a decade of investment and growth, South Bend is poised to take its place in this transformation. We are committed to following our City Plan blueprint to reach our goals. We will develop the resources and partnerships necessary to create our shared vision, to reach our possible dream - for in South Bend, we can make dreams come true!



We recognize and remember the following City employees who passed away in the year 2006:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>TIME IN SERVICE</u>
Donnie Dikes .....	Streets – Equipment Operator II .....	1999 - 2006
Scott Severns.....	Corporal – Police .....	1997 - 2006
Todd Ullery .....	Streets – Equipment Operator II .....	2004 - 2006

# In Memoriam

The following City employees retired in the year 2006:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>TIME IN SERVICE</u>
Thomas M. Aranowski .....	Fire – Engineer .....	1971 – 2006 (34 yrs)
David J. Bailey.....	Fire – Engineer .....	1971 – 2006 (34 yrs)
Harold R. Bailey .....	Fire – Engineer .....	1969 – 2006 (37 yrs)
Russell Buysse .....	Fire – Engineer .....	1968 – 2006 (37 yrs)
Daniel Dutrieux.....	Police – Sergeant.....	1971 – 2006 (35 yrs)
William G. Davis.....	Equipment Services – Bodyman V.....	1964 – 2006 (42 yrs)
Robert Emmons .....	Water Works – Utilities System Specialist.....	1990 – 2006 (16 yrs)
John B. Floyd.....	Police – Sergeant.....	1970 – 2006 (35 yrs)
Edward Friend .....	Police – Captain .....	1962 – 2006 (43 yrs)
Jean Gruza.....	Century Center – Events Coordinator .....	1988 – 2006 (18 yrs)
Brian Hedman.....	Century Center – Executive Director.....	1977 – 2006 (29 yrs)
Sandra Holtz.....	Century Center – Director of Marketing.....	1989 – 2006 (16 yrs)
Thomas Janowiak .....	Fire – Engineer .....	1970 – 2006 (35 yrs)
James Kile.....	Police – Communications Supervisor .....	1994 – 2006 (12 yrs)
Jerome D. Kreczmer .....	Police – Sergeant.....	1966 – 2006 (39 yrs)
Daniel L. Meller .....	Fire – Captain .....	1969 – 2006 (37 yrs)
Thomas Michalski.....	Parks & Recreation – Athletic Field Maintenance.....	1975 – 2006 (31 yrs)
Ernest “Jack” Reed.....	Mayor’s Office – Assistant to the Mayor .....	1960 – 2006 (47 yrs)
Patrick Romano.....	Water Works Meter – Serviceman IV .....	1989 – 2006 (17 yrs)
Frank J. Steiger .....	Police – Lieutenant.....	1986 – 2006 (20 yrs)
Ronald L. Wilson.....	Police – Captain .....	1968 – 2006 (38 yrs)
Joel Wolvos .....	Police – Captain .....	1970 – 2006 (36 yrs)
Elodia Yado .....	Water Works – Auditor III .....	1972 – 2006 (34 yrs)

Administration & Finance

- **Certificate of Achievement, Excellence in Financial Reporting** for the 2005 Comprehensive Annual Financial Report (CAFR), (16<sup>th</sup> consecutive year)  
*Government Finance Officers Association of the United States & Canada (GFOA)*
- **2006 Distinguished Budget Presentation Award**  
*Government Finance Officers Association of the United States & Canada (GFOA)*

Code Enforcement

- **Outstanding Achievement in Code Enforcement Techniques** for their Adopt-A-Block Program  
*American Association of Code Enforcement (AACE)*

Morris Performing Arts Center/Palais Royale

- **2006 Prime Site Award for Outstanding Service to Event Clientele**  
*Facilities Magazine, national circuit magazine for Meeting & Event Industries*
- **2006 Top 50 Theatre Venues in the World**, Ranked #36, (5<sup>th</sup> consecutive year)  
*Pollstar Magazine*
- **2006 South Bend Tribune's Reader's Choice Award for Favorite Theater** (4<sup>th</sup> consecutive year)
- **2006 South Bend Tribune's Reader's Choice Awards for Favorite Banquet Facility** (3<sup>rd</sup> consecutive year)
- **"City of South Bend 1<sup>st</sup> District Business of the Month" Award**  
*1<sup>st</sup> District Councilman Derek D. Dieter*

Department of Public Works

## Bureau of GIS

- **Bureau of Geographic Information Systems (GIS) Award of Excellence in the Use of GIS Maps** for Collaboration and Analysis of Crime Data  
*Indiana Geographic Information Council*

## Division of Environmental Services

- **2006 Wastewater Treatment Plant Safety Excellence Award** (10<sup>th</sup> consecutive year)  
*Indiana Water Environmental Association (IWEA)*
- **2006 Laboratory Excellence Award** (12<sup>th</sup> consecutive year)  
*Indiana Water Environmental Association (IWEA)*

Division of Streets, Bureau of Sewers

- **Natural Resources Conservation Award** for Accomplishments in Wildlife Habitat Development in St. Joseph County  
*St. Joseph County Soil & Water Conservation District*

Parks & Recreation

- **Award of Excellence** for use of the NIH “We Can ” Program to address childhood obesity  
*The National Institutes of Health*
- **James Farrell Excellence Award** for ASA National Championships at Bellville Softball Complex (7<sup>th</sup> consecutive year)  
*Amateur Softball Association National Council*
- **Tree City USA Award** for Tree Care Program (9<sup>th</sup> consecutive year)  
*Department of Natural Resources*
- **Outstanding Service Award for Actions Above & Beyond**, for Assistance to the Indiana Parks & Recreation Association on the sudden death of its Executive Director  
*Indiana Parks & Recreation Association*

Police Dept.

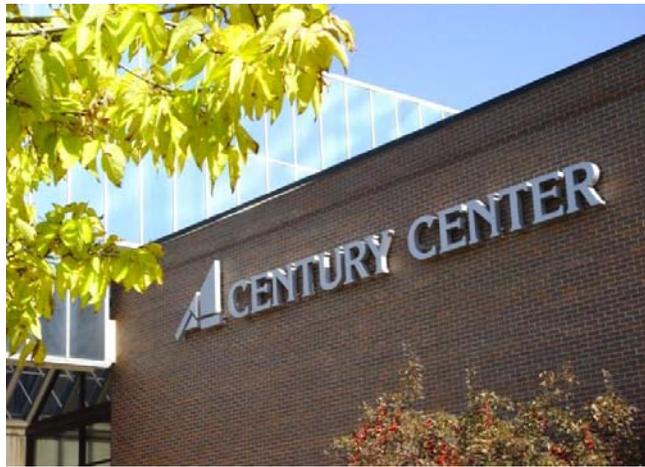
- **Bureau of Geographic Information Systems (GIS) Award of Excellence in the Use of GIS Maps** for Collaboration and Analysis of Crime Data  
*Indiana Geographic Information Council*
- **Best in State of Big City/County Police Departments** for Exceptional Commitment to Reducing Crashes and Traffic-Related Fatalities on Indiana Roadways  
*State of Indiana, Governor’s Council on Impaired & Dangerous Driving*
- **2006 Citation** for Outstanding Efforts to Prevent Drunk Driving  
*Mothers Against Drunk Driving (MADD)*

City of South Bend

- **International Award of Gratitude** for Walk to Cure Diabetes  
*Juvenile Diabetes Research Foundation*

City of South Bend & Rose Brick & Materials Inc. (Oliver Boilerhouse Renovation)

- **Southhold Award** for Adaptive Reuse and Renovation of a Historical Building  
*Historic Preservation Commission of South Bend & St. Joseph County*



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