

# STATE OF THE CITY

Presented to the Common Council  
February 15, 2010

## City of South Bend

Mayor Stephen J. Luecke



# 2010

**FEBRUARY 15, 2010**

# **TOP 10s OF 2010**

## **Introduction**

Good evening and welcome to Century Center. It is my duty and privilege to present the 2010 State of the City address to the South Bend Common Council. I would like to say a special word of welcome to the members of the South Bend Youth Council. (Please stand) Thank you for joining us this evening. We are delighted that students have an interest in local government and what is happening in our community.

During the past few years I have used this occasion to show off new facilities in South Bend. It's appropriate that we return to Century Center tonight to highlight recent renovations. The transformation of C Hall into Discovery Ballroom has turned a utilitarian space into a truly elegant venue, which will enhance our ability to host a full range of events. There has also been significant work on the Island, addressing structural and aesthetic issues to make this wonderful outdoor gathering spot even more functional. This project received an Outstanding Concrete Achievement Award for its detailed work. I commend the board and staff for their vision, and I thank the Redevelopment Commission for its help with financing some of this work. These are positive investments in a city asset that keep it fresh and competitive in an ever-changing market. While you are here, I also invite you to view the bust of Joe Kernan. This marvelous sculpture by Tuck Langland is a fitting tribute to the career of the only South Bend resident to have served as governor of Indiana.

Change can be difficult. The ability to adapt positively to change is a key to success. The striking kinetic sculptures of George Rickey, which grace several locations downtown, provide a dynamic example of positive adjustment to changing conditions. These magnificent pieces, as they move with the wind, create new shapes and spatial relationships, reflecting sun, clouds or snow – transforming both themselves and the world around them. This marriage of art and engineering has created vibrant symbols of our ever-changing world. My thanks to the South Bend Museum of Art and the Community Foundation of St. Joseph County for bringing this

exhilarating exhibit to downtown. It celebrates the talent of a native son, and also points the way for our best response to change, using creativity and technology to transform our community.

2009 was the most challenging year economically for our city since Studebaker closed its doors. Nevertheless, we have set the stage for growth and development. My speech tonight will highlight our accomplishments, the reasons for optimism in 2010 along with the challenges we face and some Big Ideas we are pursuing to adapt positively to change.

## **Top 10 Accomplishments**

### **1. Opening of Eddy Street Commons**

What a partnership! What a development! A decade ago, the City joined with neighbors, the University of Notre Dame and other major institutions to form the Northeast Neighborhood Revitalization Organization. Years of planning and building consensus has borne fruit with the opening of high-end apartments, restaurants and retail in the largest mixed-use development in decades. Work continues on a limited-service hotel, expected to open this fall. New “Champions Way” homes are taking shape along Angela Boulevard. And there’s more to come. During the nation’s worst job crisis in a generation, we benefited from nearly 800 construction jobs at the site. Another 1,100 jobs are projected to be created over the next decade within the development itself. The City played a key role in the project, investing \$35 million through a TIF bond and a Major Moves loan to construct the parking garage, pave streets and enhance the streetscape, including installation of low-energy LED streetlights. I am grateful for the many partners who made this high-density urban development successful, especially during difficult economic times.

### **2. Opening of Innovation Park at Notre Dame**

Just down the street from Eddy Street Commons another remarkable partnership with Notre Dame will connect innovators, market experts and capital providers to transform research into viable marketplace ventures. This commercialization will help to shape South Bend’s economy. Last October, Innovation Park at Notre Dame opened the first of four planned buildings across from campus. This state-of-the-art facility provides first-class space and resources for early-stage companies and culminates years of planning by the University, the City and Project Future. As the first location of South Bend’s two-site, state-certified technology park it has received state grants and qualifies for tax benefits. We were also able to secure a federal grant with the help of Congressman Donnelly. This development has attracted national attention.

The Wall Street Journal highlighted both Innovation Park and our plans for Ignition Park in a special supplement last December. The article described this effort as one way American cities are seeking to “catalyze their economies” with tech parks and “rebuild cities from within.”

### **3. Crime at its lowest level in 40 years**

In 2009, reported incidents of major crimes – Part 1 offenses such as murder, burglary and rape – were down 12 percent when compared with 2008. In five of the nine categories – arson, larceny, motor-vehicle thefts, non-residential burglary and rape – the number of reported incidents is at the lowest level since I took office. Compared with 2008, crime decreased in every Part 1 category except aggravated assaults. Those rose by 9.6 percent, but are still 11 percent below levels when I took office. Total major crime incidents recorded by South Bend Police are at the lowest level in at least 40 years. These accomplishments are worth celebrating. We know that many factors influence crime statistics, but I want to commend our police department for making South Bend safer through innovative strategies, the use of technology, community outreach and good old-fashioned police work.

### **4. Neighborhood Initiatives**

- **Demolishing vacant and abandoned structures:** Like other communities around the country, we have hundreds of vacant and abandoned homes which are dangerously deteriorated. These structures are not candidates for rehab. They are a blight on our neighborhoods. We have demolished 382 problem properties since July 2007 – 141 of them in 2009. We are focused on eliminating the worst of the worst. While the lots still remain in the hands of neglectful owners, at least the structures no longer negatively impact city neighborhoods.

- **Receiving designation for a second Weed and Seed area:** We received a \$175,000 grant from the U.S. Department of Justice for the City’s second Weed and Seed area. We are working with several partners, including neighborhood associations and residents, to weed out negative influences and seed in positive activities on the northwest side. This grant allows us to increase patrols and enhance Community Oriented Policing. We are grateful for our partners in this collaboration.

- **Launch of SELL South Bend and Realtors Certification Classes:** City Plan called for better promotion of our neighborhoods. Sue Solmos, hired as residential marketing specialist for the City, launched a series of Realtor Certification Classes. In 2009, 46 area Realtors attended sessions on South Bend’s history, quality of life, civic amenities and economic development,

learning fascinating information about our city. We also offer a weekly Lunch & Learn series, open to the public at the downtown library, and special sessions for the business community, universities and area builders. SELL South Bend posts examples of our varied neighborhoods on the City's web site. Through these activities, word is getting out that South Bend has a great variety of excellent housing stock in welcoming neighborhoods.

## **5. Riverwalk extensions and bike lanes**

Among the attributes that make our neighborhoods inviting are the expansive riverwalk and bike lane systems. In 2009, with 80 percent federal funding, we completed the extension of Riverside Trail along the St. Joseph River to the city limits. This popular 3.2-mile trail, from Angela to Darden, has some of the most scenic vistas in South Bend. At the other end of our riverwalk system, using a state grant, we extended Northside Trail from Twyckenham Bridge through the IU South Bend campus almost to Ironwood Drive. We have completed more than 10 miles of walkway along the St. Joseph River and are developing plans for the final mile to connect to Logan Street, near Mishawaka's trail system. City Plan encouraged us to maximize use of the river as an outstanding scenic natural resource. It also promoted a citywide system of bicycle routes. We are making great progress on creating that bike path system. Since 2007 we have completed 35 miles of trails, marked bike lanes and signed "Share the Road" segments, including more than a dozen miles last year. This is 70 percent toward the goal of 50 miles by 2012. We have had great support and advocacy from our bicycle community to make it easier and safer for residents to choose to travel by bike.

## **6. Commitment to the Arts**

• **Anniversary of the Morris' restoration:** Please join us on Feb. 20<sup>th</sup>, for a gala event at the Morris Performing Arts Center. We are celebrating the 10th anniversary of the restoration of this magnificent 89-year-old facility. This investment in the arts has been a key factor in the revitalization of downtown. I am deeply grateful to all who made this possible. Special thanks to the board of Morris Entertainment Inc., which has provided funding and guidance. Dennis Andres and his staff have done a remarkable job of programming. During this decade, more than 1 million tickets were sold for 787 performances, bringing in almost \$34 million! The Morris has consistently ranked in Pollstar's Top 100 venues for tickets sold and last year, despite the down economy, was again named a Prime Site award winner by Facilities magazine.

- **Community Connection Project:** In 2009, west-side youth benefitted from a partnership between the Parks and Recreation Department and IU South Bend's Ernestine M. Raclin School of the Arts. The IU South Bend Community Connection Project brought faculty to the Martin Luther King and Charles Black recreation centers. Summer and fall sessions included experiences in choir, dance, murals and theater improvisation. Youth visited campus for exhibitions, concerts and lectures.

- **Chris Wilson Outdoor Performing Arts Center:** Next summer these young artists could attend and participate in performances at the new Chris Wilson Outdoor Performing Arts Center at Potawatomi Park. This beautiful facility, the result of a partnership among Parks, the Rotary Club of South Bend and the Community Foundation of St. Joseph County, replaces the former band shell. It has a larger stage, optimized acoustics and northern exposure, an enlarged backstage and improved, fully accessible seating area. The South Bend Symphony performed a memorable concert in September as part of the dedication. With support from private donors and the Community Foundation's ArtsEverywhere Initiative, this outdoor performing arts center will host an inaugural series of exciting performances this summer. Community groups are lining up to reserve dates. The effort to improve access at Potawatomi Park received the IPRA 2009 Park Development Award.

## 7. State and National Awards

- **Parks awards:** That award was one of several state and national awards we received last year. The Indiana Parks and Recreation Association gave three other awards to our Parks and Recreation staff. These and more are listed in the appendix of this speech.

- **Zoo accreditation:** Potawatomi Zoo received the ultimate recognition last year when it once again was accredited by the Association of Zoos and Aquariums. Fewer than 10 percent of zoos attain this status. With the help of the Zoological Society, and using dollars appropriated by the Council, we made critical upgrades to the facility to meet the exacting standards of the AZA.

- **Green Community:** In 2009, the Indiana Association of Cities and Towns named South Bend as the Green Community of the Year among large cities. The presenters noted our innovative green initiatives – from heating our greenhouse with computer exhaust to saving millions with the state's largest conversion of LED traffic signals. Working with residents on our Green Ribbon Commission, South Bend will continue to lead in environmental stewardship.

• **All-America City finalist:** Last year South Bend was selected as one of 30 finalists in the All-America City competition, which is the most respected national civic award. Achieving this status recognized the great partnerships in South Bend – public and private, commercial and residential, university and nonprofit – which help our innovative initiatives to succeed.

#### **8. Assisting in the development of American Trust Place**

Two years ago South Bend was named a Preserve America Community, highlighting our efforts to preserve our past while finding new uses for historic structures. Recent completion of the American Trust Place project exemplifies this commitment. The City supported the façade restoration of the 1924 building, which is listed on the National Register of Historic Places. Local developers built a five-story addition, creating a mixed-use complex for office, residential and commercial uses. The first residents have moved in. American Trust Place is a unique blend of the historic and modern – exemplifying our belief in quality and innovation.

#### **9. Growth in the Medical Mile**

Quality and innovation characterize the five respected medical institutions that joined together in 2009 to form South Bend’s Medical Mile. Promoting the quality and sophistication of care available here, this initiative will attract patients from a larger region, keep more patients here for care, and help recruit top level clinicians to be part of our talented and progressive medical community. This campaign will also call attention to the vitality of downtown and help us attract business to South Bend. The founding partners have all made significant investments in their downtown facilities. Memorial Hospital opened its \$79.4-million surgical suites last year, augmenting the region’s only Level II Trauma Center with one of the nation’s most technologically advanced surgical centers. In 2009 the South Bend Clinic also completed the largest expansion in its history, doubling the size of its campus. At the north end of the Medical Mile, construction continues on Harper Hall, which will house expanded medical- and cancer-research initiatives by the IU School of Medicine at South Bend. This project is funded by a \$10 million private gift to the University of Notre Dame, matched by another \$10 million from the State of Indiana. Activity here will complement the research at Innovation Park. Another special partnership was created last year to meet needs on the west side. With assistance from the City, St. Joseph Regional Medical Center and Memorial Hospital opened a full-service medical practice and health-education venue for community health programming. Bendix Family Physicians offers affordable healthcare in the LaSalle Square area. The City funded more than

\$450,000 in needed renovations, while local foundations invested \$1.2 million to equip the facility and to underwrite operating costs. It is a welcome addition to the neighborhood.

#### **10. Passing the 2010 City budget**

Perhaps the most difficult and critical accomplishments last year were passing the City budget for 2010 and enacting new local income taxes to support it. As you know, this is the year property owners will experience the full relief provided by the property tax caps. As we prepared our budget we planned for the projected loss of \$22 million in property tax revenue compared to 2008. We had already made significant cuts in 2009 to operating expenses. We continued to look for more efficient ways to provide service, but were faced with the likelihood of draconian cuts to essential services and to our quality of life. In 2007, General Fund expenditures totaled \$70.5 million. By 2009 we had sliced that to \$61.3 million – a 13 percent reduction. Significant additional cuts would not be fat, but bone and muscle.

Some Indiana cities, even with smaller losses of revenue, have cut firefighters and closed fire stations. They have stopped dispatching fire trucks to nonemergency medical calls and eliminated city ambulance service. Others made deep cuts in both parks and police personnel. One eliminated leaf pickup. Gary went to the Distressed Unit Appeals Board. Its residents were saddled with a higher property tax while a fiscal monitor made more than 100 recommendations for cuts including closing five fire stations and laying off 55 firefighters, privatizing trash collection, eliminating the department responsible for fixing potholes and closing the city court, health department and convention center. Even if all these cuts are made, the city could come up several million dollars short. Some cities are even turning off streetlights. Is that the message we want to send, that we're turning out the lights in Indiana?

In South Bend, we've faced the challenge head on. We've made key spending decisions to live within our means. This year, we have 56 fewer employees than we had in 2009, part of a 15-percent reduction in the total number of employees since 2000. We've made other reductions in personnel costs, which are our largest single expense. Department heads and most directors have taken a 5 percent pay cut. Many other City staff are experiencing the second consecutive year of pay freezes. We have streamlined health benefit options and reduced expenditures. We've cut the number of take-home vehicles by 55 percent, down to 46, eliminating them entirely in six departments.

We continue to find cost savings through new efficiencies, collaboration and innovation, technological change, and just plain common sense. Our laundry list of savings is varied and extensive. Here is a sampling:

- Converting traffic signals to energy-saving LED lights
- Managing our self-insurance liability program through in-house Legal staff
- Equipping Code inspectors with handheld data devices for field reports
- Using bicycles for inspections in warmer weather
- Joining with the State for purchase of road salt
- Mixing our own salt brine to get better coverage with that salt
- Being able to pre-apply the brine before a storm on straight time rather than spreading road salt during and after the storm on overtime
- Processing yard waste at Organic Resources
- Using methane gas produced at the wastewater plant to reduce natural gas and electrical costs
- Capturing waste heat from Notre Dame research computers located on site to reduce heating costs at the Conservatory

We will continue to find better ways of doing business and saving dollars through our new Office of Energy and through innovative staff in all departments.

We listened to our residents' concerns to determine the top priorities for investing tax dollars. Through surveys, Town Hall meetings and public hearings, we were reminded that economic development, public safety, street upkeep and park programs are highly valued by residents. Many residents spoke in favor of raising local option income taxes to maintain critical services, support quality of life and secure a sustainable future. I want to publicly commend those residents, and the members of this Council and the County Council, for their leadership. These new taxes go for additional local property tax relief and support public-safety expenses. They provide some new revenue to city and county government, but they do not replace all the revenue lost to the tax caps. For South Bend, the new income taxes may replace about \$15 million of the \$22 million property tax loss we had anticipated. I also want to offer a special word of thanks to Father John Jenkins and the University of Notre Dame for their generous contribution to local government. The pledge to the City of more than \$3 million over 10 years in unrestricted funds is a great help during these difficult times. Budget efficiencies, local income tax dollars, Notre Dame's funding and COPS support through the stimulus bill have allowed us

to meet budget, to fully staff police and fire departments, to keep park facilities open and to continue vital services for our residents and businesses.

## **Top 10 Challenges for 2010**

### **1. The Economy**

The national and global economic situation impacts families and neighborhoods. It is an impediment for local development. Companies have put investment decisions on hold. Even if developers want to move forward, financing for their projects is difficult to come by. For a period of time the municipal bond market dried up making it difficult for cities – even those with high bond ratings – to finance capital improvements. When we do sell bonds, with the collapse of the bond insurance industry, we are often required to fund large cash reserves with funds that were planned for projects. This does seem to be improving now, which may allow us to borrow funds at relatively low rates and move forward on important capital investments. The flip side, however, is that interest rates paid on our deposits are miniscule, reducing our expected income from reserves. We have no control of these national trends, but we may revisit some of our investing strategies. For example: Rather than holding Major Moves money in a “trust fund” for future paving, should we use more of it right now for major projects before its buying power is eroded by construction prices escalating faster than interest earnings?

### **2. Fiscal viability for state and local government**

The sharp decrease in sales- and income-tax collections is strangling state governments. Indiana has fared better than many states, but some of its budget reductions impact local units. Many school corporations are affected more by the recent state cuts to their budgets than they were by the property tax caps. Will the state will be able to fully cover its commitments to pay county-welfare expenses or police- and fire-department pensions? If these costs come back to us, how will we be able to pay them? Local government, too, has been hit by reduced income-tax collections, compounding the loss of revenue to the property-tax caps. It is still too soon to know what long-term results will be, especially in an environment when assessed values are declining. Like the state we have cut services, programs and staff; we have maintained strong reserves to carry us through difficult economic times; we have enacted new revenue streams; and we have continued to invest in economic development. Still, there is much uncertainty about whether our current system for funding local government is sustainable. That is why I continue to ask the

Legislature to honor the concept of home rule and allow local governments to enact the revenue sources needed to support the critical services provided in our communities.

### **3. Indiana's property-tax system is still broken**

Years of tinkering with our property-tax rules have not yet created a system that is predictable and understandable. Part of the problem is that new changes are added before we have the time to see the results of earlier actions. County officials have been unable to get bills out on time. This is frustrating both for our residents who want to pay their taxes and for local government, which has experienced significant delays in receiving those taxes, often needing to borrow funds to cover costs and incurring unnecessary interest expenses. Too many variables in the system make it difficult to project revenues accurately for budgeting. Tax collection rates are at historic lows, some because of the effects of the economy, but some due to ever-increasing numbers of appeals by taxpayers who do not understand their bills or their assessed valuation.

Let me take a quick survey. How many here truly understand your tax bill? I'm not surprised. Our system is confusing, and it will take several years for it all to settle out. That is one of the reasons that I believe the property tax caps should not be put in the Constitution. I believe it is bad public policy to be so specific in this foundational document. Furthermore, we are a long way from understanding the full impact of the caps and whether we may still need to adjust the property-tax system. A constitutional amendment will make any future fixes more difficult. I do believe that we had become too dependent on property taxes and that change was needed, but I don't believe we should enshrine the changes in the Constitution until we have established a fair, sustainable way to support local government.

### **4. Crime and the perception of crime.**

Under the top accomplishments for 2009, I reported that crime is down 12 percent from last year. It is down 37 percent during my time as mayor and at its lowest level in at least 40 years. Nevertheless, we have more work to do. The perception of crime in South Bend remains high. There are too many shootings and murders, even if they are below long-term averages. These crimes create fear in the community, even when it is clear that these are not random acts of violence and that the vast majority of victims knew their assailant. I am grateful for the outstanding work of our police officers and the Metro Homicide Unit to identify and arrest perpetrators, providing compelling evidence for prosecution. We are committed to removing

dangerous individuals from our streets and sending them to prison. With the help of witnesses and the community, our criminal justice system does work.

The other crime which worries the community is residential burglary. Although their number decreased last year, I remain deeply concerned about the frequency of break-ins at occupied residences. Police officers have done an exceptional job capturing suspects, but this crime is no longer the purview of the career burglar who is a one-person crime spree. Particularly upsetting is the number of juveniles who are breaking into homes when they should be in school. We may consider implementing a daytime curfew for juveniles during the school year to help cut down on truancy and reduce crime. Later this year, Chief Boykins will establish a Street Crimes Unit in order to put more officers on the street during high-risk hours or allow us to flood hot spots with extra officers. Fortunately, with the implementation of the new Public Safety Tax and the help of a federal COPS grant, we are able to bring our department back to full strength. We still need help from neighbors to watch out for suspicious activity and report it to the police. I invite residents to join Neighborhood Watch. Looking out for each other really does work. We are deeply committed to keeping South Bend neighborhoods safe, to reducing both the reality and the perception of crime.

##### **5. Vacant/abandoned/foreclosed homes**

We have many wonderful and varied neighborhoods in South Bend with great housing values. However, vacant and abandoned homes continue to plague some areas. Skyrocketing foreclosures and properties up for tax sale indicate that this matter will continue to be an issue for a number of years. Several factors make this problem even more difficult to address. Two-thirds of our housing stock is more than 50 years old. Not all of it was high-quality to begin with. Buyers are not looking for small homes on the very narrow lots in some areas. Furthermore, the City does not own or control these properties, so it must work through the Code Enforcement process to take action. In the short term, we are boarding (and often re-boarding) vacant houses. We stepped up demolition of the most derelict structures. We centralized mowing operations to keep vacant lots cleaned. Community gardens put some of those vacant lots to productive use. We may be able to create rain gardens or similar green features on others, which helps with storm-water issues. We will continue to partner with private builders, Habitat for Humanity and neighborhood development corporations to construct infill housing or to rehab existing homes, but the cost of substantial rehab often exceeds a house's potential market value. The need for

subsidies far exceeds our limited resources. In the long term, new jobs and population growth are key to reducing the number of our community's vacant and abandoned homes.

## **6. Finding a new use for the College Football Hall of Fame**

One of 2009's surprises was the National Football Foundation's decision to move the College Football Hall of Fame to Atlanta. This was especially disappointing since we had just hosted our most successful Enshrinement Festival, attendance was the highest since opening year, and we were finding new community partners to promote and support activities. With the Hall remaining open through 2010, we will welcome another Enshrinee class to South Bend this summer, including Notre Dame Heisman Trophy winner Tim Brown. As we work on transition issues, we are actively seeking a new use for this facility. We have received many suggestions, from retail to casino to museum. Unfortunately, none of them are funded. This prime location has become our town green. We want positive activity at the site to continue to attract people to downtown. We have applied for a federal grant to help with this effort and are hiring a person to focus full time on finding the right use. I do not favor a casino at this prime location. I believe that we will most likely have a mixed use which could include some restaurant or retail, some private use and some type of museum space. Working with community partners, we will make it a success.

## **7. Jobs and business retention**

Despite positive impacts from the stimulus bill and signs that the economy is slowly improving, unemployment remains stubbornly around 10 percent. Estimated underemployment exceeds 16 percent. These figures are even worse, and the impact more devastating, in the minority community. In this environment, jobs are first and foremost on everyone's mind – keeping existing jobs and adding new ones. We are fortunate that previous community leaders worked hard to diversify our economy. That has served us well during downturns and taught us several lessons. Helping local businesses to succeed is critical to success. So, while we continue to seek new business for our city, most of our job growth (as in any community) will come from expansion of existing businesses and new small start-ups. I have great hopes long term for the impact our research parks will have on the local economy. Meanwhile, we are working to retain and support our base in South Bend. The City helped to bring more than \$3 million in new private investment in 2009 through our joint Business Growth Initiative with the Chamber of Commerce. Phil Damico visited nearly 330 businesses, resolving 70 issues that could have

hampered growth. Building on that successful partnership, Community and Economic Development will hire a new person to retain and attract businesses downtown. Initially, this person will focus on the Hall of Fame's reuse; then, work with DTSB to enhance downtown's vibrancy. Although we no longer fund the Commercial Corridor program, our staff will target vacant space on key arterials to attract new businesses.

## **8. Unfunded mandates**

One of local government's major concerns is that all mandates roll downhill, and we are at the bottom of the hill. State and federal officials enact new standards or programs. Cities and towns get to implement them, often with no additional funding. We don't disagree with the intent, but we often find it hard to find the dollars to make mandates work. Recently, a judge ordered the City of LaPorte to replace its sidewalks to meet ADA standards. The cost for this project is several times LaPorte's annual budget. How can they possibly afford it? Will the ruling extend to other cities? We never know what well-intentioned mandate might add to the city's burden next, but we ask state and federal officials to provide funding with new obligations to ensure their success.

## **9. The CSO Long-Term Control Plan**

The prime example of unfunded mandates is the Clean Water Act. It requires cities across the country to stop polluting rivers through Combined Sewer Overflows. We support the intent of this act and see its benefits locally. We have made much progress cleaning the river since the wastewater treatment plant was built in the mid-1950s. Fly fishing, canoeing, and kayaking on the East Race would not be possible without the improvements that have been made. But there will be significant cost associated with further clean up. We are currently negotiating with the Environmental Protection Agency, Indiana Department of Environmental Management and the Department of Justice to finalize a consent decree that will set a 20-year plan for additional improvements to our system. We are trying to maximize environmental benefits and minimize costs. But, like other cities across the country, we don't have much leverage against federal regulations. Over the next 20 years we will need to invest \$425 million. The EPA is mandating that we act and pushing us beyond the point of diminishing returns on this investment. However, because we are implementing CSOnet and innovative green solutions as part of our plan, we may be able to save \$120 million by using storage capacity is already in our system. Our plan will also provide other benefits. Traditionally, utility work is buried in the ground, unseen by the

public. But in some areas we will be able to add beauty to neighborhoods while accomplishing the sewer requirements. Two examples of this are the proposed rain gardens and bio-retention basins in the Kennedy Park area and the open-air storm-water outfall at Angela and Riverside, which will resemble a natural creek. We have already invested \$87 million in early-action projects and \$43 million in Phase I projects during four years of consent decree negotiations. This has increased capacity, effectiveness and efficiency at the wastewater plant. It also began separating storm sewers from sanitary sewers as a priority to reduce basement backups. The map shows work completed in the last four years and what we expect to finish in the next four. We want to avoid sewage backups into basements; we want to keep raw sewage out of the river; we need to comply with federal regulations; and we want to do this as cost effectively as we can. We are beginning discussions with the Common Council about sewer rates necessary to support a \$70-million investment over the next four years as the next phase of our mandated long-term control plan.

#### **10. Getting an accurate count from the 2010 Census**

In March 2010, more than 130 million addresses across the nation will receive a census questionnaire. There are just 10 questions. It takes about 10 minutes to complete. Filling out this form is essential to ensuring a brighter future for our community. Population data are used to reapportion the U.S. House of Representatives, re-district each state and determine the Electoral College distribution. They are also used for drawing state and local political districts, such as Common Council districts. They directly affect how more than \$400 billion per year in federal funding is distributed. Finally, census data is critical in day-to-day planning activities for both local governments and private entities, like businesses considering South Bend for relocation. We have formed a Complete Count Committee to maximize the local response. Despite our best efforts before the 2000 census, only 69 percent of households in South Bend returned the forms. This means extra work for field staff to visit homes that did not respond and increases the odds that some city residents will not be counted. The State of Indiana has calculated that for each person counted, it receives nearly \$826 per person per year of Federal distributions. State funds distributed by population are about \$44 per person per year. Before the 2000 census, the Census Bureau had projected that South Bend's population would drop below 100,000, continuing a downward trend since 1960. Instead, the count showed that our population increased to 107,789 – the first increase in 40 years. Even with our best efforts, we most likely had an undercount of 2

percent of the population. Had those 2,156 people been included in our population, we could have received an additional \$18.7 million in state and federal funds over the past decade. We believe every person counts, and every person should be counted. Please help us get an accurate count of South Bend's population in 2010.

## **10 Reasons for Optimism**

### **1. South Bend named No. 1 U.S. city for home value**

The New Year began with good news for South Bend. Barbara Corcoran, the real-estate expert on NBC-TV's Today Show, named South Bend the best city in the nation to find value, stability and rising prices in a home. Corcoran said it best – "Prices have been rising steadily for almost a full year now. Still, the median price is only half of what it is in the rest of the nation. That's an enormous difference – a lot of house for the dollars."

### **2. Developer interest in the LaSalle Hotel and Rink sites**

In recent weeks we have had strong interest in two downtown sites. Developers from Chicago and Charlottesville have toured the LaSalle Hotel, and a group from Kansas City is visiting this week. Each has presented exciting plans that include a mix of residential, commercial and retail. Across the St. Joseph River, a local developer, who has other successful projects in the area, has proposed a plan for condominiums on the Rink Riverside site. He already has commitments for some of the units. This Friday the Redevelopment Commission will consider his plan. These interactions with developers indicate that South Bend may be seeing the spring thaw to challenging economic times.

### **3. Major construction projects planned or under way**

Another positive sign of economic activity is the number of major construction projects either under way or planned for the coming year. Let me highlight a few:

- **Transpo's new facility:** The first facility under way in Ignition Park is a sign of good things to come. Transpo is building what is targeted to be the nation's first LEED Platinum-certified transit facility on Ignition Park's southeast edge. Transpo's Board agreed to change the location of their building in Ignition Park in order to open up more sites that are ideally suited for nanoelectronics facilities. I applaud their commitment doing to what's best for the community.

- **The Salvation Army's Kroc Community Center:** With 90 percent of its fundraising goal achieved, the St. Joseph County Salvation Army will break ground in May on its Ray and Joan Kroc Corps Community Center. Located at Western Avenue and Chapin Street, this facility

will feature an indoor water park, climbing wall, recording studio and athletics facility along with centers for performing arts, fitness, family care and teens. The Kroc Center will bring critical programs to serve those most in need. It will also bring an infusion of \$50 million of outside resources into South Bend, matched by local contributions of \$10 million. This center will have a direct economic impact of \$30 million in construction costs, in addition to new jobs and other spending. This key anchor on the western edge of downtown will be one of only 30 Kroc Centers nationwide, and the only one in Indiana. Last year the State Legislature appropriated \$2 million in economic-development assistance for this project. During these difficult economic times it is a testimony to our community and the campaign's leaders that our Kroc Center is moving ahead.

- **WNIT Center for Public Media:** WNIT Television is moving to downtown South Bend this spring. Work is coming to completion on the new Center for Public Media in the former WSBT facility at Jefferson and Lafayette boulevards. This will create new excitement with a public atrium and video-screen façade. We are grateful for their commitment to enhancing communication and education in our region. We're already in conversation about partnerships that will take advantage of emerging media technology to benefit the public in new ways.

- **A new Animal Care and Control facility:** Each year, our Animal Care and Control staff manage more than 4,000 animals. They do so in a century-old former fire station that is extremely limited in space. Since 2007, we've had plans to renovate and expand a facility near Kennedy Park on Eclipse Place as a new home, but have not had the funding. Tonight I am proposing the use of Tax Increment Financing revenue to support the development of this facility in 2010. When it makes sense, and meets statutory requirements, we will use TIF revenue to help meet key General Fund objectives that support development. In conjunction with this facility, our park staff will develop an adjacent dog park, the first in our city.

#### **4. New tenants at Innovation Park**

Four promising companies already call Innovation Park home. They value the tech park's support in the rapid commercialization of their technologies and businesses. For those of us on the outside, they also illustrate four ways in which new ventures come to Innovation Park:

- Two professors see strong commercial potential in more than a decade of research. Drawing on patents obtained through Notre Dame, they are addressing data bottlenecks with

enhanced memory utilization hardware and software through a startup firm known as Emu Solutions.

- Altapure, a Wisconsin-based company with production facilities in Elkhart, provides patented high-level sterilization and disinfection technology for health-care and food-processing facilities. They came to Innovation Park to use lab space 24/7 near their production facility to enhance and optimize their product.

- A Notre Dame MBA student is seeking to commercialize technology that uses solar energy to power portable devices like PDAs and cell phones. As co-founder of Unlimited Juice, CEO Landon Spitalnik chose Notre Dame because of the resources Innovation Park offered.

- Finally, a Notre Dame graduate and investor is the founder of the fourth tenant, Graham Allen Partners, a private holding company established to make investments in early-stage, high-growth businesses that locate in Innovation Park.

As a state-certified tech park, Innovation Park is helping companies take appropriate steps to successfully enter the marketplace. In the coming year, we will learn of other new companies and follow Innovation Park's growth as it refines and enhances its capability to deliver exceptional client service and support for its current and future portfolio of clients.

## **5. Higher education's impact on our local economy**

A reason for optimism in any year here is our concentration of higher-educational institutions. I want to point out several ways in which they impact our local economy.

- **Ivy Tech's growth:** As South Bend seeks to power a new economy, our workforce needs the tools to be part of that economy. That's why our Economic Development staff has worked with Ivy Tech Community College to help expand the school's campus along Sample Street. The City's Redevelopment Commission is acquiring key properties. Our staff is helping to relocate displaced businesses. Just last month, we moved forward with a plan to relocate the Habitat for Humanity Re-Store to the former Kroger Store at Ewing Avenue and Main Street. We also are in conversations with other Sample Street property owners. The college also wants to buy the former home to Brown Mackie College at Jefferson and Eddy streets. The three-story building could become a new home to Ivy Tech's School of Health Sciences. Ivy Tech's growth will help our residents gain the skills they need for jobs in a changing economy.

- **Brown Mackie relocates:** Brown Mackie College has moved to a new and larger location on nine acres off Douglas Road in South Bend. The new building covers 46,000 square

feet and includes six computer labs, more multimedia classrooms, a bigger library and a modern veterinary technology training facility. The site has room to expand. Brown Mackie's enrollment now stands at nearly 1,100 students.

• **Notre Dame's clean room:** Among Notre Dame's on-campus construction projects, the \$70-million, 142,000-square-foot Stinson-Remick Engineering building stands out. It includes an 11,800-square-foot clean room and Nanofabrication Facility. The first in the region, it will be a strong magnet for commercial enterprises. Designed for impact and sustainability, the building also houses Notre Dame's new Energy Center.

## **6. Bike the Bend**

On Sunday, May 23, bicyclists of all ages and abilities are invited to participate in the first Bike the Bend – a noncompetitive recreational ride through the streets and trails of South Bend and surrounding areas. The 30-mile route highlights our beautiful riverwalks, convenient bike lanes and scenic neighborhoods. The Louise Addicott and Georgina Joshi Foundation is sponsoring the ride to help promote our area's assets. Local bicycle groups are providing logistical support. Registration begins later this month at [BiketheBend.com](http://BiketheBend.com)

## **7. Major road and sewer projects funded by the federal stimulus**

The American Recovery and Reinvestment Act of 2009 will create private construction jobs in South Bend in 2010. The City is receiving \$1.9 million in grants and \$2.7 million in low-interest loans to support wastewater projects, including the full deployment of CSOnet, as well as green solutions to reduce flooding and basement backups. Another \$800,000 will support water projects like replacement of the roof on our North Station reservoir and elements of our master plan to create a pressure zone for water distribution on the south side. The most visible share is for road projects that have been bid by the State and are ready to begin this spring. \$2.8 million will complete more than nine miles of road resurfacing and will impact major arteries, including significant segments of Lincolnway West, Main Street, Portage Avenue and Ireland Road. Three intersections – Angela at North Shore, Sample at Mayflower, and Ewing at Fellows – will also receive new traffic signals.

## **8. Implementation of our Energy Efficiency and Conservation Strategy**

More than \$1 million in stimulus funding will enable us to implement top priorities in the city's Energy Efficiency and Conservation Strategy. After significant analysis, our Green Ribbon Commission has recommended three key projects:

- First, we will conduct energy audits of municipal buildings. The goal is to achieve a minimum of a 10 percent reduction in energy consumption.

- Second, we will study the busiest South Bend intersections and optimize traffic signals for those with the most congestion. This reduces engine idling and cuts both fuel consumption and carbon-dioxide emissions. Over the next two years, we will post recommended speeds to let drivers know the optimum speed to continue through all green lights. We expect the driving public in the city to save more than 1.2 million gallons of gas with a corresponding reduction in greenhouse-gas emissions. At the same time, we will optimize routes for City fleets, including street-sweeping, snow-plowing and trash collection. We anticipate decreasing CO2 output by 5 percent.

- Third, we will update the feasibility study for generating hydroelectric power at the Century Center dam. The St. Joseph River powered this City's industrial growth. We would like to tap into its energy-producing capacity again today. The 1.8-megawatt energy generator would offset the equivalent of more than 10 million kilowatt hours per year of carbon emissions. It has a tremendous potential for renewable, clean-energy benefits over its 40-year service life and illustrates South Bend's commitment to finding green solutions.

## **9. University partnerships for community development**

The City's commitment to the transformation of the former Engman Natatorium into the Indiana University South Bend Civil Rights Heritage Center is much more than just another construction project. It is recognition of a shameful past and symbol of hope for a better future. Opened in 1922 as a public facility, the Natatorium was not open to African Americans. Decades of struggle finally brought victory. Now, more than 30 years after closing, the Natatorium will become a human-rights hallmark on "Museum Row." Where waters of affliction once welled up from a pool, a tranquil Peace Garden will inspire reflection. Where children once were barred from activities, they will find a gateway to new learning. Where dialogue once broke down, people will sit and reason together. We will celebrate the local civil rights heroes who marched before us. In 2009, IU South Bend and the South Bend Heritage Foundation received a Human Rights Awareness Award for this project. When the Center has its grand opening May 23, it will proclaim that – as a city – we shall overcome.

Just across Washington Street, another renewed facility will expand our horizons. Vacant since 2003, the former Hansel Center will be renovated in 2010 to become the University of

Notre Dame's new Center for Arts and Culture and home to the Institute for Latino Studies. Several visual arts programs will find their home in the center, including a fine arts print studio, a visiting artist residency program, gallery space, and studio space for visiting artists, faculty, and students. These centers ground us in history and enrich our lives.

#### **10. City's bond rating is up, construction costs are down**

Despite the economic crisis, we have just received good news that the bond rating for the City of South Bend has improved. We are refinancing a 2001 bond on the Street Department garage to take advantage of lower interest rates. During the review Standard & Poor's upgraded the City's bond rating from A+ to AA-. This rating increase demonstrates the City's financial stability and creditworthiness and helps us secure better interest rates on projects. It will help us save nearly \$1 million in interest over the remaining term of the loan. Another plus as we plan for major projects is that the highly competitive bidding climate has resulted in more favorable prices on construction projects. This is helping our tax dollars go further.

### **10 BIG ideas for 2010 and beyond**

#### **1. South Bend's research-powered economy**

The Great Recession has driven home the point that the world's economy is changing. Many lost jobs will not be coming back, but they can be replaced by new investment powered by research and innovation. With several key initiatives under way, South Bend is well positioned to be a leader in powering this new economy.

One area that holds great promise is the Midwest Institute for Nanoelectronics Discovery. MIND researchers had a productive 2009 marked by the prototyping of several new electronic switches intended to dramatically improve the energy-efficiency of computers. This team is leading the exploration of computing architectures that will effectively use the new device technologies. An industry leader said this research was one of MIND's most important and unique activities.

Notre Dame is on track for a record-setting year for receiving external research awards. The University supplements those outside dollars with their own resources to spur additional research on campus. In December, Notre Dame announced another round of multi-million dollar internal awards. Two initiatives stand out. An Energy Sustainability Initiative will focus on techniques for creating transportation fuels, clean coal, and safer nuclear and solar power. The Notre Dame Environment Change Initiative will investigate invasive species, Great Lakes clean-

up and adaptation to climate change. A prototype instrument, based on Notre Dame patents, can detect the presence of DNA in water. It was used to help determine how far Asian carp have advanced toward Lake Michigan. Both areas of research will attract keen interest from local and national companies.

Project Future has been working with Notre Dame to conduct a review of University research based on two criteria: What has the best prospect for commercialization success? What is the likelihood that a technology's product development will take root here? These are key questions as we work to create a support network that will encourage entrepreneurs to start and keep their businesses in South Bend. We can no longer rely on private industry to create the patents that support new jobs. University research will drive new investment. We are fortunate to have Notre Dame's commitment to top level research as a stimulus for our economy.

## **2. Moving forward with Ignition Park**

A key component of our support network for commercialization of research is Ignition Park. Having this sister site to Innovation Park provides a seamless transition from early-stage development to expanded production space. But established high-tech companies may also come directly to Ignition Park. Our business plan must be flexible and effective to support these ventures. With demolition of the last two Studebaker buildings on the site soon to begin (the businesses are relocating to other sites in the city), we are looking at the possibility to expand the park from 83 acres to as much as 140 acres. We are also fostering compatible development nearby through creation of overlay zoning that will regulate uses and landscaping.

During 2010, we will make critical decisions about the future of Ignition Park. Should the City operate the tech park directly or work with a partner to develop and manage the campus? How will we best invest \$50 million committed to support commercialization efforts growing out of MIND and Innovation Park? Should the City build the first multi-tenant facility in Ignition Park? Or should we provide enhancements such as a clean room or rapid prototyping equipment? As the new Transpo facility becomes the first building to open in Ignition Park, we want to see other investment and jobs follow quickly. We are working with our partners to put the best plan in place to make that happen.

## **3. Ready to grow with plans for development**

Good planning brings smart growth. We have created development plans for areas with strong potential for private investment when the economy rebounds. These master plans provide

a map for the City's growth so that developers can see where their projects fit in the mix. We are acquiring parcels and clearing structures to assemble land that will attract developers to four target areas: LaSalle Square, the East Bank Village, the Howard Park neighborhood and downtown, including the land around Coveleski Stadium. We are in discussion about potential projects in each of these areas and expect to see significant momentum in the next few years.

#### **4. Eddy Knolls**

Next to Eddy Street Commons, we are creating a new neighborhood – Eddy Knolls. With the Northeast Neighborhood Revitalization Organization and South Bend Heritage Foundation the City has acquired property where construction can begin this year on 55 single-family homes. To preserve diversity in the neighborhood, 30 percent of these homes will be sold to low- and moderate-income families. Potential buyers are already lining up.

#### **5. A new St. Joseph High School**

With the blessing of Bishop D'Arcy to pursue construction of a new high school in downtown South Bend, St. Joseph High School supporters are raising pledges to complete a \$35.5 million campaign by June 2011. St. Joseph Regional Medical Center will donate the 38-acre site after the hospital demolition is completed. The City is exploring ways to support this exciting development. We believe it will stimulate new housing construction and strengthen nearby neighborhoods, and foster connections between Eddy Street Commons, the East Bank Village and downtown.

#### **6. Paving the way for development**

Several long-awaited major road projects are closer to reality. This Thursday, the State will conduct an informational meeting at Perley School to review plans to widen State Road 23 and reconfigure the "Five Points" intersection. Construction is scheduled to be completed by 2012. South Bend will add a landscaped greenway with multipurpose trail and decorative streetlights to enhance this entry to our city. On a slightly longer timetable, the state is moving forward with plans to upgrade and realign U.S. 31. A new bypass around Kokomo should be completed in 2013 and the section from Plymouth to South Bend is already under way and the phase north of Roosevelt Road will be under construction in 2013 and 2014. Finally, we have applied for a federal grant to build an interchange on U.S. 31 at Adams Road to support development in Portage Prairie. Each of these major projects will enhance our transportation network and spur new development.

## **7. Connecting to High-Speed Rail**

The State's preferred route for high-speed rail through northern Indiana bypasses South Bend, Mishawaka, Elkhart and Goshen. It was based on an either-South-Bend-or-Fort-Wayne analysis. We believe that both communities should be included, connecting our major population centers. Since the first wave of federal funding did not include Chicago to Cleveland, we have time to continue lobbying for a hybrid route. With South Bend becoming a Midwestern hub of high-tech research and Elkhart a potential center for electric cars, northern Indiana would be ill-served if High-Speed Rail were to bypass these growth clusters. Together with the private sector, we will continue to make the case for a high-tech corridor which connects Fort Wayne and Warsaw's orthopedics industry to our technology parks and the IU School of Medicine in South Bend with Chicago and the rest of the regional economy via high speed rail.

## **8. A streetcar named Inspire**

With support from several groups, Transpo is exploring the opportunity for federal grants to construct a fixed-rail streetcar route that would connect our two-site technology park and link the University of Notre Dame with downtown South Bend. This project would use state-of-the-art, fuel-efficient, hybrid streetcars to enhance our transportation system. Across the nation streetcars are have become popular attractions. Transit-related development near rail stops along the route increases when fixed-rail systems are implemented.

## **9. Funding economic development**

As we face the challenges of tax caps and the recession, it is critical that we continue to invest in economic-development initiatives. Streamlining government will not be enough. We must build partnerships to increase jobs and grow our tax base. We must invest in infrastructure and make it easy for private investors to choose South Bend. The City needs resources to help spur economic development. Our primary resource is Tax Increment Financing. TIF has facilitated many of the projects I've highlighted tonight. It has been key to economic growth in our airport area and the renaissance of downtown. It is vital to transforming our local economy, supporting research at Ignition Park and capturing new jobs from MIND and Innovation Park.

We have also used TIF to provide General Fund budget relief as we adjust to declining revenues. TIF funds bonds for police and fire department facilities, capital improvements at the Cove, and the new animal control shelter. State law permits these expenditures, which augment

our ability to do major projects. Nevertheless, we must be judicious in diverting TIF dollars. Our big ideas can become reality only when we maintain this resource for economic development.

#### **10. Applying for Google's experimental fiber network**

Last week, Google announced plans to build and test an ultra-high-speed broadband network in one or more trial locations, serving between 50,000 and 500,000 people. I quickly instructed our staff to work with partners in the region to develop an application by the March 26 deadline. Google's goal is a faster broadband network, fully open to other companies wanting to offer Internet service. That approach is similar to what we've created locally in our high-speed data network, the St. Joe Valley Metronet. South Bend became the nation's first city to create a secure network in the steel-encased conduit of a traffic-signal network. This 50-mile loop of fiber-optic cable already connects dozens of South Bend area businesses, medical facilities and colleges. Founded by a public-private partnership, the Metronet offers unlimited bandwidth. Because it's carrier-neutral, it has brought down the price of broadband to a fraction of its previous cost. Not only does this put South Bend on a level playing field with much larger cities, but it also gives us significant advantages for data connectivity. We believe the Metronet will give us a competitive edge as Google evaluates communities.

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Big ideas can provide big change for South Bend. Are we up to the challenge?

The economist John Maynard Keynes said, "The difficulty lies not in the new ideas, but in escaping from the old ones." This is a crucial challenge facing our community. It is difficult to let go of Studebaker even when we are excited by new economic opportunities. It is difficult to let go of existing programs to find the financial resources for new innovation. It is difficult to be open to doing our jobs in new ways in order to enhance customer service. It is difficult. But it is doable.

The prospect of change can be unsettling. But change we must. Someone once said, "To the fearful, change is threatening because it means things may get worse. To the hopeful, it is encouraging because things may get better."

Let us approach change with confidence, to find inspiration in potential, and to accept the challenge to make things better. Thank you.