

**2010 State of the City
Chamber of Commerce “Founders Day”
Thursday, March 18, 2010**

Thank you to the Chamber of Commerce for the opportunity to again give you an update on the state of our city at your Founders Day event. It’s always a good time when I can stop to reflect on good things happening. The nature of a mayor’s job and those of all city administrators is to fix a problem and immediately move on to the next one. None of us has much time to celebrate the challenge we have overcome before confronting the next one. So it is good to pause to look at progress made.

Elected Official Recognition

To accomplish anything worthwhile takes the support of council members who buy into a vision that Goshen can and will become an ever better place. Here today are some of those council members. (Council members recognized).

Also here is City Court Judge, Gretchen Lund. (Judge Lund recognized).

Employee Recognition

Of course, the things I talk about in this “State of the City” address would not be possible without a great and hard-working group of city employees, some of whom are here today. I’d like to recognize them. (Those employees in attendance were recognized).

And there are scores of volunteers on various city committees, boards and commissions. Without them, we would be lost. We are indeed fortunate for their service.

“Communities at a Crossroad”

Recently, I was asked to participate on a panel in Indianapolis at a seminar entitled “Communities at a Crossroad.” The subject was challenges facing communities with reduced revenues and what can be done to preserve quality of life. I was asked to participate because somebody in Indianapolis heard that Goshen is a city that is doing a pretty good job of maintaining and improving its livability. After reading negative comments in letters to the editor in The Goshen News and The Elkhart Truth, and in The Paper’s anonymous “Readers Speak Out,” it’s soothing to know that even people 150 miles from Goshen recognize good things happening.

In The Goshen News’ “Working Together” insert a few weeks ago, there was a quote by Jessica Whicker, a resident in one of the downtown upstairs apartments/condos and a bartender at Constant Spring. She said “If you would have asked me growing up if I would live in Goshen, I

would have said ‘no’ with an exclamation mark. There just wasn’t enough to do back then. But that has changed. Goshen is a small town that sees the big picture.”

That’s a pretty telling quote. If we want Goshen to sustain itself, it needs to be appealing to a young generation of knowledge workers. As Richard Florida says in his book, *The Creative Class*, if we retain and attract them, the kinds of higher tech jobs cities covet will follow. It’s easier to attract higher tech and higher wage jobs when a city has the workforce needed than it is to do the opposite.

Keeping Things in Perspective: Clarence and LeRoy

Story is circa 1930. With 1935 came President Franklin Delano Roosevelt’s Works Progress Administration.

A Busy, Busy City

There are a lot of things going on in your city. Big things are important. But even the little things matter. In 2005, I showed you this picture...a long-past-its-prime Street Department truck that we couldn’t get rid of because there was a telephone pole that needed to be held up with a come-along. Last year, a mere 4 years later, the pole didn’t need the truck any longer. Also last year, I showed you this picture. A squirrel (or raccoon?...whatever, it was flat) painted over by a Street Department worker in a hurry. Here is the small improvement to show you this year. The squirrel is gone. And it didn’t take 4 years to remove it. Aren’t we good!

2009 Projects Completed

Public Improvements: Parks and Recreation

Parks, what a list, and even working short 3 full-time maintenance people:

- 2009-2010 Web Page developed and ready to go.
- 2009 Replaced diamond scoreboard
- 2009 Removed east road through Shanklin and installed new trail
- 2009 Shanklin... removed parking at Tommy’s Kids Castle and constructed a safer parking area
- 2009 Removed trail in Shoup Parson Woods and rerouted wash outs and constructed a new trail
- 2009 Replaced lights at Skate Park on Chicago Ave.
- 2009 Replaced lights at volleyball courts
- 2009 Removed and replaced skate park ramps
- 2009 Installed several new parking areas in neighborhood parks
- 2009 Trail of Hope tree US 33 (continue to grow that program with hospital)
- 2009 New playground equipment at Burdick, Church Park, Dykstra, Hay Park, Walnut
- 2009 Completed Five Year Master Plan
- 2009 – 2010 Greenway Master Plan Update

Other 2009 Projects

- Crescent Street complete reconstruction from Cross Street to 7th Street (phase 2 of 3)
- Installed sidewalk on Bashor Road from US33 to approximately Eagle Drive
- US33 beautification from Greene Road in
- Waterford Mills Parkway, first phase of the south link road
- 7th Street sidewalk replacement from Center to Middlebury Streets
- Jefferson Street bridge rehabilitation (old stone bridge on millrace), tuck point and railings
- SR4 drainage improvement at 21st Street
- Oakridge Park water main extension
- Generator addition at Kercher lift station
- New hangar at Goshen Municipal Airport (to accommodate waiting list)

Private Development 2009

As one would expect, private development reflected a soft economy in 2009. Commercial development was down, but still saw some activity.

- Medical office on Kasa Drive off Dierdorff Road
- Community Wide Credit Union at Plymouth Avenue and Lincolnway East
- Mennonite Mutual Aid expansion, phase 1 completed, phase 2 commenced
- Maple City Health Care Clinic expansion completed
- Remodeling at Terry's Carpet Cleaning
- Remodeling at Thermo Plastics Division
- Renovation of former Park Pharmacy south of Goshen College for Gerig Surgical Associates

New Homes

Total residential and commercial permit values

2009	14	\$33,693,463 (includes CSO facility \$19M)
2008	31	\$26,366,482
2007	78	\$47,877,602
2006	109	\$58,307,742
2005	163	\$67,835,336

Building Department Other Activity

Other activity that kept the Building Department busy:

- 83 properties brought into compliance with the Neighborhood Preservation Ordinance
 - (these are exterior issues)
- 1,736 rental units were inspected
- 6,395 inspections, down 17% from 7,668 the prior year

- 2,125 building permits issued, down 13% from 2,431 in 2008

On Tap for 2010

You're going to see these signs scattered around town in 2010. Grit your teeth now.

Bike/Pedestrian Paths, Sidewalks, Park Improvements – Stored up funds

- Bike/Pedestrian extension to Waterford Crossing and Prairie View Elementary - TIF
- Bike/Pedestrian extension to northwest city limits to meet Maple Heart path - federal
- Bike/Pedestrian extension from millrace tailgate building along river to Rogers footbridge
- Sidewalks on 11th and New York Streets, walking zone to Parkside, Stimulus Funding
- Planning for sidewalk extension along Bashor to new CR17 and north to commercial area
- Planning for sidewalk from Goshen High School to Fairgrounds, Federal Grant 80/20
- Rieth Park on 13th Street splash pad, similar to the one in north Goshen's Walnut Park
- Rieth Park Pavilion with Restroom Facilities
- Splash pad
- Hay Park Pavilion with Restroom Facilities
- Library Common area and Duck Fountain Landscaping
- Head gate pervious paving lot
- Shanklin Park water line
- New roof on Pool Admission Building (completed)
- New roof on Park Maintenance Building (completed)
- Plymouth Avenue Tunnel, 100% construction Federal Funds, Engineering local funds
- Murray Street pedestrian bridge along millrace path, deck replacement and repainting
- Millrace tailgate building rehabilitation, Federal Transportation Enhancement grant 80/20
- New Adult Men and Women's Soccer League (Developed and directed by Park Department)
- Design and Construct that recognize sister city in Germany
- Develop management plan for Shoup Parson Woods
- Grow Sounds of the Environment program at Rieth Center
- Community Center?

Road Improvements: Detours ahead

American Recovery and Reinvestment Act and JOBS bill

- ARRA, Dierdorff Road from Kercher Road to CR40
- ARRA, 8th Street from College Avenue to Madison Street
- ARRA, Middlebury completely, Street from Main Street to Hackett Road
- ARRA, Lincoln Avenue from Chicago Avenue to Greene Road
- ARRA, Greene Road from Berkey Avenue to US33
- ARRA, Clinton Street from Greene Road to CR17

- ARRA, Bashor Road from US33 to city limits
- JOBS, College Avenue from 16th Street to US33
- JOBS, Indiana Avenue from Plymouth Avenue/SR119 to south city limits
- JOBS, Blackport Drive completely, Lincoln Avenue to Monroe Street
- JOBS, 5th Street from Lincoln Avenue to Goshen Public Library
- Crescent Street phase III, complete rehab, water, sewer, curbs, sidewalks, trees, pavement
- Center Street
- Tanglewood Drive
- Jefferson Street rehab from 5th to Main, landscaping and angle parking (reverse?)
- First Street and River Avenue complete reconstructions with CSO 90" sewer project

Utility Improvements

- CSO detention facility
- CSO lift station
- CSO 90" sewer
- CSO river crossing
- CSO computerized monitoring

Other Utility Projects

- Sanitary sewer along Rock Run Creek in north Goshen
- Center Street sewer in north Goshen
- 10th Street Sanitary sewer

Storm water Improvements

- Industrial Park
- Rock Run Creek brushing

Brownfield Improvements

- Millrace
- Western Rubber
- Scherck House
- Aesthetic improvement along US33 from Greene Road north, TIF funding
- Long vacant houses on Main Street north of Pike Street

Environmental Center Improvement

- Cleanup of mess left by Brock Trucking

Citywide Improvements, various locations

- Normal concrete and asphalt paving program
- Normal 50/50 sidewalk program
- Traffic sign replacement to meet retro-reflectivity requirements by 2012

- Wastewater system SCADA at lift stations
- Water system SCADA at well site pumping stations and water towers
- Outdoor tornado siren warning system
- Sidewalk master plant phase IV, also for ADA assessment
- Street Department relocation

Private Improvement in 2010

- Grocery store on US33 south by Steve Frauhigher, site of burned out grocery
- Courtyard Healthcare Center added assisted living units on College Avenue
- Wal-Mart on US33W expanded to supercenter
- Sam’s Club addition
- O’Reilly Auto Parts store

Finances

“Big Three” Funds Spent and budget

“Big Three” budgets...General Fund, Motor Vehicle Highway (Street Dept) Fund and Parks/Recreation budgets are about equal to 2006 budgets.

2006, spent	\$18,112,844
2007, spent	\$18,274,514
2008, spent	\$18,123,152
2009, spent	\$18,113,065
2010, budget	\$18,654,326 (but we never have spent all of what is budgeted)

Total Funds Spent and Budget for all funds that include property taxes

2006, spent	\$20,813,020
2010, budget	\$21,745,752

Total Funds Spent and Budget for funds that do not include property taxes

2006, spent	\$ 1,722,413
2010, budget	\$ 2,131,833 (Storm water Department was added in 2009)

Tax Increment Financing and Redevelopment

2006, spent	\$4,266,700
2010, spent	\$5,708,363

Operating Balances

Operating balances shown here are taken from the Clerk-Treasurer's annual report, deducting encumbrances to the next budget year (obligations...invoices, purchase orders, contracts), deducting internal cash flow temporary loans that were in the balances and adding 2008 property taxes collected in 2009 to the 1-1-09 balance.

"Big Three"	1- 1- 2009	12-31-2009
General Fund	\$4,333,036	\$4,302,560
MVH Fund (Streets)	\$ 231,294	\$ 560,004
Parks and Recreation Fund	\$ 428,860	\$1,008,221
Subtotal "Big Three"	\$4,993,190	\$5,870,785
Other Funds with property taxes		
Cumulative Capital Development	\$ 549,434	\$ 579,288
Cumulative Capital Fire Dept	\$ 249,980	\$ 228,503
Cumulative Capital Storm Sewer	\$ 513,329	\$ 607,681
Total for all funds with property taxes	\$6,305,933	\$7,286,257
Funds without property taxes		
Aviation Fund	\$ 67,192	\$ 104,682
Court Records Fund	\$ 70,049	\$ 84,251
Economic Development Income Tax	\$ 385,933	\$ 710,813
Local Road and Street Fund	\$ (7,668)	\$ 140,378
Probation Fund	\$ 78,664	\$ 74,611
Total for funds without property taxes	\$ 594,170	\$ 1,114,735

How are we coping? Head is above water, but we're paddling like heck.

You probably noticed earlier that our 2010 budget is not lower than our 2009 budget. Some may ask why not when so many other cities have had to lower their budgets recently. It is because we've never become overly "fat" over the years.

When I first came into the mayor's office, Goshen was headed for financial difficulty.

- Operating balances were slim
- Health insurance was going up double digits every year
- City had already started into a 5-year plan to implement recommendations of a salary survey which raised some salaries significantly more than the inflation rate
- \$300,000 of interest earnings were annually being pulled from the Electric Utility Sale Fund to keep small operating balances. I did the same for the first two years until I saw that we had started to dip into the \$2M original amount. We had to quit doing that.

The city's operating balances got perilously low. My wife didn't know it, but I was laying awake nights, trying to figure out how we were going to have any operating balances left at the end of the year.

We steered a conservative course, gradually adding some employees along the way, but not just because we could afford to. There had to be demonstrated need. Along the way, we squirreled away funds as we could. We finally got to a point where balances were relatively healthy, and we could even afford to add some significant capital projects back into the regular budget.

Then the rug was pulled out from under us. With recent property tax caps, it will be a new ball game in coming years. It will be much harder to increase operating balances. Our aim at this point is that they not quickly erode until there are other revenue options (Local Option Income Tax or food/beverage tax, additional innkeeper tax). State legislators are saying they need to provide more flexibility.

At this point in time, we're in fairly good shape, especially in comparison to many other Indiana cities. Merrillville recently took out a bond issue to pay their NIPSCO bill and is shutting off many of their street lights. The South Bend Tribune reported yesterday that LaPorte will run out of money in 3 to 4 months. Banks have stopped loaning them money and the Indiana Bond Bank sees them as too big a risk to keep loaning money. They are going to Indianapolis to plead for mercy in front of the DLGF. To add insult to injury, they were found liable in a court case over the lack of progress on ADA accessibility of sidewalks which could cost them as much as \$33M. Muncie is shutting off every other street light, shuttering fire stations and laying off firefighters, as are some other cities. I'm not sure there is any hope for Gary. The governor said someone needs to hold a gun to its head and shoot it.

While we've had to cinch the belt a couple more notches, we're pretty fortunate.

In order to protect operating balances in preparation for property tax circuit breaker reductions (\$200,000 in 2009, \$1.3 M in 2010, a little more in 2011 and 2012), reduced property tax collection rate, reduced local income taxes and state revenues, and reacting to lower water/sewer consumption, the City took the following actions:

- 2% raises for 2009 mostly negated by increased employee cost for health insurance
- No raises for 2010, likely also for 2011
- Building Commissioner retired, administrative duties combined with Redevelopment Director, now Community Development Director
- Public Works director retired, administrative duties absorbed by engineers, Dustin Sailor and Mary Cripe, and hired lower salaried engineering inspector
- Water/Sewer Superintendent retired, not replaced, duties split among existing utility management and engineering staff
- 2 police retirements with positions unfilled

- 2 firefighter retirements with positions unfilled
- 3 park maintenance staff positions left open
- 2 street department positions are vacant
- 1 building department clerical position eliminated
- Early retirement packages offered, some backfilled with lower paid replacements
- One and one half positions eliminated in water/sewer billing office
- Two water/sewer operator positions eliminated through attrition

Altogether, full time equivalents reduced between 5% and 10%

Downtown Improvements

Goshen continues to be recognized for having a very vibrant downtown. All across the country, downtowns are dying. Even in the face of box store competition, ours thrives. Resilient long established businesses, brave new entrepreneurs, building owners willing to impose assessments on themselves to pay for business retention activities and capital improvements through a self-created Economic Improvement District, an active downtown business association in the Downtown Goshen, Inc., an energetic and creative First Friday committee, and the support of the City of Goshen and the Chamber of Commerce...all work hand-in-glove to sustain the downtown business community.

Across the U.S., communities are claiming “new urbanism,” trying to replicate historic downtowns with new construction. We see it in Indiana at developments like Clay Terrace near Carmel and Hamilton Town Square near Noblesville, visible from I69 north of Indianapolis.

We have something even better in Goshen. I’ve heard what we have recently labeled “authentic urbanism.” It is important we protect what we have and continue to build on it. Downtown is a critical part of Goshen’s unique sense of place. And it is a first and lasting impression people have of our city.

If you haven’t had the chance to see the 3-d model of downtown built by Dave Pottinger and Jeremy Stutsman, I hope you’ll have time to see it before you leave today. I believe Dave and Jeremy will be around to explain some great plans for downtown’s future. In order to accomplish all that is being considered would require the federal court injunction against moving the US33 designation to 3rd Street for a number of years to be lifted by the court. Dave Pottinger is pursuing that possibility, seeking agreement from principals who brought the original lawsuit, the Old Town Neighborhood and Historic Landmarks.

Most downtown buildings are full. In fact, a problem exists in that when Nick Kieffer from the Chamber or others are talking with people interested in creating or moving a business downtown, and who would be a nice complement to existing businesses, there is a lack of space to locate them. This is a challenge most downtowns would love to have. One of the most recent changes downtown was Home Again’s move from Jefferson Street to the former Kline’s

building on Main Street. If you haven't yet visited Lon and Judy's new location, you're in for a treat. My understanding is that there will be a Panini sandwich store in the front, where Lots of Sound Advice had been. Mattern's Deli, where Newells Store used to be is a welcome addition to the retail mix, as are several other new additions:

- Nu 2 U consignment clothing store
- Edward Jones, Renee Drake
- Lightsky
- Wellness Studio
- The Olive Branch
- Gaining Grounds Coffee Shop, ADEC
- Lera's Rugs (and soon moving to the Home Again building)
- Mo-Ped Shop, restores vintage mopeds
- Soon expanding into Home Again's basement, Better World Books
- Last, and perhaps the least, but really good hot dogs...The Wiener Circle

Other Economic Development

And speaking of The Wiener Circle, the City was criticized in a letter to the editor by Carl Van Gilst that our only economic development activity has been 3 jobs at hot dog and popcorn stands. That is not exactly accurate. The popcorn vendor totaled his wagon in an accident, so it appears we lost 1/3 of our gain. In reality, companies in Goshen have been adding back employees as the economy rebounds. We worked with Lippert Components to get state assistance to bring over 100 additional jobs to Goshen. There have been "tire kickers," some of whom don't have business plans that work unless they get federal stimulus grants. The Economic Development Corporation has shown buildings in Goshen to prospects. Mark Brinson stays in close touch with Dorinda Heiden-Guss of the Economic Development Corporation. We doubled our financial contribution to the EDC to support its efforts. The Redevelopment Commission has added road, water and sewer infrastructure on the south side of the city to accommodate industrial growth when the economy improves.

I'm sometimes asked why Elkhart is getting more activity than Goshen. One reason is they've gotten more national attention. And we need to be realistic about what some companies are looking for. One thing is convenient interstate access. Elkhart is adjacent to the toll road. Another is an existing building of particular size and layout. Elkhart's inventory of immediately available buildings is broader than Goshen's. Large acreage and rail access are sometimes factors. And if a company is a significant electric user, AEP's rates in Elkhart are much lower than NIPSCO's in Goshen. I also respond that what floats Elkhart's boat higher also floats Goshen's higher. Many people drive from Goshen to Elkhart to work. Would I like the capital investment and increased assessed value in Goshen? Sure. But I recognize hurdles. In the meantime, I see our job as "setting the table." We need to maintain good infrastructure and an attractive community that companies know employees want. "If we build it, they will come" is not an empty platitude.

Crime in 2009 vs. 2008: Did it take a holiday?

Criminals seem to have taken a bit of a vacation in 2009. I hope they stay on vacation.

- Total crimes of all types were down 11% from 2008
- Violent crime, battery, domestic violence, rape, sexual battery, was down 11%
- Surprisingly, even with high unemployment, thefts and burglaries were down 41%
- As one might imagine from reading newspapers about growing meth problems all across the state, arrests for drug possession, sales/manufacturing was up 40%

Vacant House Inspection

You've probably read about the proposal to increase efforts to improve neighborhoods by requiring long-vacant houses to be habitable. Rental inspection established years ago was a good first step in Goshen to assure that apartments are safe for tenants. The Neighborhood Preservation Ordinance several years ago was a good second step. Both of these initiatives were done with support of the Chamber of Commerce. But we still have a problem of long-vacant houses, sometimes with several in a neighborhood. These aren't short-term vacancies because of the soft rental market or homes in foreclosure. These are ones that have sat vacant for many years...some longer than I've been mayor. When houses sit vacant, they attract vandals, vagrants, and wildlife. The cost to the community from increased police and building department involvement is great. Yards aren't mowed or raked regularly. Snow is not shoveled. The decreased value of neighborhoods is not only a problem for nearby property owners, but the lower assessed values in those neighborhoods drive the tax rate higher citywide. Our Neighborhood Preservation Ordinance tracks state statute, which allows a community to require that houses be habitable.

While the council needs to take no action, I suggested public conversation to see if there was broad support. Pending the parameters of compliance, how long a house must sit vacant before we look inside to see if it is habitable, and what standards we will require, most of the council appears supportive. The Goshen News and Chamber of Commerce Public Policy Committee appear supportive, conditional on parameters for compliance. Neighborhoods seem excited. The primary objection has come from a few landlords.

Property rights is a factor, as it was with the Neighborhood Preservation Ordinance.

It appears we will have the public's support in this effort. We are currently compiling a list of long-vacant properties. The public is encouraged to call the city to let us know if there are some we might not know about.

Hybrid Vehicles

Through the work of the Michiana Area Council of Governments, Goshen received 5 Ford Escapes and 5 Toyota Priuses. I've taken some ribbing for getting foreign cars, but the only

sedans on the selection list were Priuses and Camrys. The hybrid Ford Focus was not yet available when the federal list was created. In a perfect world, we'd get all our cars in Goshen. But it's hard to pass up \$277,000 worth of vehicles for about \$13,000. Especially in today's government climate.

Greencroft Donation

I want to thank Greencroft for stepping up and making a \$50,000 contribution to the City of Goshen in 2009. Mark King, the new "Mayor of South Goshen" succeeding Gene Yoder, appreciates the services the city provides to Greencroft. And since they are property tax exempt, this is a way of recognizing the value received. It is our hope that this can continue annually, and depends on Greencroft's annual fiscal health. If it does, the City could say that Greencroft is funding a regular ambulance replacement schedule.

Now....if we just had another large tax-exempt organization offer to fund all our ambulance supplies! That runs us about \$50,000 annually, also. Wouldn't that be great? Who could that be?

Census

Finally...please complete your census questionnaire. It only takes a few minutes. There is no long form this year. Every person counts for about \$350/year in various types of state and federal income and grants. An undercount of only 100 means \$350,000 lost in the ten years that will pass before we have a chance to correct the undercount. And we don't get to count the jail prisoners this year since they moved out of the city.

The Census mailing looks a little like junk mail. If you accidently pitched yours and can't retrieve it from the wastebasket, a replacement will automatically come to you. If you don't return that one, a Census worker will come knocking. This is not only costly for the government, but the visit will probably take longer than it would have taken to complete the form in the first place.

Thank you.