

State of the City, March 2013

Readers of prior “State of the City” remarks may find familiar this quote used in 2006. It’s from Eric Kanagy, printed in The Elkhart Truth in 2005.

Eric said “I talk to people daily who come to New World Arts and ask, “What is going on? How does Goshen have a winery, how does it have nice restaurants, how does it have a theatre that’s doing Chicago-style theater? There’s a thirst for the kind of place Goshen is and the kind of place Goshen is becoming.”

Eric is a young entrepreneur...though 7 years older now than when he was quoted...owner of The Red Post, headquartered in downtown Goshen, one of the owners of Venturi, nationally recognized for its wood-fired pizza, and current president of Downtown Goshen, Inc...under which First Friday’s is operated. Eric is one of many Goshen College graduates who chose to stay in Goshen to give birth to their dreams.

I used this quote in 2006 and speculated as to why Goshen was growing in population while many other cities in Indiana had declined from 2000 to 2006. The good news is that we’ve continued to grow since 2006 and a most recent census estimate puts us just under 32,000.

It is worth noting that as many as half of today’s young people are making decisions on where to live before they find a job...or as in Eric’s case, where to create jobs. That is why quality of place is so important.

An important reason for Goshen’s growth is what was described in the community branding project spearheaded by the Chamber of Commerce in 2011. Larry Brooks of IU Goshen Health did a great job leading the project. Community branding is not figuring out how we’d like to be known and promoting it. It’s assessing how we’re already being perceived and figuring out how to brand that perception in ways that positively represent the community.

Much data was collected from folks both inside and outside of Goshen to find out what perceptions are of us. The Nashville, TN based company said it was unique to find so many people and organizations working together for the common good. Many folks in our community are active in service clubs, on boards and commissions, in churches, volunteering in schools, helping LaCasa repair homes...the list is long. And they are doing it not for self-recognition, but because it is the right thing to do. Working for “common good” makes us “uncommonly great.” Thus comes the strap line “Common good. Uncommonly Great.”

From the information collected, a brand narrative was created. It reads:

“Everything comes together in Goshen. Or more precisely, everybody. There’s a special spirit that has always been here, and it’s wonderfully contagious. You’ll see it all over town, from neighbors who help the new family on the block get moved in, to volunteers who help at a school. People here are committed to working for the common good, which has helped make

Goshen an uncommonly great place to live, work and visit. We're a richly diverse community of folks, making this a place where you're as likely to live near young professionals as retirees, and as apt to meet friends at First Fridays as at a concert – at the college or just strolling downtown. But what we share in common is the community ideal. Together, we've worked to make Goshen a place where business is good, manufacturing thrives, downtown bustles, artists create, entrepreneurs reach global markets, families find a friendly environment, good things take root, and people pitch in to make it all better. It's altogether different because we're in it all together. Some say Goshen is the way America used to be. We say it's the way to an uncommonly robust future."

This statement now belongs to the community. We all paid for it. Any organization may use it. It could be a great tool to attract managers and professionals to local businesses and organizations and convince them to live in Goshen instead of Granger or somewhere else.

Another reason for growth is city government employees. I doubt little irritates public employees more than hearing folks refer to their chosen vocation as "feeding from the public trough." And frankly, it irritates the heck out of me, also. Department heads and managers could be making more money working for somebody other than the City of Goshen. They are tremendously committed, have wonderful ideas, and are doing great things. They're dedicated to the charge that they are to work every day to make Goshen a better place to pass along to its next set of elected and appointed leaders. And in those efforts, they are making this a better place for all of us.

A lot of projects happened in 2012, but I will mention only a relative few here.

City Engineer Mary Cripe was presented an award at the Indiana Partnership for Transportation Quality awards ceremony at Purdue Road School. Mary was a workshop presenter at Road School, describing multiple projects in the last several years. The room was packed, and there was very good response from engineers in other cities.

Goshen was awarded first place for Special Projects less than \$2 million for the Winona Trail tunnel at Goshen College. Goshen has won this award the last three years in a row – 2011 for Plymouth Avenue Tunnel, 2012 for Maple City Greenway Phase V, and 2013 for the Winona Trail Tunnel.

Utilities Engineer Dustin Sailor also received recognition for the Combined Sewer Overflow "Wet Weather Detention" projects. Out of 28 projects nominated statewide for engineering excellence, Goshen was judged to be in the top 10 "Honors Award" category, the highest of three tiers. Goshen's nomination wasn't chosen as best overall, but the engineering firm that designed the project believes we had to be close to the top.

This was actually a combination of five projects to complete the build-out of Goshen's Long Term Control Plan to eliminate raw sewage discharges into the Elkhart River during rain events. Together, this was the most expensive ever infrastructure improvement in the City of Goshen.

We were one of the first cities out of 106 in the state of Indiana to have our Long Term Control Plan for eliminating overflows approved by IDEM, and one of the first to have eliminated most all discharges. The plan was designed to reduce the number of annual discharges into the river from 30 to less than 2. Since the Wet Weather Detention Facility was put into service in October of 2011, there have been no discharges to the river.

Other cities in Indiana, including some close to Goshen, will be building their plan for the next 20 years, and increasing sewer rates significantly to pay for them.

Goshen was able to purchase Fidler Pond primarily with a grant from the Department of Natural Resources and a matching grant from the Elkhart County Community Foundation. Development and activity plans are being drawn up in consultation with Gorham Woods neighbors to minimize any negative impacts. Future development will take some time, as new grant funding will be necessary.

The parking lot just west of Interra Credit Union is the first part of the millrace redevelopment that has been completed. This was a public private partnership with Interra Credit Union. It's the first time I cut a ribbon for a parking lot dedication! It will serve not only Interra, but also Farmer's Market as well as future development across Lincoln Avenue, at the former NIPSCO building and on the former Street Department site. We were pleased that the Region 5 director for EPA came from Chicago for the dedication. Brownfield Coordinator Becky Hershberger has developed a great working relationship with EPA, and they have great respect for the job Becky is doing.

Mill Street Park is a current and ongoing project. It is the one-time site of Anderson Bolling and later Quality Drive-Away, which burned down after being vacated. The City has built a pavilion here and extended a bike trail along Rock Run Creek. Development of this park has involved multiple partners so far. LaCasa has participated, qualifying for grant funding to help with environmental issues. Lippert Industries donated the dirt for hills and mounds and helped pay for its transportation to the site. And I understand the Goshen Rotary Club will be participating in helping with cost for park amenities.

There are many projects on the drawing board, and less than 1,000 days left in my tenure as mayor. They may not all get done, but here are some of them. Watch out, as traffic may be impacted.

- 2013 Bike path along Plymouth Avenue
- 2013 Jefferson Street reconstruction
- 2013 Improving CR17 from CR38 to CR40 (county project)
- 2014 East Goshen water improvement
- 2014/2015 Waterford Mills Parkway overpass
- 2014/2015 Intersection of Main Street and Kercher Road (county-city project)
- 2015/2016 CR38 bridge (county project)
- 2015/2016 Kercher Road improvements from RR east to Dierdorff Road (CR27)

| | |
|-----------|--|
| 2014 | Marion Line RR re-alignment |
| 2016/2017 | US33 New water tower northwest 9 th Street Corridor improvements Utilities to industrial land on SR15 north Housing along millrace Drainage improvements in the Goshen Industrial Park US 33 beautification Bike/pedestrian path along CR30 and CR17 to US33 commercial area |

So how did we finish 2012 financially?

The three funds I always have to pay most attention to are the General Fund, Street Department (or MVH) Fund and Parks and Recreation. These are the funds from which nearly all personnel costs are paid, and together are the lion's share of spending. I refer to them as the "Big Three" funds.

We came out of 2012 with a little larger gain in operating balances than had been estimated, about \$800,000. It was due to a little better than anticipated property tax collection rate and departments saving more of their budgets.

That's most of the good news. Now comes some reality about the road ahead.

We can't hide our heads in the sand and not see what's coming at us. Otherwise, we may get kicked in the butt. To look ahead, we have to do some estimating.

For 2013, we predict operating balances will decrease about \$958,000. This is partly due to higher loss to property tax circuit breakers. Also, after four years of virtually no raises for city employees, we budgeted for about a 2% net increase for them, after they pay 100% of the increase in health insurance premium. There are adequate operating balances to sustain negative budgets for the short term, but not indefinitely.

Property tax circuit breakers (tax caps) are only part of the problem. This year's loss is certified to be just shy of \$3.8 million. There is also the issue of people not being able to pay their property taxes. So that is an additional loss. We received nearly \$13 million in property taxes in 2008. This year...five years later, if our collection rate is about 97%, we will receive only \$10.9 million out of a total maximum approved levy of just over \$15 million. Estimating to 2015, things don't look any rosier.

So how do we cope?

This is what I hear people say a lot. Government needs to run like a business. Cut your expenses to fit your income. So let's look at how we've done at coping with the situation the state legislature has created.

Expenses since 2006 have been relatively flat. 2013 spending from “the big three” will be just under \$19 million. Without spending constraints, at an annual increase of 2.8% since 2006, expenses would be \$22 million this year. 2.8% is the figure that Purdue economist Larry DeBoer uses for inflation compounded with population growth. The \$3 million difference is the efficiency and cost control the City has implemented since 2006. It has been a combination of things. Cost saving measures have included consolidating some department head duties, adding technology and equipment that enables reducing number of employees through attrition, requiring employees to pick up all the increase in cost of health insurance premiums, giving minimal raises barely enough for them to pay their rising health insurance premiums, and reducing energy consumption. That’s how we’ve kept abreast of tax cap losses.

I cut my teeth in private business, and what we’ve been doing is not much different from what we did in the office products business. As competition increased, we got as lean and efficient as possible. When we couldn’t find other ways to cut costs, we looked for ways to lower cost on the products we sold. But when we cut quality of the products, staples were too dull to go through 10 sheets of paper. Or copy paper jammed machines. Or toner cartridges didn’t last as long. Or the post-it notes weren’t sticky enough. Eventually, we had to increase prices to maintain quality products and service.

Other businesses are the same. You can get as efficient as possible. But at some point, there is need to increase cost of product or service.

In this respect, running the City of Goshen is not a lot different. One significant difference is that we have to have community consensus for what we do. Another is that we don’t have the option to go out of business.

We’ve rolled with the punches thrown at us so far. Reducing our expenses has been invisible from a service standpoint. Denny Long still manages to have the Street Department plow snow in a timely manner, they still pick up leaves, brush and Christmas trees, they still patch the roads, and they still find the time to help the First Fridays organizers pull off amazing events. Mary Cripe is still improving bike and pedestrian paths and getting new streets and sidewalks built, and getting old ones redone. Sheri Howland still has her Parks personnel maintaining parks, keeping the swimming pool open, operating Discovery Day Camp and Kid’s Triathalons in the summer, running sports leagues and programming countless events throughout the year. Fire and ambulance crews still show up when they’re needed. Police officers still serve in our schools, patrol neighborhoods and show up in your rearview mirror even if you’d prefer they not be there!

But while departments have coped with the punches so far, we won’t be able to indefinitely maintain all the services residents have come to appreciate and expect as our revenue remains stagnant or declines. As happens in private businesses, the time comes when cities have to raise the price of their service if quality is to be maintained.

So don't anyone be surprised when the discussion of a trash collection fee comes up again this year.

There is something good about property tax caps, other than benefitting the property owner with lower taxes.

It is lessening or completely removing the excuse to live outside cities for lower cost. This became clear in recent discussion with some residents just outside of Goshen who inquired how much extra they would pay in property taxes if annexed into the city.

At this year's property tax rate, a home assessed at a little over \$155K, without a mortgage exemption, hits its 1% tax cap even if outside the city in Elkhart Township. It will cost this homeowner, and all in homes with higher assessed value, no more in property taxes to be in the city. And homeowners outside the city are paying as much as \$300/year for trash collection. So it currently costs less if this homeowner lives in the city, getting free brush and leaf pickup, quicker plowed streets, lower fire insurance rating, faster police response, etc. Without a trash fee (so far) in the city, even the owner of a \$100,000 home is break-even when adding cost for trash collection. Even if a trash fee is adopted in the city, it will be less than half what is being paid outside the city.

The value at which a home hits its 1% cap is even lower if located in Concord Township. That's because tax rate is higher there than in Elkhart Township. In Concord Township, the assessed value at which a homeowner hits 1% property taxes is under \$107,000.

One unintended consequence of tax caps (at least I hope it's unintended...shame on legislators if it's intended) is what happens to the distribution of property tax collection inside the city versus outside the city. A property owner outside the city pays county, township, school and library tax rates. If that property taxpayer is annexed into the city, there is a fifth tax district competing for the 1% property tax. This means that all other tax districts get less money...including schools and libraries. But if we don't annex, we've set a barrier to further growth.

Where is Goshen headed in the future? I'm often asked what my vision is for Goshen. I've said it often. I know it sounds trite to say I want Goshen always to be a place we're proud to call home. But that's what it is. If we like what we have, others will see it and like it, too. And we'll grow as a result. While it's easy to say it, it isn't easy to accomplish.

There are multiple aspects to community building. "Bricks and mortar" infrastructure and services are basic.

Whether we're able to continue improving on these, quite frankly, depends on the City Council. If at least four of its members identify with what I believe is the majority of our community that wants to see us continue getting better, we'll be OK. But if a majority of council members

identify with folks who are satisfied with status quo, or who want to go backward, we're in trouble.

I will continue to present opportunities that move us forward to the City Council and ask them to provide the resources. I will not willingly eliminate amenities that have made Goshen a quality place, or services that our residents expect and appreciate, just to fit expenses within declining revenue. If we base decisions on the premise that some people can't afford to pay a new cost, for instance a trash collection fee, we govern to the least common denominator. We won't provide the resources that allow us to improve our quality of place. We need to stretch past a comfort zone that says the status quo is sufficient for the future. Otherwise, we allow a tea-party mentality to block progress.

I believe the majority of Goshen's residents want continued improvement. Council members often hear only from constituents who are opposed to some initiative. It's human nature that those who favor something aren't as motivated to pick up the phone or send an e-mail as those who oppose. But council members need to hear from the other side as well. Otherwise, they get the warped perception that everyone is opposed to something.

In addition to building and maintaining physical infrastructure, local government needs to be involved with developing human infrastructure through effective citizenship. How do we all get along with various opinions on a wide variety of issues? This is part of the social fabric of the community to consider, also. Working to grow neighborhood associations and empower people to improve the places they live falls into this category.

We have come to see local government only as service providers. However, there is a deeper purpose, especially at the local level. That is to help establish and maintain agreements on how we live together. There are times when the goals of efficiency and the need for people to be connected both to the place they live and to each other work counter to one another. Some financial challenges faced by all levels of government call for large-scale solutions. But we can't lose sight of the fact that people long for a distinctive sense of place that differentiates where they live from every other place. Meeting this need takes energy and resources. Advantaged communities are those that are effective at reaching dynamic agreement.

If present demographic trends continue, what will Goshen look like in 10 or 20 years? If Goshen becomes more diverse, what opportunities and challenges will that diversity create? How can Goshen take advantage of the resulting opportunities and minimize the challenges?

To this end, the Community Relations Commission is working on visioning plans that will convene groups of residents, facilitate discussion and clarify agreement on a range of topics. Some may relate to education, social services, labor, business, faith-based.

It is CRC's belief that the principles that guide their own discussions can apply to wider community conversation, as well. These are:

- Respect for each other and respect for each other's rights

- Open communication and engagement
- Honesty
- A safe community
- Acceptance that change has positive and negative consequences
- Tolerance of differences
- Support for equality and freedom from discrimination

Through meaningful community conversation about a range of topics, objectives are to:

- practice and improve ongoing dialogue
- embrace diversity
- connect people and resources
- generate leadership everywhere
- strengthen sense of community
- know ourselves
- shape our future
- create a thriving community

Goshen is a great place. Good progress has been made in recent years. For progress to continue, bi-partisan cooperation from the City Council will be needed.

Always for a better Goshen,

Allan Kauffman, Mayor