

State of the City Speech, January 25, 2011

Delivered by Mayor Jim Ardis

Good afternoon. Thank you for attending this year's State of the City address. Won't you join me in thanking the Chamber of Commerce and PSA-Dewberry for sponsoring the address again this year? This is the Chamber's 100th year of business. We appreciate all they do for our community.

Before I begin, I would like to acknowledge several groups in the audience today. Please hold your applause and we will thank everyone at once at the end.

I would like to acknowledge my fellow council members who have worked extremely hard under very difficult circumstances. While no one agrees with all of our decisions all of the time, I assure you that this group works very hard to represent our communities' best interests. Also our City Clerk Mary Haynes, City Treasurer Patrick Nichting, and from Peoria Township, Supervisor Joe Whalen and Assessor Bonnie Gavin. Next our Interim City Manager Henry Holling and his team of department heads who provide the day-to-day direction to keep our city operating on all cylinders.

Elected officials from Peoria County. Our relationship continues to grow as we look at ways to share services to our common taxpaying citizens. A special thanks to Board Chairman Tom O'Neil whose leadership has been critical to this developing partnership. I'd also like to recognize all other elected officials from our local school districts and other units of local governments.

A special thanks to our local Mayors who have worked particularly hard to make our region stronger by working together for the benefit of all. Mayor Manier, Mayor Durflinger, Mayor Dunn, Mayor Mingus and Mayor Dillon.

Special recognition to the most important people in this room.....our educators and their CEO's. That includes President Joanne Glasser, Dr. John Erwin, Superintendent Dr. Grenita Lathan and all administrators and teachers with the awesome responsibility to provide our children with the best education possible. I'd like to give special recognition to Mr. Bob Darling who is working very hard on

behalf of teachers in D150 and also to our Education Liaison, Dr. Bill Collier for his unequalled and unpaid volunteer work to increase communication between all units of government for the benefit of our kids.

Finally, I also would like to have everyone take a minute of silence in honor of our friend George Jacob, who is still recovering from the effects of his motorcycle accident last year. His rock, foundation and an inspiration to all of us for her courage, strength and strong faith in God, wife Jeannine is with us today. Jeannine you know George and your entire family are in our daily prayers and we know he's making outstanding progress. I hope to see him in Council Chambers before the end of the term.

PLEASE JOIN ME IN THANKING THESE IMPORTANT MEMBERS OF OUR COMMUNITY.

For those of you who have been to this event for several years, I'll let you know now that this year's address is going to be a little bit different. I usually spend quite a bit of time reviewing a typically lengthy list of accomplishments throughout our city departments. That list is considerable again this year but the majority of this address will be my assessment of our city, particularly from a financial standpoint and the particular challenges we will be facing in 2011. This is not to underestimate the hard work done throughout our city departments but to put a strong focus on our finances and challenges associated with them. Here are but a few of the high points of our departmental efforts for 2010.

For the 5th straight year, the Peoria Fire Department's alarm response increased by 5%. On average they run almost 50 alarms per day. Our partnership with AMT allowed the PFD to increase our paramedic staff and we will be placing our 2nd ALS engine Company in service this year. The Fire Department Grant committee was responsible for over a half-million dollars in grants to supplement our budget.

With a significant spike in shootings last spring and early summer, Chief Settingsgaard analyzed critical data and identified 2 small areas where violent crime was focused. A task force comprised of area law enforcement officials was mobilized and these areas were saturated with police officers daily. With unprecedented public support the gun violence was virtually eliminated in the targeted neighborhoods. We feel the reformation of the Police/Community Relations Committee will forge stronger relationships and improve communications between our Police Department and the community. Although the City experienced a tragic increase in the number of homicides, violent crime as a whole and property crimes

dropped. Compared to 2009, violent crimes dropped 19% and property crimes decreased 4%. Overall crime numbers decreased 7%.

“Partnerships” were the key word for Planning and Growth Management in 2010 too. Support for homeownership efforts, neighborhood associations, school/neighborhood impact zones and other quality-of-life areas was accomplished with the help of many residents, neighborhood groups, realtors, churches, businesses and other city departments. They also led the effort for the 2010 Census and, continued work on our updated Comprehensive Plan which will be rolled out this spring.

Even with a reduction in our Community Investment Plan, our Public Works Department was busy. Notable projects were the Columbia Terrace Special Assessment project, the Glen Oak Impact Zone, raising Water Street, Holly Hedges-Devereux drainage and a number of road projects in northern areas of the city. They completed almost \$23 million dollars in roadway, sidewalk and drainage improvements in the City.

The Rediscovering City Hall Committee is working to create a working museum within City Hall. The Committee desires to show our citizens, particularly our youth, how Peoria’s leaders developed their leadership style and how Peoria’s leaders became involved in the political process. They have requested the 3rd floor of City Hall be set aside for exhibits and I encourage you to join their efforts to generate pride, inform citizens and attract visitors. In an effort to increase communication between elected office holders from the Park District, School Board, County Board, City Council , our State Representatives and Congressman Schock’s office.....our City Clerk and Bradley’s Institute for Principled Leaderships will bringing back the “Connections” quarterly events.

Treasurer Patrick Nichting has brought City Hall into the 21st century by establishing E-pay for parking tickets, rental registration renewals, EEO renewals and residential fire permits. Six additional E-pay opportunities for citizens to access Fire Department services are underway and additional E-pay opportunities in other departments will provide convenience for our citizens and operating efficiencies in the Treasurer’s office. A great deal of hard work between the Treasurer’s office and our Information Systems Department headed by Cathy Roger has made this technological advance possible.

This is a good segue into the meat of today's address. If we are going to be successful in addressing our structural deficit we will have to continue to cut expenses not "core" to municipal government and utilize technology more effectively and efficiently. There simply is no other way. Practically every unit of government across this nation is facing similar challenges. Even Democrats who believe in big government, such as New York Governor Andrew Cuomo and California Governor Jerry Brown, are looking to fundamentally reshape government and reduce the cost of public services.

Let me emphasize one important point at the outset: my remarks aren't intended as a "threat" or something that is negative. I think our financial challenges offer us a unique opportunity to remake city government to meet the challenges of the 21st century. The old ways won't do anymore. We need city government to be more creative, nimble, customer-driven and utilizing the latest in technology to deliver city services. When the financial crisis first began in 2007, like many public and private officials, we assumed it would be like similar economic downturns in the past and we could ride it out for a year or two by making some minor cuts. By year three, we realized we were in uncharted territory and the financial and economic problems we face aren't going away anytime soon. Current projections show the national unemployment rate won't be down to 5% until at least 2015. All these trends impact municipal finances and point to a period of stagnant or minimal increases in revenues.

The last two years I've talked about a City organization that was shrinking and will continue to do so. I'm continuing that message again this year. We've had to do with city government what many of you in business in central Illinois have been forced to do: cut back our spending and live within our means. You hear a lot of politicians talking about cutting the size of government: in Peoria, we've actually done so. And in cutting government, we've had to focus on the largest expense we face: personnel. Like many organizations, governments and businesses, personnel costs comprise a major portion of our budget – 80%. With such a large share of our budget devoted to personnel, we simply have to reduce our workforce to perform within the revenues we are receiving.

In 2007 we had 790 full-time employees. In the 2011 budget we authorized 709. We've decreased our headcount by 81 full-time people over the last 5 years—a decrease of more than 10%. And it's not enough. Our operating budget during that same time period has fluctuated from approximately \$113

million in 2007 to \$125 million in 2009 and back to \$119 million for 2011. Even adding Capital and Debt in, our 2011 budget is about \$3.4 million less than 2009.

You will ask how our budget could grow while we reduced the number of employees. The main reason is increased pension and health care costs. The increase in City pension contributions from 2007 to 2011 is approximately 42%, with the sharpest growth coming in the last two years. Meanwhile the reduction in our workforce over the same time period was 10.25%. We have fewer employees and lower total wages to cover a higher contribution cost.

The current demands of pensions and health care on our budget are simply unsustainable. We will continue to work with employee unions to lessen the financial burden, and with legislators to encourage greater efforts at pension reform. This chart will show you what we typically refer to as our **“structural deficit”**. Our expenses, including employee salaries and benefits are larger than our revenues and the gap is growing and unsustainable. The numbers don’t lie.

The majority of our budget is the Operations portion and, as I mentioned previously, 80% of that Operating Budget are our hard-working employees. To get this structural deficit right-sized, we need to get back to basics. That means we need to agree on the services that are “core” to our city. I assume you would all agree that list will include emergency response and public safety (police and fire protection) and some level of public works for road maintenance. I would venture to say that all other areas need to be considered to determine whether those services can be provided by the private sector or some other entity more efficiently and effectively. This is not a pleasant undertaking, but one of absolute necessity. Nothing is, or should be, off the table.

I will say today that I’m not afraid of touching the third rail because we are in too desperate of times to **“not”** acknowledge the elephant in the room. Very soon it will be absolutely imperative that this community take a hard look at the public safety portion of this discussion. Simply put, the funds spent to operate separate fire districts and police departments are not an efficient use of our tax dollars. I understand the political, logistical and provincial arguments that will be used to dilute the discussion, but the clock is ticking toward a day of reckoning and we need to make some tough decisions sooner rather than later.

There are two specific strategies I would like to explore to address the financial future of city government that I want to call to your attention today.

Last year I recommended the formation of a group to look at ramping up the discussions that were taking place between the City and County towards increasing shared services. You may have heard in a news conference a couple weeks ago that this group has in fact been meeting and making good progress. Under the leadership of retired Caterpillar executive Doug Crew, with assistance from the Institute for Principled Leadership at Bradley and a group of enthusiastic and engaged volunteers, the group has taken the name “*PASS Forward*”, Peoria Area Shared Services. Their charge is to explore areas of potential duplication, consolidation or other efficiency opportunities within our multiple levels of government. There are some areas of low-hanging fruit that could be achieved in the near future such as a merger of election departments. Other complex areas, such as of police and fire, will take years of discussion and planning. But we have to begin those discussions and ask the hard questions that have been avoided until now.

To that end, today I challenge Sheriff McCoy and Chief Settingsgard to lead the discussion of a combined county-city police force. I do so in full confidence that these two outstanding law enforcement professionals and leaders of our community will initiate a serious, thoughtful and results-oriented dialogue that strives to maintain public safety while combining resources. There are few people in the area I would rather entrust this mission to. Considering existing contracts and other obstacles, I would like to see a target to achieve consolidation in 5 years. Is it doable? Let’s see what the professionals have to say.

Second, I’m proposing the creation of a volunteer task force comprised of local leaders to take a hard look at city services and answer several fundamental questions:

- Is the service a core function of municipal government?
- If it is, can it be provided more efficiently by a private, nonprofit or other governmental entity?
- If it cannot be outsourced, is there a way to enable the service to be reengineered internally to increase efficiency and lower costs?
- How can the city better utilize technology to improve service delivery and save tax dollars?

Similar panels have been used successfully in the past by leaders from both political parties, such as the Grace Commission under President Reagan and the National Performance Review under President Clinton.

The panel will be comprised of people who deal with these issues on a day-to-day basis in the private or nonprofit sectors. I envision engaging a representative from Cat, someone with technological expertise, someone representing small business, a human resource professional, and a representative from local labor unions. I want to emphasize this exercise should not be viewed as punitive towards our employees although I'm sure some will see it that way. But, my friends.....again..... there is simply no other way.

I want the commission to report back and am planning an aggressive deadline of July 1.

My hope is that, at the end of this process, we have a city government that is smaller, more focused, less expensive, more customer-driven, more efficient and technologically-based, and one with flexibility and creativity to meet the challenges that lie ahead. In both of these strategies to reshape city government, we are using the resources of our community as volunteers to help devise solutions. This is a strategy we've used in Peoria countless times in recent years with good results. It really is a blessing to live in a community with people who are so willing to give back to that community and serve in a volunteer capacity.

And speaking of our volunteer spirit, I would be remiss if I didn't give you a quick update on one of the most important initiatives that our community has undertaken.....PEORIA PROMISE.

With leadership from their Board of Directors and Executive Director Tara Gerstner, Peoria Promise Foundation has supported over 800 students since its beginning in the fall of 2008. Each year the number of students has increased demonstrating the need for such a fundamental program.

This past fall semester alone, over 350 Peoria students received financial assistance, allowing them to work toward a college degree. In 2010, Peoria Promise set a record for fundraising by bringing in more than \$550,000, including nearly \$400,000 in general donations. Why is Peoria Promise so important to the city? Economic development is the key and is what sets the program apart. The motivation of a full

scholarship to Illinois Central College not only encourages students to graduate from high school, but also allows them the opportunity of a college degree. **70% of students that attend ICC stay in our community.** Our economy is directly influenced by the level of education of the work force. Peoria Promise is designed to:

- Create a better-educated local workforce and corresponding income level increases,
- Reduce the high school dropout rate and increase attainment of college degrees, and
- Increase tax revenues through population growth

Today, college-going rates among low income and minority young people are far below the national average. As a result the degree attainment rate for African-Americans is 37% below the national average, while the rate for Hispanics is less than half the nation figure. Low educational attainment has become a defining characteristic for our nations' most economically challenged communities. The jobless rate for those who have dropped out of high school is nearly 3 times that of college graduates. And with 63% of jobs in the U.S. expected to require post-secondary education by 2018, communities with low levels of education attainment are unlikely to experience strong economic recovery. Peoria Promise is designed to address these disparities and we should all be proud of our efforts to do so thus far.

Education Secretary Arne Duncan attended an Education Symposium in Peoria on April 10th last year and said, "I think we have lost our way in education and we are paying the price for that. We need to educate our way to a better tomorrow."

Peoria Promise is one of the ways we can educate our way to a better tomorrow for our kids. Many thanks to all of our donors, led by our Corporate Leader in so many areas of our City, Caterpillar Inc. Did you know that Gary Uftring donated that beautiful 1974 Corvette Convertible to Peoria Promise? Be sure to stop by and purchase a raffle ticket after lunch. The completely restored car will be raffled off on April 9th and only 2000 tickets will be sold. Get yours today and thanks to Gary Uftring. ALL proceeds from the raffle will go to Peoria Promise students. I call on all of Peoria's business leaders – the group sitting here today, the group who will benefit most from a more capable workforce – to join Gary and devise ways to help fund this essential program.

This is an unbelievable community folks. We all need to do our part to continue to make Peoria and the surrounding area an outstanding place to live and work and raise our families. Make a resolution to get involved in some area of our community to make it better.

Here is another example of a group making a difference in our community:

Have you heard about Adopt-A-Block? Southside Mission and its dozens of partner churches have adopted 60 blocks on the south side of Peoria providing door-to-door assistance that includes food baskets, service coordination and even home repairs. Their Hope Builders teams provided new roofs and other big-ticket home repairs for 47 homeowners on the south side last year alone. Has your church adopted a block? It's not too late. Councilman Gulley and I had an opportunity to visit with Southside's Executive Director Philip Newton and Assistant Executive Director, Minister Craig Williams a few weeks ago and I was very inspired with the mission they've undertaken. I urge you to stop by their table after lunch and get more information about how you or your church can Adopt-A-Block and participate in an outstanding community project. Think about all the other groups making a huge difference in our community. Riverside Church and the Dream Center, Carl Cannons Choices group, Peoria's Litter Committee, Our Race Relations Commission and Sustainability Commission chaired by Dr. Amir Al-Khafaji, major progress through Superintendent Grenita Lathan's leadership at District 150.....and so many more. What are you doing to make our community stronger? We need everyone to do a little extra to keep moving the ball forward in the Peoria area.

I'd say, look out in 2011 friends. The beginning of a legacy project with the Peoria Riverfront Museum and CAT Visitors Center. Groundbreaking on a new Marriott Convention Hotel attached to the Civic Center to capitalize on our Civic Center investment and realize new convention business. This project will begin a transformation of Main Street in downtown Peoria. New additions to our first class medical community; the Cancer Research building at the University of Illinois College of Medicine, the Jump Trade Sym Lab and Convention Center at OSF St. Francis and continued growth and expansion at Methodist Medical Center and Proctor Hospital. Impressive new capital projects at Bradley University continues their renaissance. You'll see some exciting new retail venues and the beginning of a comeback for new residential construction. And don't forget the Warehouse District. We should expect a vibrant year with some well-planned projects starting and others coming to fruition.

Just one last thing before I conclude: we have an important election coming up when we will elect five at large city council-people in April. We've been fortunate over the past several years to have an outstanding group on the council that works hard on behalf of their constituents and has the true interests of the people at heart. I've said many times that good government is not a given. Please....take the time to examine the candidates and support those who have the best interests of the city at heart...those who don't offer empty slogans and false choices....those who want to move this city forward and work with others through some difficult times to maintain this city as the place we love and call home. I urge you, the business community, to have a specific plan at your office or place of business to encourage 100% participation in the April elections. Get out the Vote. It's critical to a strong local government.

You know, we are facing some tough times but it's really nothing compared to those our parents and grandparents faced. I've always believed that character is measured not in how we respond to good times, but in how we respond to the bad times. Our city has always shown its character in the past by rising up to face its challenges and I have no doubt that we will do so again this year. God bless you all and God bless our great City. Thank you all for coming