

State of the City - 2009

When you start to put together a statement like this, you look at the last State of the City message, walk through downtown, drive through the City, collect all departments' year-end reports, remember what you stand for, what you believe in and why you are here, what commitments you made, and what is your platform; what was so important before HB 1001, and the economic downturn and what drives your thoughts today.

When I began my journey to become your Mayor more than two years ago, no one could have foretold the economic challenges we now face. Someone recently asked me if had I known ahead of time what was in store for our City, would I have sought the Office of Mayor. I tell you without hesitation there is no place I would rather be than right here standing shoulder to shoulder with the citizens of Elkhart and our administrative team. We will meet these challenges head on and overcome them one by one. We must remember what we stand for, what we believe in and why we are here, who we are, what do we have to offer and what do we want to be. We are Elkhart Indiana, the City with a heart, a City with a spirit and a history of resiliency. We will not be deterred no matter what challenges we face.

We hit the ground running facing many challenges, some inherited and some unforeseen. Recognizing what would be needed to bring funding back to our City through the President's Stimulus bill, I went to Washington just one day after our new President was sworn in. We met with our congressional delegation, and we made our needs known. We got in line if indeed there would be funding. It was a step in the right direction and we have received notice that nearly \$9 million dollars is already headed

for various organizations in Elkhart County. We will continue to run and work as hard as possible to get our citizens back to work. We will continue to improve our City, making it a good place for us and an attraction to others.

Let it be understood that I do not stand alone and I must recognize the people who make up the current administration, who, with our dedicated employees, deliver essential City services every day. They understand the times we are living in and have indeed found more ways to become efficient and have been able to do more with less.

Now I am very proud to share with you some facts about some of our departments. The full departments' report will be made available on our web site.

Building and Code Enforcement

This past year has seen a reduction in new construction, both in residential and commercial areas. The past year did see an increase in the number of residential and commercial permits taken out for remodeling. One of the biggest commercial projects for 2008 was the Roosevelt Center.

Code Enforcement saw a drop in fines in 2008, as we are working with the property owners and not against them in getting these properties up to code.

There were seven structures demolished last year under the Unsafe Building Law. We will do nineteen under this law in 2009. Last year, the Common Council of the City of Elkhart passed a Clean Air Ordinance regulating smoking in public buildings. On May 15, 2009, the exemptions will run out and the entire City will be smoke free.

Buildings and Grounds Department

This division's primary responsibility is to provide and maintain all park areas, trails, medians, green space and recreational facilities in the most functional, attractive,

clean, sanitary and safe condition as possible. This can mean assisting with maintenance and repairs to all City-owned property.

In 2008, we removed approximately 253 trees, trimmed approximately 811 and planted 480 trees along City streets.

We spent over 2,500 hours on weekly brush pick-up. We are recognized as a Tree City by the National Arbor Day Foundation. It is our goal to plant two trees for every one removed.

Cemetery Department

The Elkhart City Cemetery Department was reestablished as an independent City Department in 2008. The results were immediate and overwhelmingly positive. All three cemeteries once again began to receive the daily care and maintenance that had been lacking in the past. Lot sales, perpetual care, burials, bronze sales, foundations, columbarium sales and service fees resulted in generated revenues of \$284,026.00.

Communications Center

The Communications Center handled 93,953 calls for service in 2008. In the past 10 years, the Communications Center has handled an average of 94,511 dispatched calls for service per year.

In 2008, new CAD computers were installed in the Communications Center to replace obsolete ones.

As we move forward into 2009, we will continue to work on projects that will enhance the Operations of the Communications Center.

Community and Redevelopment Department

In 2008 the City of Elkhart assisted in neighborhood restoration in many ways.

In 2008, the City utilized CDBG funds to pay for one full time code enforcement officer. The City of Elkhart entered into eight sub-recipient agreements with local not-for-profit agencies to provide services to meet the needs of our residents. Some of these programs leveraged nearly \$1,384,000 in program services for our community.

Neighborhood Associations

Like every community in our nation, neighborhoods in the City of Elkhart were impacted greatly by the economic downturn in 2008. Job losses and the ongoing credit crunch made it more difficult for many families to stay in their homes and, in some cases, ultimately forced people to leave their homes. Amid the chaos, neighborhood associations can prove to be somewhat of a stabilizing force in our community. It is in times of trouble and common need when groups of neighbors working together can achieve positive, often unexpected outcomes. Elkhart is fortunate to have nearly two dozen neighborhood associations. The goal in 2009 is to increase the number of neighborhood associations. I will continue to meet with the Congress of Neighborhoods on a regular basis and continue to offer the services of all departments in making our neighborhoods better places to live. The City believes wholeheartedly that neighborhood associations are the building blocks of the community.

Controller's Office

The most prominent influence on the fiscal state of the City of Elkhart in 2008 was the failure of timely tax disbursements in both the June and December settlement of property tax to the City. The absence of these revenues resulted in an insufficient

cash balance in eight funds. The overall cash position of the City of Elkhart enabled the City Council to authorize the internal transfer of money from funds with a surplus to funds with a deficit and thereby avoid incurring interest expenses associated with tax anticipation warrants. We did not have to borrow and pay interest on the loan. Interest earnings were also adversely impacted by general economic conditions and falling interest rates. If the disbursement of tax collections had not been delayed, the City's cash balance on December 31, 2008 should have been \$75,197,592 instead of \$61 million. As those tax disbursements come in during the first part of 2009, most of that will be made up.

One hundred sixty four (164) of the City's one hundred sixty six (166) funds maintained a positive cash balance at the end of the year. For the most part, receipts for other miscellaneous revenues were on target with our projections.

Excluding the water and wastewater utility bonds and the tax increment financing district bonds, the City had long term debt in the amount of \$4,005,000 aggregated among three revenue bonds on January 1, 2008. Principal and interest in the amount of \$1,517,590 was paid during the year, and one bond was completely retired. Outstanding debt on the remaining two bonds was \$2,630,000 on December 31, 2008.

One of the remaining bonds will be retired in January of 2010 and a new bond approved by the State of Indiana will be issued in late 2009 or early 2010 in the amount of \$10,500,000 to fund the Elco Theater Renovation Project. The last of the three civil City bonds outstanding in 2008 will be retired in 2011.

Economic Development Department

2008 proved to be a challenging year in the area of economic development. The overall slowdown in both the national and global economies had a significant impact on Elkhart. However, Elkhart did see new development in 2008.

- A \$24 million expansion at KIK Custom Products that is planned to generate 191 new jobs
- A new 117,000 square foot Lowe's store along County Road 6
- The grand opening of a brand new 95 room Hilton Garden Inn at North Pointe
- The addition of Mad Anthony's Brew Pub
- Work began on the renovation of the former Chalker's Billiards into a new full service restaurant that is called the 523 Tap & Grill.
- The planned renovation of the Elco Theater into the Lerner Theater moved forward and has an anticipated start date of April 2009.
- In December, Inter-Cambio Express purchased the former Banks Corporate Office building located at 426 North Main Street. This building was only at approximately 25% occupancy. This acquisition will result in the relocation of a minimum of 35 new jobs into Elkhart with the possibility of 35 more.
- Late in 2008, the City annexed numerous parcels at the intersection of SR 19 and CR 4. This was for the planned construction of a brand new 67,000 sq. ft. of retail which will include a Martin's store along with additional retail space. This intersection also saw the construction of a new CVS and Walgreen's during 2008. You will often hear that we have enough drug stores but my reply is that they pay taxes.

Elco Performing Arts Center

The ELCO had a very good year in 2008 doubling the gross revenue and increasing the number of events by 14%.

During the renovation, in-house theatre performances will be held at the National New York Central Railroad Museum, the Essenhaus, and American Countryside. Many community leaders are involved in the efforts to ensure that the final outcome will provide a facility, services, and community involvement opportunities of which the City and its residents will be proud.

Fire Department

We are currently at full staff with 124 sworn firefighters. The four additional firefighters I requested were granted by the Council, allowing us to put a Fire unit and Medic unit back in service.

In 2008, we changed where the ambulances were located around the City. For the past 20 years, the ambulance had been stationed at Central Fire Station and ran from the center of downtown to the outer boundaries. This has reduced response times for advanced life support care to the south side of Elkhart by over 30 seconds. Other run times will be reduced when the Johnson Street Bridge is completed and we adjust the territories.

The citizens can rest well at night knowing that the City of Elkhart has some of the best paramedics in the nation, and Medic Units are closer to home in many cases. A perfect scenario is to have a medic unit in every outlying station.

The City provided materials, and the fire fighters of local 338 IAFF went to work to remedy a bad situation at Station 6. The Firefighters saved the citizens over \$20,000

in labor cost. We had three major repairs to fire apparatus in 2008. Not satisfied with the share of the costs that the manufacturer (who constructed the units) offered, we negotiated it down by another \$30,000 dollars.

We purchased one new piece of fire apparatus in 2008, a 2008 Rosenbougher Crash Fire Rescue truck, a specialty-designed truck for the airport. This was purchased with help of a \$150,000 F.A.A. grant.

The Elkhart Fire Department responded to 9,894 emergency calls in 2008. This is an increase of 24%.

Grants Management

13 out of 18 grant applications written were funded in 2008. In fact, several were funded with the highest amount awarded to any governmental unit in the State of Indiana. The total received was actually \$752,000 which allowed us to purchase two new fire engines, a new bomb truck, and bomb suits; replace all of our bulletproof vests over a three-year period; assess the current state of the museum; and create a strategic plan and purchase software that will allow the forester to update the public tree inventory.

With the state of our economy at all levels, outside funding will be more crucial than ever before.

Human Relations Department

2008 was a very busy and important year for Human Relations. We celebrated the 40th anniversary of the Federal Fair Housing Act which was passed into law the same year as the tragic assassination of Dr. Martin Luther King, Jr.

The Human Relations Commission provided various training throughout the City in the areas of housing and employment and included Elkhart County government. The spring was a bit trying because the City was faced with a hate crime that drew comments and tremendous concerns from local residents as well as from the nation. The administration reacted swiftly and diligently by working with the U.S. Department of Justice and the Federal Bureau of Investigations. The FBI has not concluded their investigation; however, during that period of turmoil, the Commission and the Administration took the lead to resolve the incident. Work is continuously being done to develop a mechanism for tracking/reporting crimes like this, as well as advocating State officials to pass a Hate Crimes Bill for Indiana.

Human Resources

Year 2008 posed specific challenges for the City of Elkhart Human Resources Department (HR). To meet my request, HR put a conservative tactical strategy in place.

HR is a department that serves those who directly serve the Elkhart community. It is their function to provide the taxpayers of Elkhart with a strong workforce that is effective and dedicated in providing the community with the essential services necessary to exist within our society. Our human resources are our finest asset, our largest expense, and our greatest liability. For this reason the job of the Human Resources Department is to be the essential hub that pulls together a diversely talented employee group in order to achieve the goals of the City of Elkhart Government in serving its citizens.

Parks and Recreation Department

A newly renovated, heated Pierre Moran Pool with pump house, reopened in 2008. Walker Park, the most active passive park, enjoyed by thousands of walkers yearly, sports a new swing-set playground pod thanks to a donation given by the Osolo Township Trustee Board.

Installation of the newest and largest playground was completed during the summer for children to enjoy at Tolson Center. A community garden site was established with partners from Elkhart General Hospital and Elkhart County Health Department personnel on the south side of Tolson Center. Second graders from Roosevelt Elementary School participated in the grand opening and dedication. Community members planted vegetables and flowers for their use and enjoyment.

Sims Oak Hills Golf Course hosted more outings than in previous years. Final payment of the 5-year lease-to-own golf car agreement was made in December. A preseason sale of 106 memberships will start out the 2009 golfing season. Maintenance and customer service continues to be number #1 with all staff members.

The second Sister City Park, Kardjhali Park, was identified and dedicated along NIBCO Parkway, just adjacent to the east bank of the Riverwalk. Government representatives and residents from Kardjhali, Bulgaria came to Elkhart for its dedication on June 20.

The old Roosevelt Elementary Playground property has been added to the Department's parks inventory list. The City's quilt garden, an attraction underwritten by the Elkhart County Convention and Visitors Bureau, brought visitors by buses from afar

to Elkhart. Staff planted flowers in the quilt design known as the Maryland Star, a visual colorful display of many varieties of annuals.

Police Department

The Police Department took the following steps to invoke a positive change in day to day operations. In the area of noise, we have dedicated an officer whose sole purpose was to deal with the quality of life issues affecting citizens of our community. This patrol has seen an increase in effectiveness and is a self-generating fund with a year end balance of nearly \$132,000. A recent change in the ordinance makes this an alternate source of funding for police cars and other related equipment.

With the help of the officers re-assigned from the ICE unit, the department formed a Street Crime Unit. This unit's main focus is to make a positive difference in the lives of all citizens of the community by attacking those responsible for committing crimes. The unit has received 310 intelligence reports since its inception in May and closed 260 of these cases. The street crime unit currently has 66 open cases being investigated. The investigations dealing with quality of life issues have led to 85 arrests with the recovery of 11 firearms. In addition, the unit has effected the arrest of 42 persons for prostitution related crimes. The unit has also executed 8 search warrants, removing 41.99 grams of cocaine, 417.3 grams of marijuana, 4.5 grams of methamphetamine, 52 doses of Xanax, and 38 doses of Ecstasy from the streets. Another area of focus for the Street Crime Unit is to deal with an extremely high volume of pseudoephedrine purchases within the City limits. Training has made our patrol officers much more aware of this type of drug activity as they respond to various calls for service and traffic stops.

With the addition of 11 officers and the implementation of new technology, we have increased our ability to effectively patrol the streets keeping officers in our neighborhoods. Having these marked cars in our neighborhoods aids in the reduction of crime due to mere presence alone. Recently Officer Tim Freel while off duty apprehended two bank robbers before the crime was reported. Relieving some of our officers from other duties and hiring five additional officers to assist in the reduction of crime within our neighborhoods is starting to show some results.

Upon review of our crime statistics, it shows the department's calls for service went down by 1,365 when compared with 2007. Robberies in the City declined by 20%, assaults by 31%, burglaries by 17%, and motor vehicle thefts by 41%. There was one more homicide in 2008 than in 2007, and violence against women increased.

In summary, the realignment of the Elkhart Police Department command staff utilizing and seeking other department members' input has helped to recognize, strategize and implement actions into dealing with the very important issue of crime in our City. The statistics support the fact that we are making progress in making Elkhart a safer City. We have just begun.

Public Works and Utilities

While the engineering staff does much more than just complete projects, I would like to list four significant projects that either solved long standing issues or exceed everyone's expectations this year.

The first project had to be the Main Street Streetscape Phase II Project. The designers, inspectors, engineers, and construction managers with the contractor managed to thread the needle on this project. The City imposed a nearly impossible

time table around our Jazz Festival and Sesquicentennial celebration, and the contractor pulled out all the stops to meet our needs.

The second project, the Bent Oak/Old Farms Drainage remediation also stood out as a big success. But, we are still waiting for the spring thaws to close the project out completely.

Project number three was the Digital Archive System for engineering records.

Lastly, is the CSO Long Term Control Plan. For three years, the City has been engaged in hard negotiations to reach a mutually acceptable plan to mitigate the affects of the City's Combined Sewer System on the environment. The federally-mandated plan will eventually eliminate most of the sewage overflow into our streams during heavy rainfall. The City has re-engaged in a public participation effort that involved re-creating its former Citizen's Advisory Committee. The anticipated costs over the next 25 years could exceed \$134 million dollars. We have requested funding for some of the projects through the President's Stimulus Program.

Other projects for 2009 include Hively Avenue Reconstruction, Railroad Depot Rehabilitation, Riverwalk Erosion Repair, Burton upon Trent Erosion Repair, and NIPSCO remediation along Waterfall Drive. We have requested a congressional appropriation and are moving forward with property acquisition for the Prairie Street Overpass, which is estimated at \$34 million dollars. Currently under design or designed and awaiting funding for construction are the Northeast Elevated Storage Tank, the Beardsley CSO Basins Study, and the Nappanee St. Pedestrian Overpass. The Blazer Boulevard Retaining Wall has been approved and funding has been appropriated by the Common Council.

In 2008, approximately 16,500 feet of water main and 11,300 feet of sewer were installed. All in all, approximately \$1,800,000 worth of infrastructure was added to the City in 2008. 15 projects were completed in 2008, several of them designed by our engineering staff and funded by the sewer extension fund.

There is so much more to say of the work done by our Public Utility Department but it will take another time to do it.

Water Utility

The Water Utility had an outstanding year, distributing 3.3 billion gallons of safe, clean drinking water through 346 miles of water mains to nearly 50,000 customers. The processing of utility bills brought in house this past year allowed for increased efficiencies in reading of meters and processing customer requests while saving the rate payers over \$50,000 per year.

Wastewater Utility

The Wastewater Utility also had another great year treating 7.2 billion gallons of wastewater that was collected through a collection systems consisting of 314 miles of sewers. Over 32 miles of sewers were cleaned.

Curbside Trash and Recycling

The success of providing carted services to the residents of Elkhart continues to grow. 13,506 tons of trash were collected from the residents of Elkhart, and a more impressive figure of 1,210 tons of recyclable materials were collected, reducing the strain on manufacturing of raw materials and extending the life of our land fills. We must place more emphasis on recycling and have looked into a carted service to provide that service also. It would do away with sorting, making the program more user friendly and

hopefully increase participation. As property taxes are collected, each residential unit was paying \$11.20 per month for the collection of trash. HB 1001 required the City to operate on less property tax money, and the tax money to pay for the trash was eliminated from the tax levy. However because of an unexpected lower increase in our health insurance premiums, the City can handle the trash bill in 2009.

Environmental Division

Our Environmental Division organized the removal of over 2.7 tons of trash from the Elkhart and St. Joseph Rivers. River Clean-Ups, EnviroFest and other programs would not have been possible without the help of volunteers logging nearly 3,400 volunteer hours. In joining forces with our Aquatics program, we educated over 6,500 children and students at the Environmental Center and in classrooms. Over 5,200 participants attended a variety of environmental education programs at the Environmental Center and along the banks of our Elkhart and St. Joseph Rivers and an additional 5,000 visitors came to the Environmental Center. These are the kind of benefits you cannot put in a calculator.

Street Department

This last year 2008 we milled our streets and then laid 28,629 tons of asphalt, an increase of 52% over 2007. We repaired numerous concrete street areas, graded more than 18 miles of alleys, poured \$50,000.00 worth of sidewalks for the Mayor's school program and replaced sidewalks with another \$70,000.00 in the Planning and Development program. We continued soil stabilization and dust control over all graded alleys and made and used 600 tons of cold patch for pot holes and utility patches. Sweeping more often including in the winter with more and newer sweepers, we swept

over 13,914 miles and picked up over 12,440 cubic yards of debris. We have picked up approximately 45,000 cubic yards of leaves this past year. All of these accomplishments required additional equipment and personnel. You cannot maintain this City without both.

The increase in staff has led to better streets during the winter months, both at night and during the day, more sweeping during the year, more paving, street maintenance, and sidewalk repair.

With more supervision, we have turned out more and better quality work. With new equipment, we have less down time and more efficiency. Our new plow trucks are computer calibrated, for more efficient material usage, saving the City money.

My Turn

Just 14 months ago, I took office with certain commitments as to how I was going to manage our City. 14 months ago the unemployment rate was 4.5% and the revenue from property taxes was stable. Today the unemployment rate is at 18%, and we must operate our City with \$6.6 million dollars less in tax revenue. I will not be able to do everything I wanted to do.

So, let's start by taking a look back for a moment or two. We promised not to bankrupt our City with unnecessary bonding, and we said tax phase-in must be the exception and never the rule. We have complied to the extent that we could. We did, however, grant tax phase-in to KIK in exchange for 200 additional jobs. We did agree to work with Intercambio Express in their effort to purchase the Bank's Building bringing 70 jobs in downtown Elkhart with 35 of them being high tech jobs. And in early 2009, I approved and the Council agreed to a tax phase-in bringing 15 to 25 more jobs into

Elkhart. With the job crunch we are in, we could not in good conscience turn down any jobs.

You told us that it was time to stop giving away the taxpayers' money, and we listened. We now offer only low-interest loans for redevelopment in downtown Elkhart instead of forgivable loans, making the deal as good for the taxpayers as it does the recipients. We turned down a request to cosign for \$4 million dollars to keep a local industry here that had a similar offer in Michigan. I want them to stay just because Elkhart had been good for them and they have been good for Elkhart. But I could not put the taxpayers at risk for \$4 million dollars should the project fail. While I would prefer normal channels for borrowing money, we are prepared to offer low-interest loans for continued downtown redevelopment. We will consider all requests one at a time.

January 1, 2008, we woke up to the inherited problems of a mega shredder being an annoyance and \$600,000 in debt to HUD should two projects fail due to the failure of Elkhart Housing Partnership.

We divested ourselves of the two buildings, thereby relieving the taxpayers of the obligation to pay back the \$600,000 to HUD.

I promised not to take our City and reach for unreachable goals. I promised to do more with our neighborhood association agenda, to fight crime, and diligently work on economic development. We have started.

We conducted our first Economic Development Summit and attended enlightening demonstrations on nano technology. I am personally inviting business and industry across the country to come and take a look at us. We must be sure that when they get here they see something they like. They must see a clean, safe and quiet City.

They must see a City that provides not only a way of making a living and providing public safety but also understands the importance of providing outlets for entertainment and relaxation. We cannot discuss quality of life issues without our theatre, our beach, our ice rink, our splash park, our swimming pool, golf course and museum. These are all a part of the American way of life and cannot be ignored. These things we must provide for our people at a ticket price they can afford.

We will apply for the stimulus dollars as they become available. Currently, our stimulus package totals over \$92 million dollars. It is an un-prioritized list of shovel-ready Public Works projects. None of these are cast in stone. Some may stay and some may be removed and replaced by others. But they are projects that we must do, have to do, some mandated and unfunded. No pie in the sky and no pork.

We have studied code enforcement and zoning ordinances. We find them to be too tough in some areas and too light in other areas. We amended our noise ordinance, and rental registration ordinance and are currently completing a study of our ambulance billing ordinance. Amending our ordinances is part of the plan to make Elkhart a kinder, gentler City and to make it easier to do business here. The amendments to the rental registration program were done to treat property managers more fairly, but those that ignore the law continue to ignore the law. With respect to the ambulance fee collections, we found some problems that have been corrected and look for more revenues to be forthcoming in the future. Our goal is to someday bring the billing back to the City.

We recognize after one year there is a lot that needs to be done. But in the words of Tennessee Ernie Ford, "Someone has put a hitch in our git along, a chink in our armor." It is called House Bill 1001 and the economic downturn.

As previously stated we added four firefighters that resulted in an ambulance and a fire engine being placed back into service. While I placed great emphasis on crime, noise, code enforcement and neighborhood associations and the elimination of the hydrant tax and bringing back the Air show and go-karts, we are not there yet. It was easy to envision in a pre-House Bill 1001, good economic period of time, but in a post-House Bill 1001 and the economic downturn period of time we are living with reality.

We must continue to provide the basic and essential services and the programs that make us a great and attractive City with \$6.6 million dollars less in 2010. Everything is on the table. We are moving the pieces around everyday. The question is what stays and what may have to go. To the extent that everything is on the table and every expenditure is in jeopardy, we have notified organizations and programs that we have been funding that their funding may be cut off or reduced. We send thousands out of our funds to various organizations. In addition to that, we must fund the taxpayers' operation. Everything we do adds up to a cost of millions of dollars. In 2008, our budget was \$57 million plus. In 2009, we reduced the operating budget to \$55 million. Yet, as mentioned, by 2010 we are looking at a total necessary reduction of \$6.6 million dollars. And we will do it. And we will do it without diminishing the basic and essential services or closing the programs or departments. We will not shut down preventative maintenance. We will do it by becoming extremely conservative, by recognizing that

traditional sources of funding can no longer be depended upon such as the tax-supported general fund.

There seems to be a misconception that doing what we have to do should be done by diminishing the work force, reducing the pay, taking away longevity and specialty benefits. Some think that because others have been laid off that the City should do the same. We regret the high unemployment very much and that cities and towns do not have available agencies or funds to help. The jobs went away when sales slumped. Our job is serving the public, and it never goes away. Our eye is on the creation of jobs, not doing away with them. Obviously, a regrettable thing has happened. Fuel prices went through the roof, and the ability to borrow for your wants and needs went into the cellar. Several thousands of people lost their jobs - several thousand who no longer can have their wants and can hardly provide for their needs without assistance. When their spending power is reduced in this manner, they are no longer able to buy the products produced by others. So others no longer have jobs because their products are no longer in demand. The unemployed pay no sales tax. The unemployed pay no income tax and probably won't be able to pay their property tax. Many have to rely on help from their government. But you don't help them by taking away the spending power of 600 plus employees. By employing people in our local government, we are indeed our own local stimulus program. By keeping our employees working, we add a great deal to the local economy. The intention of this administration is to keep it there. Our job is to assist those who have lost their jobs and you don't do that by adding to the problem. A category in the stimulus program addresses keeping the public sector employed.

We promised to be more responsive. We promised a kinder and gentler form of government. That includes the promise to be fair and supportive of our most valuable asset, our work force. I ask you to remember the state of the City before we put people in badly needed positions and compare it to the physical state of the City today. I ask you to remember the conditions of the streets and alleys. I ask you to remember when an ambulance and a fire engine stood idle. I ask you to remember when it was embarrassing to visit the cemetery. You have seen our City without the proper staffing and you can see it today as well. The proof is in the pudding.

This is a difficult time for all mayors in Indiana, but is much more difficult for those who have the same governing philosophy as I. I see myself as a service provider. I like the responsiveness that government can provide. I like addressing the concerns of the public and love it when we can do something for them. I do not need a lot of growth by annexation unless it is a great benefit to the taxpayers. I prefer taking what we have and making it better. I do not like rules and regulations that put us against them, government against the people. I want a cleaner, safer and quieter City. I want Elkhart to be an attraction to others who may be seeking a place to relocate. I want to continue my advocacy for working people. I don't want to establish fees that take the place of lost tax revenue.

As we faced falling revenue from property tax caps and the overall economic downturn, we explored alternative revenue sources as well as more cost effective ways to deliver services. We adopted cost-saving measures and continued to actively pursue potential efficiencies in the delivery of services.

In 2008, I initiated a plan to restructure the executive branch of Elkhart City government. A number of upper management positions were eliminated resulting in a savings in personnel and benefit costs.

I authorized an infusion of additional resources into essential public safety and transportation services such as Police, Fire, Communications, Street Departments, and Aviation. However, the timeline to execute the normal recruitment and selection process contributed to a reduction in the anticipated costs of these resources during the 2008 budget year with a substantial portion of the appropriation remaining unspent.

Early in the year, I established an austerity program and called upon City department heads to implement energy-saving measures and reduce operational costs such as travel, gas consumption, and the use of overtime and to prioritize needs versus wants. Expected to generate a budgetary savings of \$1.3 million, our department heads surpassed the projections with an impressive savings in operational costs.

By restructuring how assets are deployed in the delivery of services, with an emphasis on reducing resources allocated to upper management and positioning greater resources in direct delivery of services, combined with the austerity program and savings in administrative costs for health and liability insurance and workers compensation claims, in 2008 the City realized a reduction in operational costs of \$4,518,199. The proactive approach to manage the cost of City government puts the City of Elkhart in a stronger position to navigate the fiscal constraints imposed by property tax caps and falling revenues. We are looking into other sources for our health insurance which may result in a savings of an additional \$1.5 million dollars. There seems to be no downside to either the City or its employees to a policy we currently

have in mind. It appears we have walked the walk not just talked the talk. Our job in preparing the 2010 budget has been lightened, and, if everything comes together, imposing a trash fee on our households will not be necessary for 2010. I have always said I will ask for what I truly believe we need and will not ask for it when it is not needed. Had it passed when it looked like we needed it, we simply would not collect it or we would rescind it. However, we should not consider that it is gone forever. We must adjust for a time our purchasing ideology and find at every turn alternative financing. The noise ordinance fund that is the result of noise ordinance violations can now be used to purchase Police Department equipment including squad cars for example. Are there other revenues being generated that support only one program that could be better used to support more? We need to remove the earmarks from our fund ordinances, and so does the State of Indiana. We need to reduce our liability on the general fund supported by property tax dollars and, where absolutely necessary, adopt some fees to cover some of our costs. We cannot do the job with antiquated equipment so we must find ways to supplement the funding of the past and rely upon our new program on maintenance and vehicle purchases. We have placed this in the hands of the fleet manager. Our departments will indeed adjust to a different way of managing. We can do this without the loss of one job, without diminishing our services, and without giving away the store. We will continue to seek jobs and listen to anyone who feels that they can operate any one of our recreational facilities in a manner that will be profitable for them and the taxpayers. Let us keep in mind that our commitment is to offer affordable relaxation and entertainment. Our sourcing does not always get this done. They have to make a profit. We would like to break even but you cannot put the value of

the arts and entertainment and relaxation in a calculator. I am committed at this time not to give away the taxpayers' property. Some may say that we are not doing enough. But it is extremely difficult to try to find \$6.6 million dollars in lost revenue, have 1 in 6 unemployed, and dedicate remaining resources to a lot of other concerns. Economic development and redevelopment is not free. Once done totally at the expense of the developer, the taxpayers are now a part of the deal. And a big part of my job is protecting the taxpayer's pocket book. I cannot just think about the future for some. I must think about the future for all, and I must include those on the list of the unemployed. That is why I have spent so much time on the stimulus program. That is why I have appointed a stimulus committee. That is why we will research every lead that may bring a job. Economic development and redevelopment is certainly a part of creating much needed jobs but it must be an asset to our community and not a liability. It must bring more than it costs.

I read this morning that the Mayor will talk about the future, but the Mayor is a realist and recognizes the limitations that local government has. The City will continue to strive to do more to make Elkhart the place you want to live in, therefore making us an attraction to others. We will work with all local agencies and government jurisdictions in a combined regional economic development effort. We will reach out across the country by mail and by website inviting business and industry to come and take a look at us. We will talk to anyone that appears to have serious thoughts about relocating here, and we will consider their requests for incentives. We will create jobs with whatever stimulus money comes here and, if not earmarked, apply it towards those things creating the most jobs. We will work with successful bidders in an attempt to make sure that as

many of their jobs as possible go to local people. We will have to recognize those who have already invested here, employed people, raised their families, educated their kids and have been a valuable asset to this community. We need to do what we can to recognize their struggle in these difficult times and assist in any way we can. I am calling upon Elkhart to think locally, do locally, and buy locally. We must create new jobs but we must also protect the jobs we have.

We will continue to fund the Elkhart County Economic Development Corp. whose sole purpose is to assist employers with job retention, creation, and new business development. I have also been visiting area businesses with Chamber President Phil Penn to see what assistance the City can provide. I support Congressman Joe Donnelly's efforts to push for the implementation of the Manufactured Housing Loan Modernization Act of 2007. HUD will soon be implementing Joe's bill which will reinvigorate the FHA Title 1 loan program for manufactured homes which will help the manufactured housing industry by providing affordable home ownership options, as well as job opportunities.

Today our Washington legislative consultant Len Simon met with our administrative team to explain how we can work to leave no stone unturned when it comes to capitalizing on the availability of Stimulus dollars for our City.

Perhaps rather than dwelling on the difficult and changing times, we should look on it that we are simply entering into a new era. What is happening today is a wake up call that we can not continue on the same path as before. House Enrolled Act 1001 and the economic downturn will require that the stewardship over the people's business, properties and finances be even more diligent than ever before. Whether we're talking

about returning government to the people, or taking what we have and making it better and cleaner, safer and quieter, we will have far fewer resources than before. We must be creative enough to do more or at least the same with less. We can do it. "Failure is not an option." We must break away from the traditional ideas. It will require major adjustments for the City to continue as is and also do what is necessary for continued growth. To provide the basic essentials, including the arts, entertainment, and relaxation, will require creativity and more private sector participation. Some will say we could do away with many of them, but who wants to live in a City like that? How do you not provide these things and yet be an attraction to others and, therefore, an economic development draw. The old way is not the "in" way.

In closing, I want you to know that I like the job that I asked for and you gave me. Making decisions for the people, providing them with services and helping to get through difficult times is what I love to do. I look forward to our combined successes in the future. I look forward to working with the Council, all boards and commissions and community leaders in the best interest of those we serve. We have within our midst the energy, the intelligence and the will to take what some would say are the worst of times and turn it into the best of times. As I said, in January I went to Washington and returned saying help is on the way. Two weeks later the President came to us and backed that statement up and actually referenced a part of our stimulus program. He then shared with the nation the challenges we face right here in Elkhart, Indiana. He understands we are not looking for a handout just a hand up. In a personal conversation I invited him to come back. I said we would sit down over a cup of coffee and share our success stories, for that is where we are headed. The President agreed.