

Good afternoon. Thank you for attending the annual State of the City address and thank you to the Peoria Chamber of Commerce for providing this opportunity to review a challenging 2009 and preview 2010. I'd like to thank the Chamber Board Chairman Charlie Purcell for his leadership of the Board and also to PSA-Dewberry for sponsoring the luncheon again this year. There are several groups I would like to acknowledge before making my remarks: **(Please hold your applause until I recognize all)**

- I would like to recognize and thank my fellow council members in attendance today. They showed incredible resolve in facing a critical budget shortfall this year and they are to be commended for their hard work all year long. I'd also like to welcome our City Clerk Mary Haynes, City Treasurer Patrick Nichting and elected officials from the Township Joe Whalen and Bonnie Gavin.
- Please welcome our City Manager Scott Moore and members of our accomplished staff. The council could not have achieved a balanced budget without strong support from this team. I'll be mentioning more on some of their activities later. Also please welcome Scott's wife Tammy who is here for her first State of the City address. Welcome Tammy.
- I would like to recognize the elected officials and administrators from Peoria County who are with us today. We are fortunate to have a strong working relationship with County Board Chairman Tom O'Neill and County Administrator Patrick Ulrich. The associations forming between the City and the County will benefit all of our taxpayers as we look for additional areas we can work together.
- I'd like to acknowledge and welcome my fellow Mayors from our neighboring communities. We have worked together over the last 6 years like never before and I appreciate their willingness to work together as a region. Thank you to Mayors Gary Manier from Washington, Norm Durflinger from Morton, Dave Mingus from East Peoria, Rusty Dunn from Pekin and Jim Dillon from West Peoria.
- Please acknowledge everyone from our educational community who are with us today-- Teachers, administrators and school board members. The paramount concern in our

community, and most communities around the country, is our schools. Those responsible for educating our children and forming tomorrow's leaders cannot be thanked enough, but I ask you to express appreciation for the difficult and often thankless job they perform every day. And thank you to former Superintendent Ken Hinton for his many years of dedicated service to District 150 and our kids.

- I also need to recognize and thank Dr. Bill Collier for all his assistance the last several years as my Education Liaison. Having a career educator and administrator as our lead person to build strong lines of communication across the community to help us establish a stronger school model is priceless. Thank you very much Bill. Please help me extend thanks to this entire group.

Some of you may recall that the theme of last years address was *PROGRESS*. Even though 2009 was an extremely difficult year, we moved forward in several areas which I'll touch on today. One significant accomplishment was the 2010 budget, completed against substantial odds. Let me shed some light on that budget and show you how we got there.

- Although the budget process in essence lasted the entire year and was very grueling, the council passed a balanced budget without raising property taxes.

Let me repeat that: we balanced the budget with no property tax increases.

Many people have posed the question of "how did we get to a \$14.5 million deficit?" Believe me when I say that it was not because any of the city leadership was asleep at the wheel. We began to feel the impact of the national economic crisis at the end of 2008. Prior to the impact of that economic downturn, we were projecting a deficit of approximately \$7 million for 2010. This preliminary projection was based on estimated actual revenues from 2008 and conservative growth assumptions for revenues in 2009 and 2010. Once the impact of the downturn became measurable the Council took **immediate** action by reducing the 2009 budget in April 2009. The 2010 budget was re-forecasted based on the information available and the Council was presented with a preliminary 2010 budget reflecting a \$10 million deficit in June. As the Council and staff worked to face the difficult choices to reduce the budget in order to

live within our means, additional revenue numbers were received and the revenues continued to decline at an even steeper rate. I'd be willing to bet that, unfortunately, this scenario is similar to that which faced a number of businesses represented by those of you here today.

Well, at this stage, based on revenue trends from late 2008 through June 2009, the 2010 budget was re-forecasted and reflected a \$14.5 million deficit. How did this happen?

It's important to understand that approximately 70% of our operating budget is funded with economic driven revenues – predominantly sales taxes. These revenues decreased by approximately \$7.5 million dollars in 2009 as compared with 2008 and, as you can see, that decrease represented approximately half of the \$14.5 million deficit. The remaining portion of the deficit was related to a structural imbalance – in other words, our expenditures were growing at a faster rate than our revenues. Managing our budget is a year-round function of our job these days. The primary takeaway is that our city operation is smaller today than it was last year and it will most likely be smaller next year. Like you, we're trying to do more with less and do what we do more efficiently.

Balancing the budget was difficult but, compared with the federal government, state government and other governmental bodies, we did remarkably well. The balanced budget would not have been accomplished without financial compromises from the majority of our City employee groups. The budget process last year was unprecedented in terms of open house informational meetings, surveys, transparency and opportunities for public input. In addressing the budget the council looked at all of our operations and determined what functions should be considered as “core ”. To determine that we took a hard look at each of our departments to analyze and prioritize what we're doing to decide if it's a core function and, if so, how we can do it more efficiently.

I'd like to tell you about some of these core areas our departments focused on this past year.

- Our **Planning** department used considerable resources to make sure that Peoria has a comprehensive count of citizens for the 2010 Census. Census numbers are the basis for more than fourteen billion dollars each year for the State of Illinois, and over **twenty million dollars** the city receives annually, which represents approximately **18%** of our operating budget. Census data are used to redraw district boundary lines for congressional and local political districts, determine grant requests for communities, and plan for future services. We secured the Census Office location, provided testing space for job seekers, and completed a project to ensure that all addresses in Peoria would be counted. I would like to acknowledge Councilman Ryan Spain who is chairing the City's Complete Count Committee which is developing strategies to increase the Census return rate.
 - What began as a vision by Council members Manning and Jacob in 2008 has grown into a tremendous partnership between the City of Peoria, School District 150, the Tri-County Regional Planning Commission and Glen Oak residents to create a safe, vibrant, attractive and affordable neighborhood surrounding the site of the new Glen Oak Birth-to-8th grade Community Learning Center. During 2009 the city helped families in this district rehab 28 homes, increased public safety through saturation patrols, inspected 237 properties and started working with the business district on Wisconsin. All these efforts were coordinated with much diligence from Director Pat Landes and our Planning department. We plan to invest over three million dollars in infrastructure improvements which will give the business district in the Glen Oak area an exciting new look. A *new* Impact Zone will be established at Harrison School with the help of a planning grant from the Tri-County Regional Planning Commission. City staff will start building the plan with an inventory of the physical characteristics, surveys of residents and businesses and neighborhood directed goal setting. Council members Gulley and Jacob are working with staff to assure success in the

Harrison Impact Zone. As this example illustrates, much can be done when partnerships are formed with a common vision.

- The Department of Planning will also introduce the proposed Comprehensive Plan. It was developed by the community, the Planning Commission and city staff. The proposed plan acknowledges that there are critical success factors that have a direct and serious impact on the effectiveness, efficiency and viability of our City. These items must be done right in order for our community to succeed. Our critical success factors are Crime, Economic Development, Targeting neighborhoods, District 150, Competitive taxes and fees, Sustainability, Infrastructure and Transportation. These factors are included in the mission statement of the proposed plan: *“We will grow Peoria by providing an environment that attracts and retains jobs by focusing on Economic Development, Public Safety, Education, and Infrastructure. We will partner to deliver these services in a creative and sustainable manner”*. Thank you to Director Landes, Planning Chair Ray Lees, Tri-County Regional Planning’s Terry Kolbuss and the entire Planning staff for their efforts. A Chinese proverb goes like this, “If you are **planning** for a year, sow rice; if you are **planning** for a decade, plant trees; if you are **planning** for a lifetime, educate people”. The Comprehensive Planning process **educated** people.
- Despite a difficult economy last year, our **Inspections Department** experienced a very busy year. Last February the City Council unanimously passed changes to the non-owner occupied property registration ordinance. It now requires an annual registration and self-inspection to be conducted by the landlord and tenant. These changes will bring more accountability to negligent landlords and allow for more tenant responsibility. In 2009, the Code Enforcement Division conducted **42,000** inspections to bring properties into compliance with City and State codes. Despite the economic downturn last year, which saw permits issued for new single family residential and commercial projects fall from the previous year by 41%, the City of Peoria did see 137

new single family residential homes constructed, as well as 28 new commercial structures. Permits issued for additions and renovations of existing structures were down only 9% from 2008.

- This year, Inspections Director John Kunski and his staff will focus on enhancing neighborhood conditions, improving housing in Peoria, holding landlords accountable for neglected properties and working with our development community to enhance public safety through building inspections and code enforcement.
- Although they saw a 5% increase in alarms compared to 2008, our **Fire Department** actually reduced their fuel usage by 39,000 gallons by implementing energy conservation initiatives. In a partnership between Firefighters Local #50 and Advanced Medical Transport, we placed the first non-transport advanced life support engine company in service. This initiative enhances the pre-hospital care afforded to our citizens. Our paramedics are now capable of using all their skills in life saving procedures to provide optimum care until AMT arrives. 2009 also saw our Fire Department promote Melanie Anderson to become the City's first African American female Division Chief. Division Chief Anderson also received recognition for the top "25 women in leadership" award. The Fire Department has finished the fiscal year below budget for 3 consecutive years. We appreciate the hard work and dedication provided by Chief Tomblin and his leadership team along with Local # 50.
- The **Peoria Police Department** continued to pursue new and innovative opportunities in 2009 with the goal of providing better service to our community. In March, through the use of a federal grant, the police department partnered with Peoria County Sheriff Mike McCoy's office to launch an interactive, web-based crime mapping system known as *Crimeview*. *Crimeview* not only increases the ability of police officers to track crime trends, but it also makes crime data and crime mapping tools available to the community. *Crimeview* even provides our citizens with the ability to sign up for email notifications whenever crimes occur in their neighborhood.

- In the summer and fall of 2009, the police department initiated its first Drug Market Intervention, patterned after similar programs pioneered on the east coast and sponsored by the Department of Justice. The police built solid drug trafficking cases against multiple defendants in an area of the city where open-air drug trade had eroded the fabric of the community. Many defendants are facing long prison sentences as a result but, more importantly, the program has identified several defendants who, based on their lack of a violent criminal past, have been offered the opportunity and the resources to turn their lives around. Many thanks to our former U.S. Attorney Tate Chambers, now working in Washington, DC for plugging us into this program. Chief Settingsgaard and his staff are working diligently to make the best use of their resources with a down-sized workforce. Thanks to Chief Settingsgaard for his tireless analysis of the Police Department structure and making changes that will actually put more patrol officers on the streets this year.
- We can't say enough to properly thank the men and women who serve us in public safety occupations 24/7/365.

Due to time limitations, I believe it will suffice to say that our City Manager will be working very hard in the area of **Economic Development**. Between the museum, our new Marriott Convention Hotel, Cancer Research Building at the U of I College of Medicine, new projects in the Warehouse District, Sheridan Village and continued commercial expansion near Northwoods Mall and the Shoppes at Grand Prairie, there are many great things happening in Peoria. I can also tell you that you'll be very excited when Alexis Khazaam and his partners unveil the next round of exciting developments at Junction City in the heart of Peoria. We'll never forget VOP and Pete Vonachen, but the new model for that center will provide a huge shot in the arm for that area of our city. Councilwoman Van Auken has been working hard to bring new development to West Main Street, the Sheridan Road Triangle and the rest of her district and you'll see progress in those areas this year too. Likewise, district council members Gulley, Riggensbach, Spears and Irving all have new projects in progress or underway in their

districts and you'll be excited to see them move forward in 2010. Demanding times really serve to identify leaders, and the examples I've just given underscore the leadership shown by so many of our city departments to do their part in helping Peoria to stand strong. I'll now spend just a few minutes to update you on other key initiatives that are essential to our city's future:

- An area that will see considerable discussion between local municipalities and our state representatives is the need for pension reform. We CANNOT continue to absorb pension costs piled on by our legislators in Springfield. It's breaking our backs and breaking our banks. From 2004 to 2010 our Police Pension contributions have increased 58%, and our Fire Pension contributions have increased over 81%. On average the Fire Pension contribution has grown nearly 9% per year since 2004 and the Police Pension contribution has grown nearly 7%. Despite these significant increases in our contributions, the average funded ratio **declined** an average of 5-13% during that time period. Illinois Police and Firefighters compare favorably with their peers and receive the 7th most generous 30-year pension payout among 50 state comparables. Our contributions to Police and Fire pensions have risen 70 % in the last 6 years. These increases in City contributions are a result of increased benefits enacted by State Legislation and poor investment performance due to the economic downturn. In an effort to mitigate these sharp increases in pension contributions, the Council and City staffs, along with the Illinois Municipal League, have been working with State Legislators to extend the funding period for the Fire and Police Pension Funds to 40 years. The extension of the funding period **does not** impact the pensions of the Fire and Police retirees. However, it allows the City to fund the pensions over a longer period of time thereby lowering the annual required contribution. If our State Legislators approve the extension, it is estimated that the City's annual required contribution for these two pensions would decrease by \$1.5 million dollars. We must demand pension reform in Springfield. We simply cannot afford to maintain these escalating costs which are unrealistic on the private side. We need you to call our state legislators and support our call for reform in this area.

- We experienced noteworthy progress in both our Race Relations Commission and our Sustainability Committee. The Peoria Unity Luncheon attracted over 150 attendees and 20 exhibitors and provided a first of its kind opportunity for local minority owned businesses to network and discuss business development opportunities. The PRRC also brought more than 100 volunteers together to build 3 pocket parks in the core of our city, one at Spring Grove, one at Carver Center and one at Hales Plaza. We have recently added more commissioners with more focus on reaching out to our community, youth programs, jobs and expanding opportunities for women and minority owned businesses. Make a note now to mark your calendar for this year's Unity Luncheon, scheduled for April 10 at the Urban League. I hope you'll attend.
- The Peoria Sustainability Commission now boasts more than 45 members representing executives from business, industry and government. The construction industry alone includes CORE, River City, PJ Hoerr and Williams Brothers with a combined volume of more than \$1 billion dollars/year. The Peoria Sustainability Forum was held in July and attracted over 200 people. In March, the Commission will have Rosie Andolino, the Executive Director of the O'Hare Modernization Program as a guest speaker. The first report from the Sustainability Commission was presented to me with a summary and future plans – you can view that report at the Sustainability Website at www.peoria-sc.com. I would like to personally thank Dr. Amir Al-Khafaji, from Bradley University, for Chairing both of these important commissions and all of those who have stepped up to serve in these worthwhile groups.
- By now I'm hopeful that everyone is aware of our Peoria Promise initiative. Our first class entered Illinois Central College in the fall of 2008 with 238 students. These students were excited that many community businesses and personal supporters would be willing to invest in them and their future. We saw that **85%** of these students continued their education in the spring of 2009. In the fall of 2009, the number of students taking advantage of the Peoria Promise program increased by **36%** as we supported 324 students. We have 2 of our Peoria Promise students with us today.

James McKee graduated from Richwoods and is a sophomore studying Computer Engineering at ICC. He plans on continuing his education at Jackson State or Tugaloo and eventually have a career in robotics. Also joining us is Ashley Haynes. Ashley graduated from Peoria High School and is majoring in elementary education. She was recently accepted at SIU in Edwardsville. Helping to educate the youth of our city will have a positive impact on everyone living here. Other communities with Promise organizations have seen a decrease in high school dropout rates, a decrease in crime rates, a decrease in teen pregnancies, an increase in average home prices and an increase in school enrollment rates. We are still in the infancy stages with Peoria Promise, but as you can see by our early numbers, the program is well on its way to impacting our community in many positive ways. As we enter 2010, we face another challenging year of fundraising, similar to other not-for-profits. Peoria Promise is no longer a start-up or just a dream. It's a reality. We are determined to continue to provide this educational opportunity for every child in our City who wants to pursue a higher education. Imagine this....**ALL Students** who live in the city of Peoria would be able to participate in Peoria promise if every household donated just \$67 per year – less than \$6 per month. I'm reaching out to you to PLEASE help us continue to make this program work. Please join me and the companies on the screen and many individuals as well and make a donation to Peoria Promise. For more information you can go to our website at www.peoriapromise.org. Please join me in thanking the Peoria Promise Executive Director, Tara Gerstner and the Peoria Promise Board of Directors for all of their hard work to make this dream a reality. Thank you too to Dr. Erwin and his staff at Illinois Central College for all of their support for Peoria Promise. How lucky we are to have such outstanding choices for secondary education right here. Bradley University, the University of Illinois-Springfield at ICC, Midstate College, Robert Morris and of course the University Of Illinois College Of Medicine in Peoria.

- You all know that education is my number one priority and for the past four years I have told this audience that all the TWO BILLION dollars plus in capital

projects in Peoria are built on a foundation of sand if we don't make the education of our kids our top priority. I commend the School Board for making some very difficult decisions to consolidate schools. I can speak for the community when I say we are hopeful that you hire a Superintendent who is experienced in the challenges we're facing here and will help restore confidence in District 150. I applaud the hard work of the administration and teachers' teams who worked diligently to avoid a strike in this pivotal year for our schools

- As you may know, I traveled to Washington, DC last fall along with Lee Graves and former Senator George Shadid to meet with Secretary of Education Arne Duncan. Secretary Duncan strongly urged our elected officials, business community and citizens to work together to demand a higher quality of education for our kids. Thank you to everyone who worked so hard to form the Peoria Charter School initiative, and congratulations to the School Board who voted to approve our first Math, Science Charter School, as well as the Administration who recommended approval. It is no secret that Secretary Duncan and many education experts believe that we need to move where other successful school districts have already gone, to longer school days, year-round schools, more teacher accountability and choice.
- Speaking of partnerships, I can't emphasize how important the City-County committee is to building stronger relationships with our respective bodies. I would like to publicly thank committee members Mike Phelan and Bud Sous from the County Board and Bill Spears and George Jacob from the City Council for their hard work the last several years. I believe that dividends will pay off in the near future.
- During the economic recession this past year, government has been forced to do what you, the business community, began a couple years ago – analyze your business operations to become more efficient. Many of you have downsized your workforces and effectively done more work with fewer people. We continue to *talk* about forming collaborative groups to *work together to find efficiencies* and save taxpayers dollars. But

when the talk gets to the point of consolidating units of local government, everyone rolls their eyes and says it will never happen here in Peoria. How long have you been hearing that? It won't happen. Why is that?

- You know, sometimes difficult times force us to concentrate on doing some things drastically different. We have to operate more efficiently -with fewer taxpayer dollars. I don't see that need changing in the years ahead. In that vein, I have spoken at some length with County Board Chairman Tom O'Neill and we are prepared to put together a group that will be charged with exploring the opportunity to move Peoria City- County towards combined municipal government. Some call it UNIGOV. Other cities have already done this. Indianapolis is part of a successful combined city-county government as are Nashville, Lexington, Louisville and Kansas City, Kansas. We acknowledge that this won't happen overnight, and likely not in the next couple of years. Ultimately, it may be determined that there is no feasibility to doing this here, but I am convinced that we owe it to you and the rest of our citizenry to perform the due diligence and make that decision based on facts. We intend to put a group of visionaries and concerned realists together who will analyze how other successful cities have made this transition, what their mistakes were and how we can avoid them and what their successes were and duplicate them. Our hope is to put this group together in the next 60 days and, after some critical analysis, they will give us a recommendation. Perhaps we will be a model for other municipalities in Illinois? The time has come: We owe it to our taxpayers to become more efficient as successful businesses have done. If anyone is interested in participating in this important initiative, I urge you to contact Chairman O'Neill or me. I hope 2010 is the year when we can begin having serious discussions on merging departments, functions or even entire governments right here in central Illinois.

- It would not be appropriate or acceptable to provide you with our State of the City address without giving the proper recognition, respect and thanks to our own Fortune 50 Company, Caterpillar Inc. It is humbling to think about where we would be if it weren't for the fact that Cat's world headquarters is right here in Peoria. I can assure you that there isn't a person in this room who hasn't benefitted by the generosity of Caterpillar. Their most recent support for our Math and Science Charter School by matching donations up to a **half million** dollars is just another in a long list of things Cat has done to make our community a better place. Without their support, our Regional Museum would not be possible. The list of community support by CAT is endless. On behalf of our entire community, I offer thanks to Chairman Jim Owens for being **THE** Model for Corporate responsibility in our community.
- In closing, as it was for most people in this room, 2009 was an extremely trying year for the city. And, as also may be the case for you, 2010 will have its own set of challenges. This Council, our Manager and staff and our employees are committed to providing the best services available (and I remind you that we do that for only 11 cents of your property tax dollar). Everyone here has a role to play in making our city stronger. I implore you to search deep and determine what that role is and do your part. Volunteer to mentor kids, donate to Peoria Promise, serve on a commission, run for office, start a neighborhood watch, or share an idea to make the city stronger. You all have something to add. Make 2010 the year you made something positive happen in Peoria. I thank you all for coming today and for advocating for a strong business community and I ask God's blessings on all of you. We have a wonderful city and I'm proud of the opportunity to serve as your mayor.
- As a special addition this year, we are going to hear a few brief remarks from the Interim Superintendent of District 150, Norm Durflinger. Norm asked me to keep the introduction short. Norm is the retired School Superintendent in Morton and the current Mayor of Morton. He is the co-director of the Center for the Study of Education Policy at ISU. Although he is only in his interim position for a short time at district 150,

he has already shown his strong leadership skills to assist negotiating a new teacher contract and working to get the new Charter School approved. Please join me in giving a warm welcome to Norm Durflinger.