



Mayor's Annual Address

South Bend
Common Council

February 13, 2017

At a Glance

- The administration supported over \$260 million in private investment since the beginning of 2016 that will generate 651 jobs.
- Over 7,000 jobs have been added since 2012, reducing the unemployment rate to below 5% from over 10% in 2012. Labor participation rate is at 66%, above national, state, and metro area averages and has been rising since 2009.
- The City's population is estimated to have increased again in 2016, continuing the reversal of over 25 years of decline.
- Roughly 700 new residential units have been announced, half of which have or are coming online downtown this year.
- Median income \$34,656; Per capita personal income \$19,064; 27.8% poverty rate

2016 Key Initiatives



Nearing completion of **Smart Streets**

Issued an Executive Order establishing an official city-wide **diversity and inclusion initiative** to promote equal opportunity in the city's workforce and operations and develop a strategic plan for the city

Group Violence Intervention helped to reduce group member involved shootings in 2016; homicides were also down slightly from 17 to 14, despite increases nationally

Implemented **Priority Based Budgeting** to maximize effectiveness and efficiency of taxpayer dollar expenditures

Placemaking

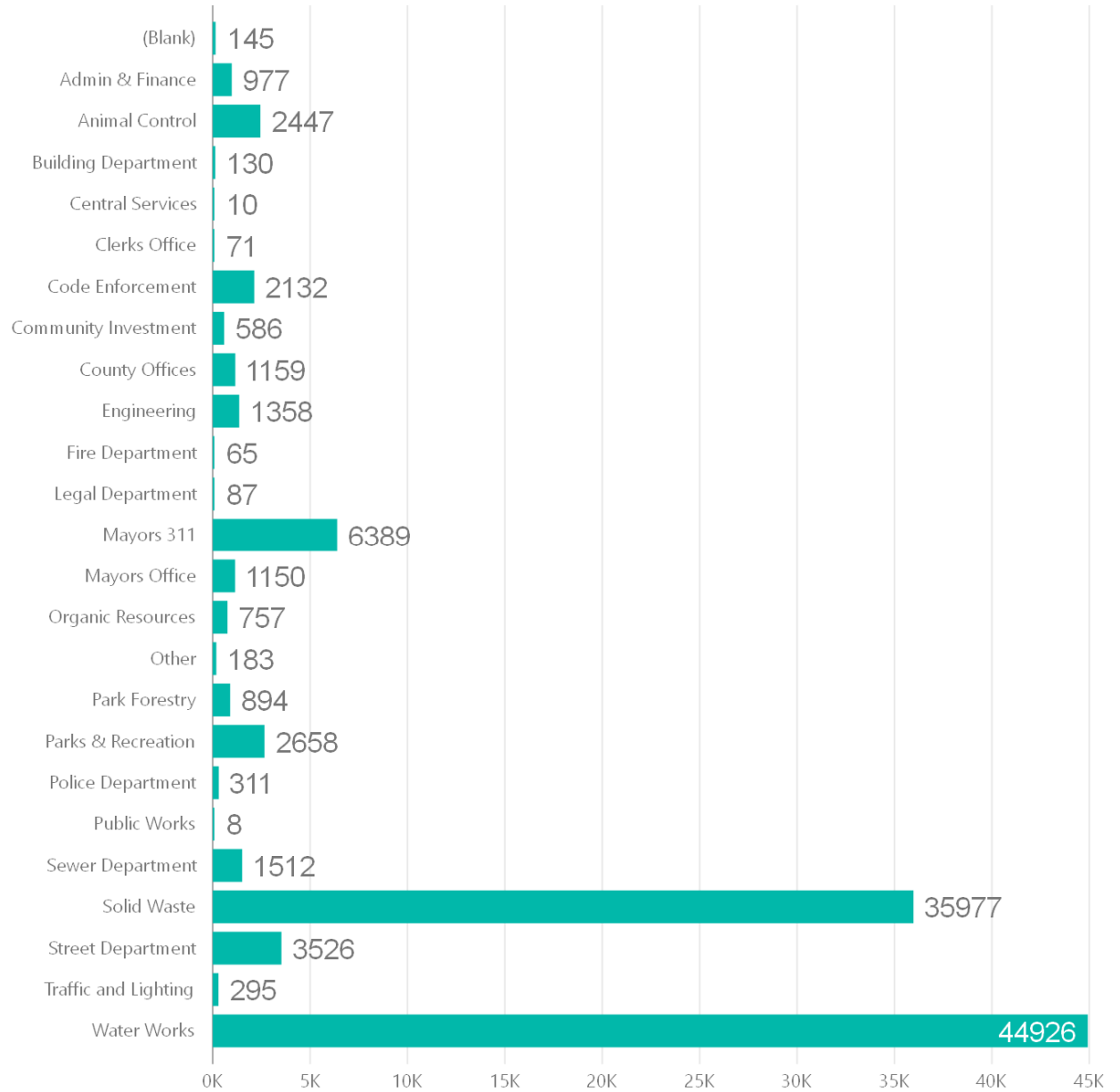
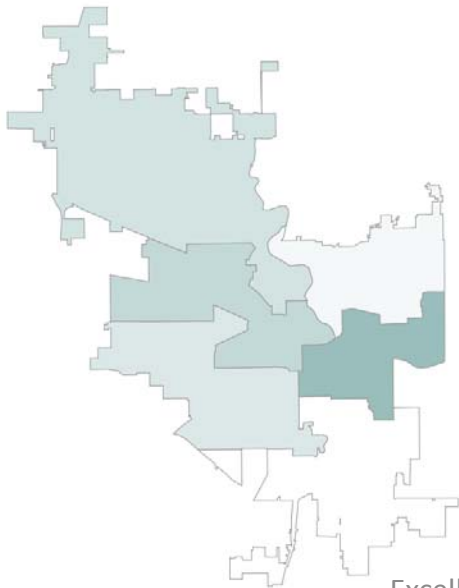
- Reorganized the Parks Department into a new **Department of Venues, Parks and Arts** to ensure better services to residents and better efficiencies throughout the department and the City
- Received **Regional Cities Grant** that will allow for improvements to the City including the **Riverfront Parks and Trails** initiative



311 Calls

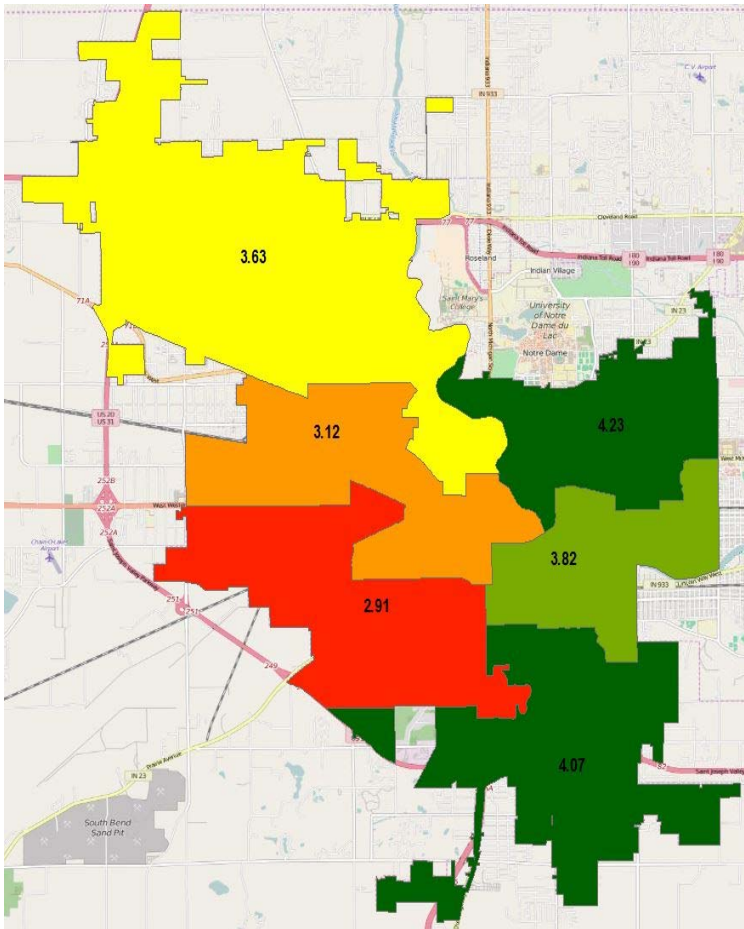
1/1/2016 to 9/1/2016

	22383
1	14291
2	14925
3	16524
4	13038
5	12621
6	13971
Total	107753



Neighborhoods

Satisfaction with Features by District

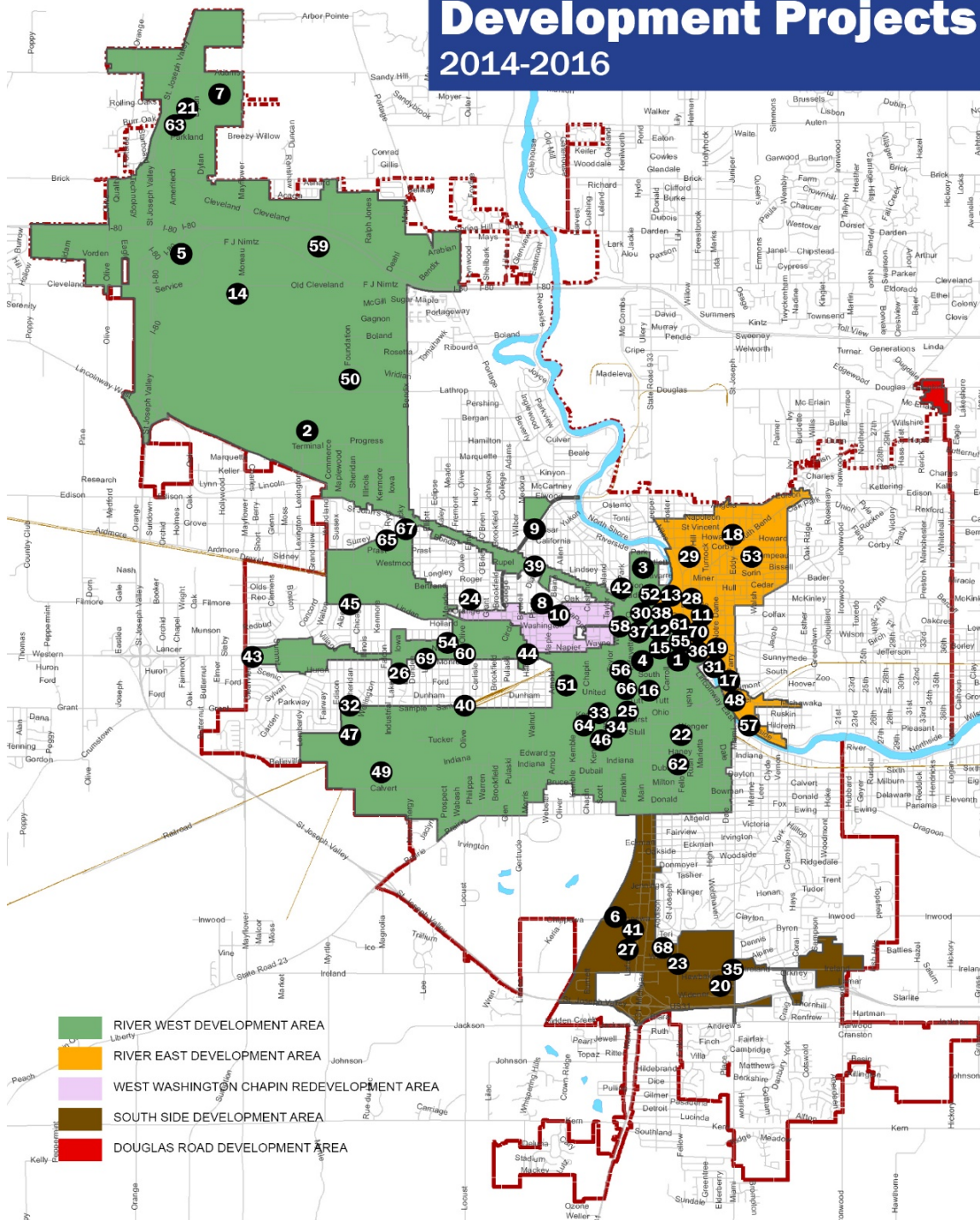


Neighborhood Features	Extremely Dissatisfied	Dissatisfied	Neutral	Satisfied	Extremely Satisfied
Condition of streets	12.0	16.7	25.7	31.8	13.9
Condition of sidewalks	22.0	24.6	25.3	18.6	9.5
Condition of street lighting	15.9	22.0	27.6	22.0	12.5
Condition of parks	16.4	16.6	26.2	25.0	15.8
Housing	12.9	17.7	30.0	24.8	14.6
Safety	18.0	19.5	27.7	23.8	10.9
Quality of businesses	17.5	20.2	30.1	22.9	9.3
Variety of businesses	24.2	23.3	26.2	19.2	7.2

TIF Expenditure Overview 2015-2016

- Total River West Investments: \$43,697,533
- Total River East (inclusive of Residential Area) Investments: \$9,868,914
- Total South Side Development Area Investments: \$5,019,353
- Investment Breakdown:
 - 55% Public Infrastructure- neighborhood/community benefit (capital improvements, roads, corridor improvements, streetscape, sidewalks, debt service on public facilities/projects, studies, plans)
 - 45% Economic Development - project specific incentives (capital expenditures, infrastructure, utilities, building improvements, environmental remediation)

Development Projects 2014-2016



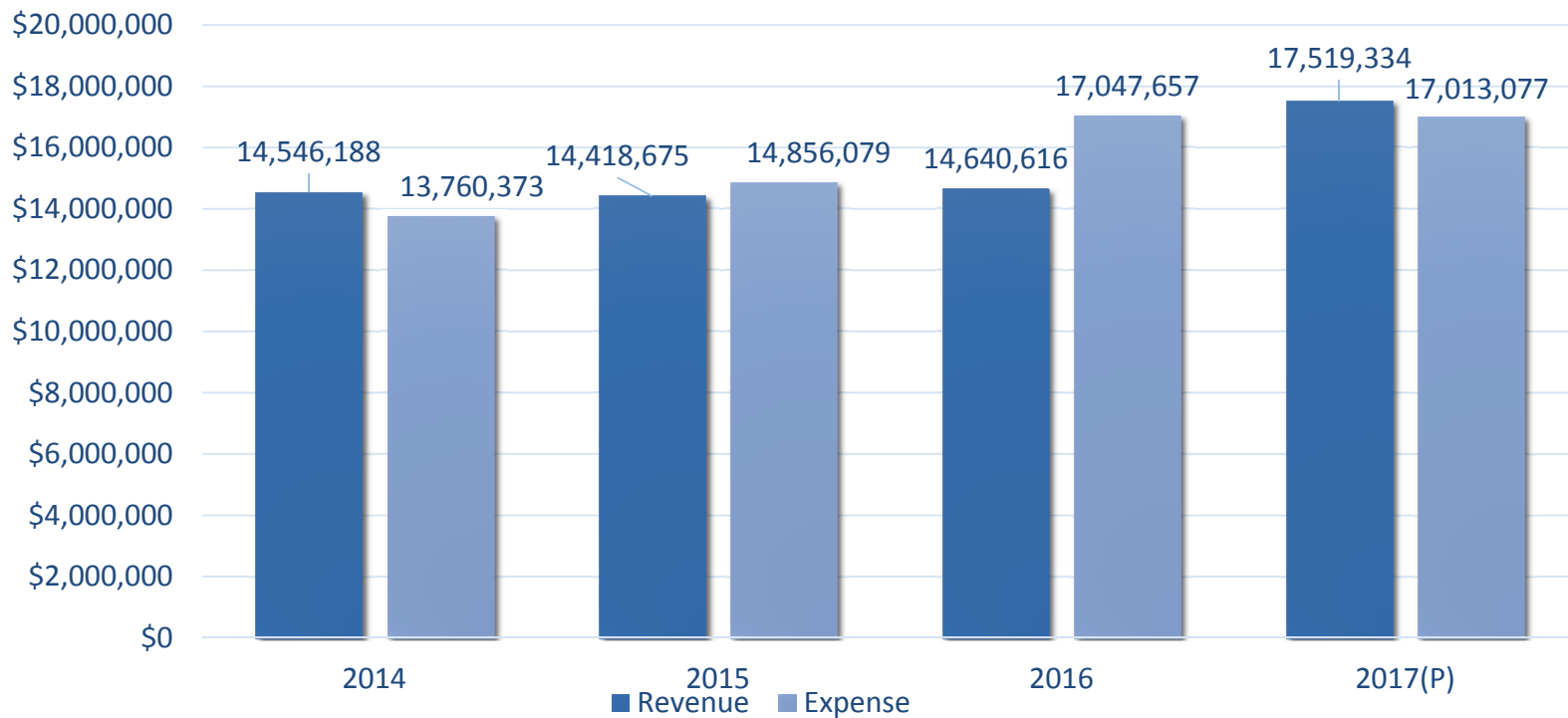
- RIVER WEST DEVELOPMENT AREA
- RIVER EAST DEVELOPMENT AREA
- WEST WASHINGTON CHAPIN REDEVELOPMENT AREA
- SOUTH SIDE DEVELOPMENT AREA
- DOUGLAS ROAD DEVELOPMENT AREA

- 1 AC3
- 2 Airport Authority
- 3 Bartlett Roundabout
- 4 Berlin Flats
- 5 Blackthorn Golf Course
- 6 Chase Plastics
- 7 Chet Waggoner Dr. (Holladay)
- 8 City Cemetery Plan
- 9 Coal Line Trail
- 10 Colfax Avenue Improvements
- 11 Colfax Avenue Streetscape
- 12 College Football HOF Reuse
- 13 Commerce Center
- 14 Corporate Wings
- 15 Courtyard by Marriott Hotel
- 16 Downtown 2-Way Streets
- 17 East Bank CSO Phase 5
- 18 Eddy Street Phase II
- 19 Emporium Infrastructure
- 20 Erskine Plaza Ponds
- 21 FedEx
- 22 Fellows & Dubail Streetscape
- 23 Fellows St. Improvement Project
- 24 Fire Station 4
- 25 Hamilton Towing Site
- 26 Harrison School SRTS
- 27 Heraeus Kulzer
- 28 Hill & Colfax Mixed Use
- 29 Hill St. Infrastructure
- 30 Hoffman Hotel
- 31 Howard Park Ice Rink
- 32 Hubbell Raco
- 33 Ignition Park Infra Phase 2
- 34 Ignition Park Multi-Tenant Bldg
- 35 Ireland & Miami Area Improv

- 36 Jefferson & Niles
- 37 JMS Building
- 38 LaSalle Hotel Rehab
- 39 Lincolnway West Restriping
- 40 Lippert Components
- 41 Main - Lafayette Crossover
- 42 Marion & Madison 2-Way
- 43 Martin's
- 44 MasterBuilt
- 45 MTI Expansion
- 46 ND / GE Turbo Project
- 47 Nello Corporation
- 48 Newman Center
- 49 Noble America
- 50 Norress
- 51 Oliver Plow Site Improvements
- 52 Parking Garage Deck Coating
- 53 Perley School SRTS
- 54 PNA Demolition
- 55 Project Lead the Way
- 56 Renaissance District
- 57 Riverfront Parks & Trails
- 58 Saigon Market Site Work
- 59 Schafer Gear
- 60 South Bend Chemical
- 61 South Bend Dam Capital Plg
- 62 Southeast Master Plan
- 63 Spec Building @ Ameriplex
- 64 Studebaker Environmental
- 65 Success Academy
- 66 Thermolite
- 67 Unity Gardens
- 68 Walter Street Sidewalks
- 69 Western Avenue Streetscape
- 70 Wharf Site

Water Funding

Water Works O&M Fund

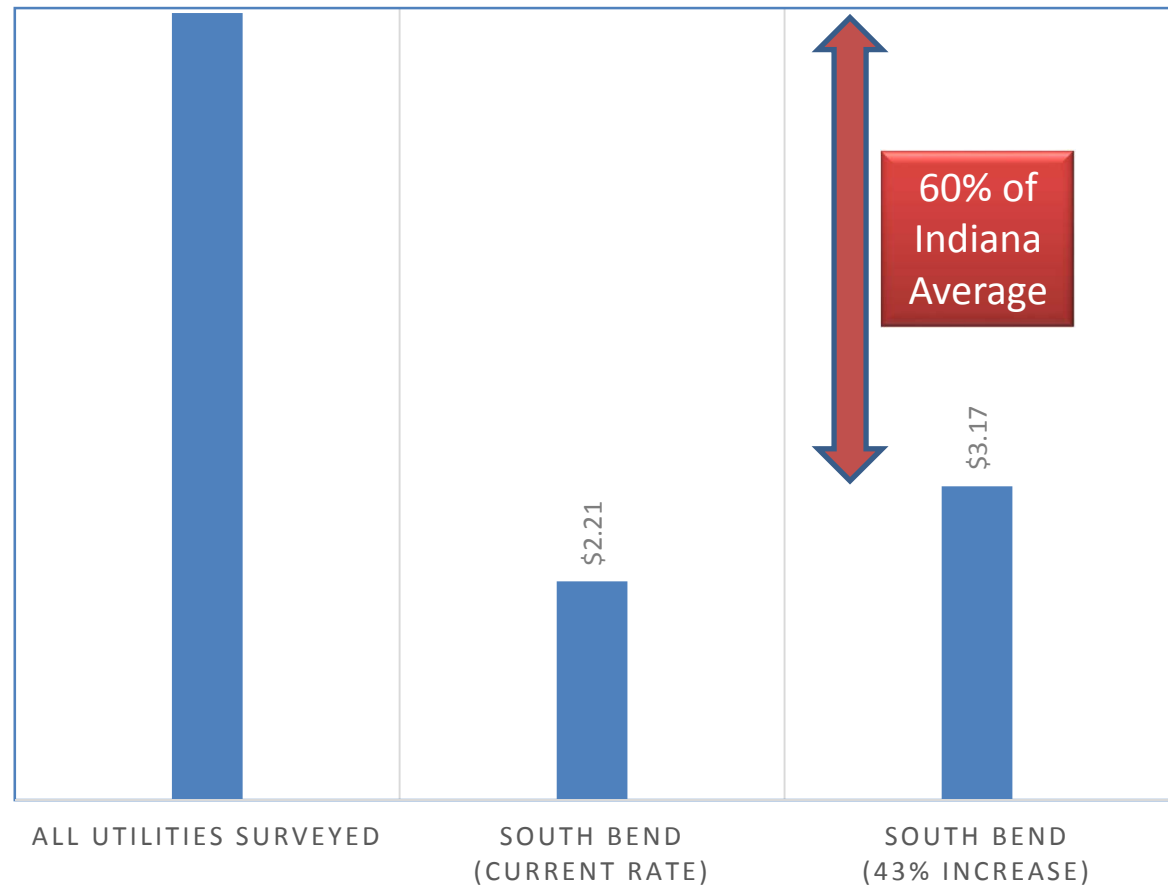


In addition to O&M shortfall, \$88 million of capital investment needs identified over the next 5 years



Water Rate

2016 IFA STUDY WATER CUSTOMER RETAIL UNIT COST (\$/1,000GALLONS)



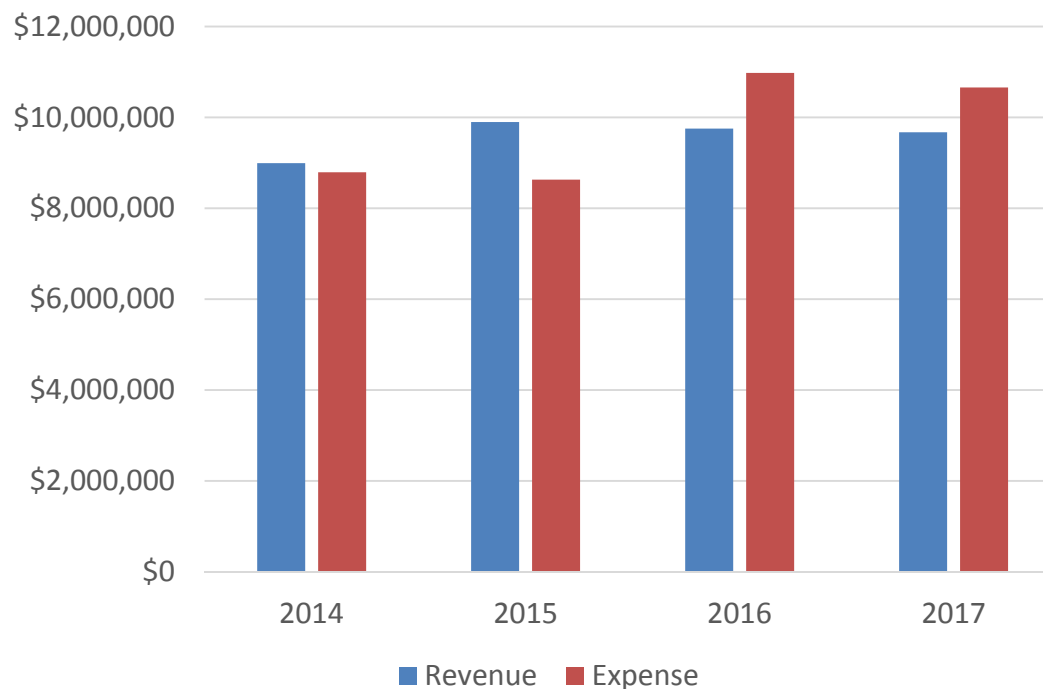
Proposed new rates will only fund 18% of the \$88 million of capital investment needs

Indiana Finance Authority – Evaluation of Indiana’s Water Utilities 520 Utilities Surveyed

Road Funding

- Applied 112,719 gallons of anti-icing liquid treating 2,254 miles of snow routes during the 2015-2016 winter season
- 1,154 blocks of alleys graded
- 11 blocks of alleys reconstructed
- 3,822.5 miles of streets swept
- 11.12 lane miles of streets repaved
- 154 loads of storm debris hauled from June storms

MVH Revenue & Expense Budget

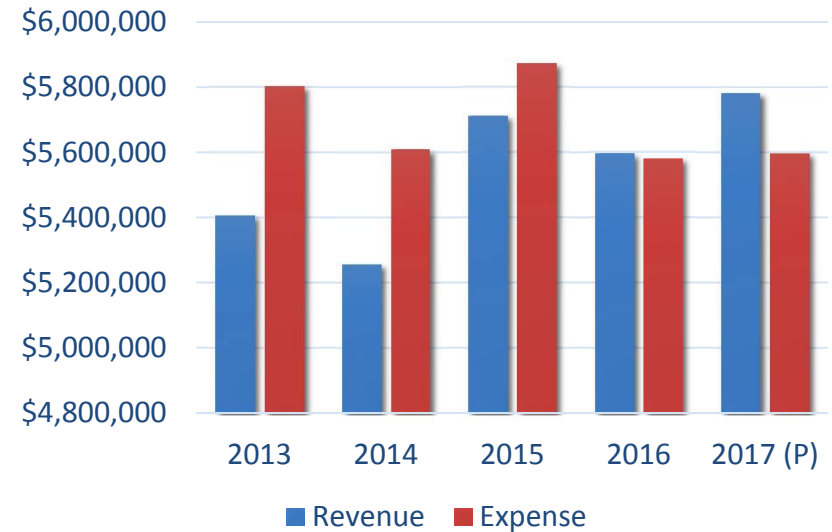


\$3.4 million projected shortfall in road funding in 2020 without state action

Solid Waste

Accomplishments

- 62% of our fleet is converted to CNG
- Implemented new Yard Waste program
- Reduced Trash Misses by 39%
- Increased efficiency of extra pick-ups by 37%
- Delivered 6,968 Yard Waste containers



Wastewater

- Key projects in 2016 included:
 - Primary Clarifier Rehabilitation & Equipment upgrades
 - Digester 2 Upgrade
 - Digester Gas Cleaning
 - Secondary Treatment Improvements
 - Grit & Screening Improvements
- Phase 1 of the CSO Long Term Control Plan (LTCP) cost roughly \$148 million to complete.
- Phase 2 of the LTCP will cost \$713 million as drafted in consent decree with EPA.
- Successful renegotiation of Phase 2 agreement with EPA will likely save ratepayers hundreds of millions of dollars with similar environmental outcomes



Primary Clarifier 4 —During Construction



Clarifier 7 —New mechanism and bridge



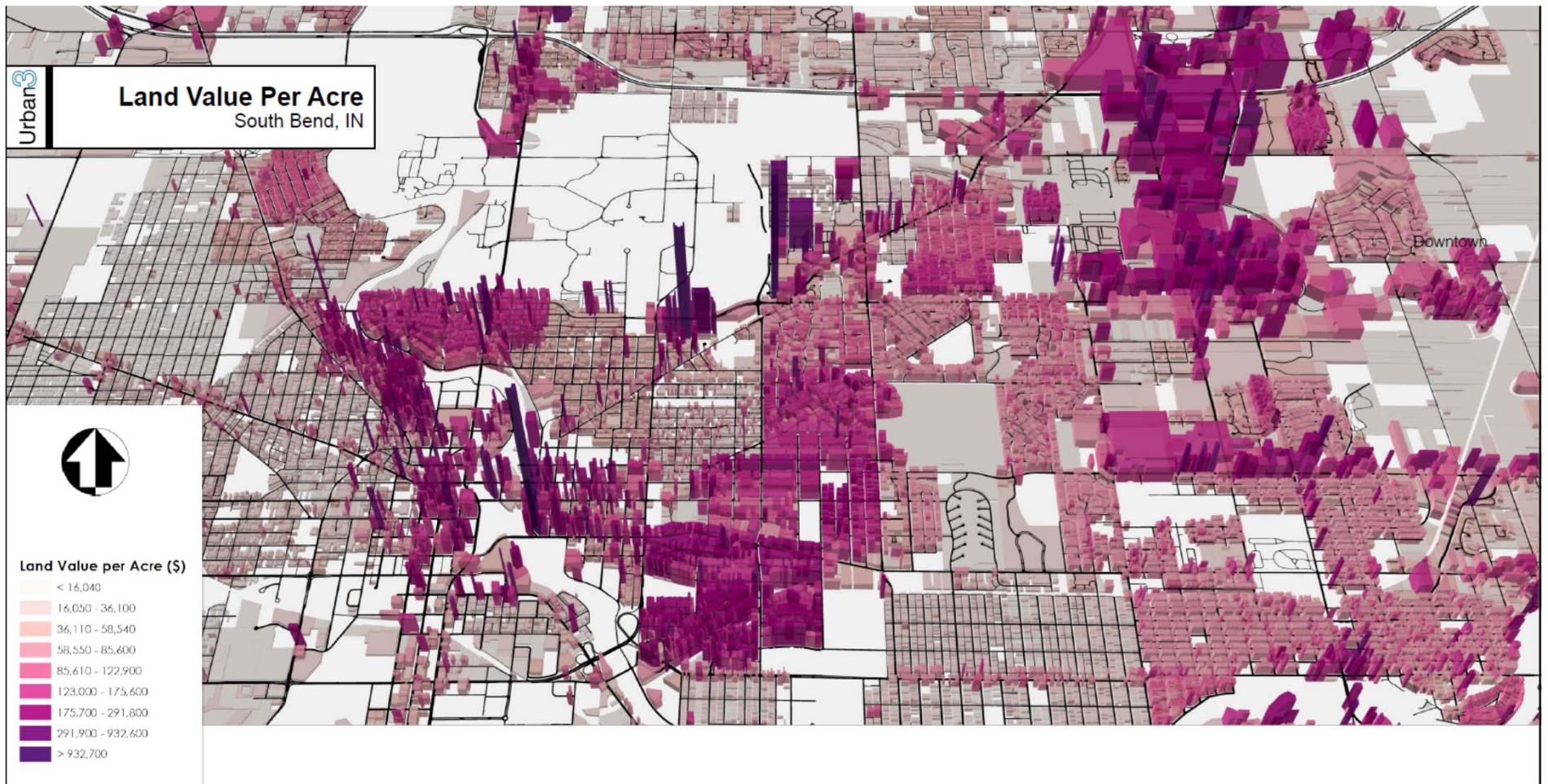
New Grit Cyclone & Grit Washer

Assessed Valuation

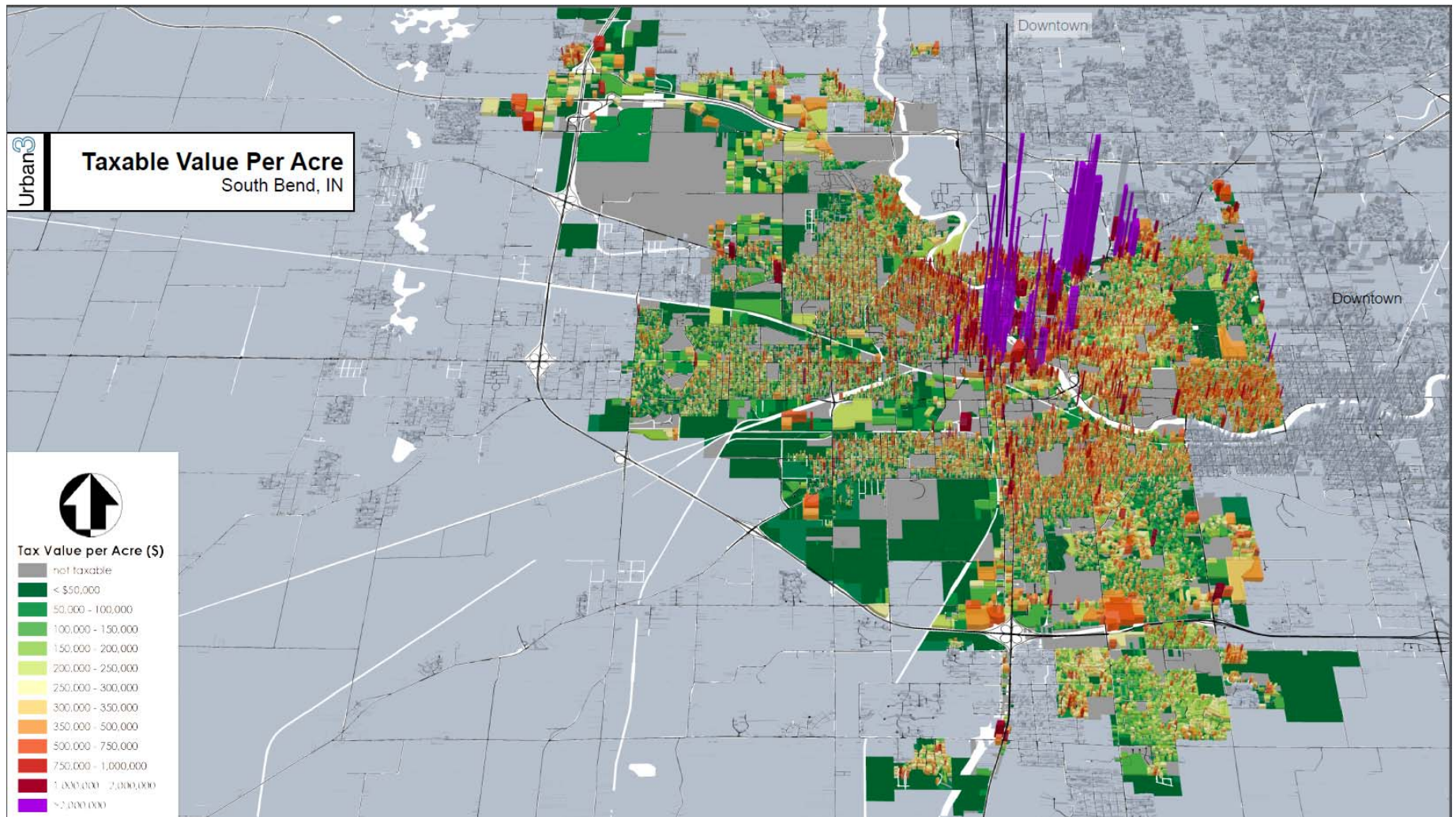
City of South Bend, Indiana
Actual and Estimated Net Assessed Values (2009 – 2020)
Mid AV Growth



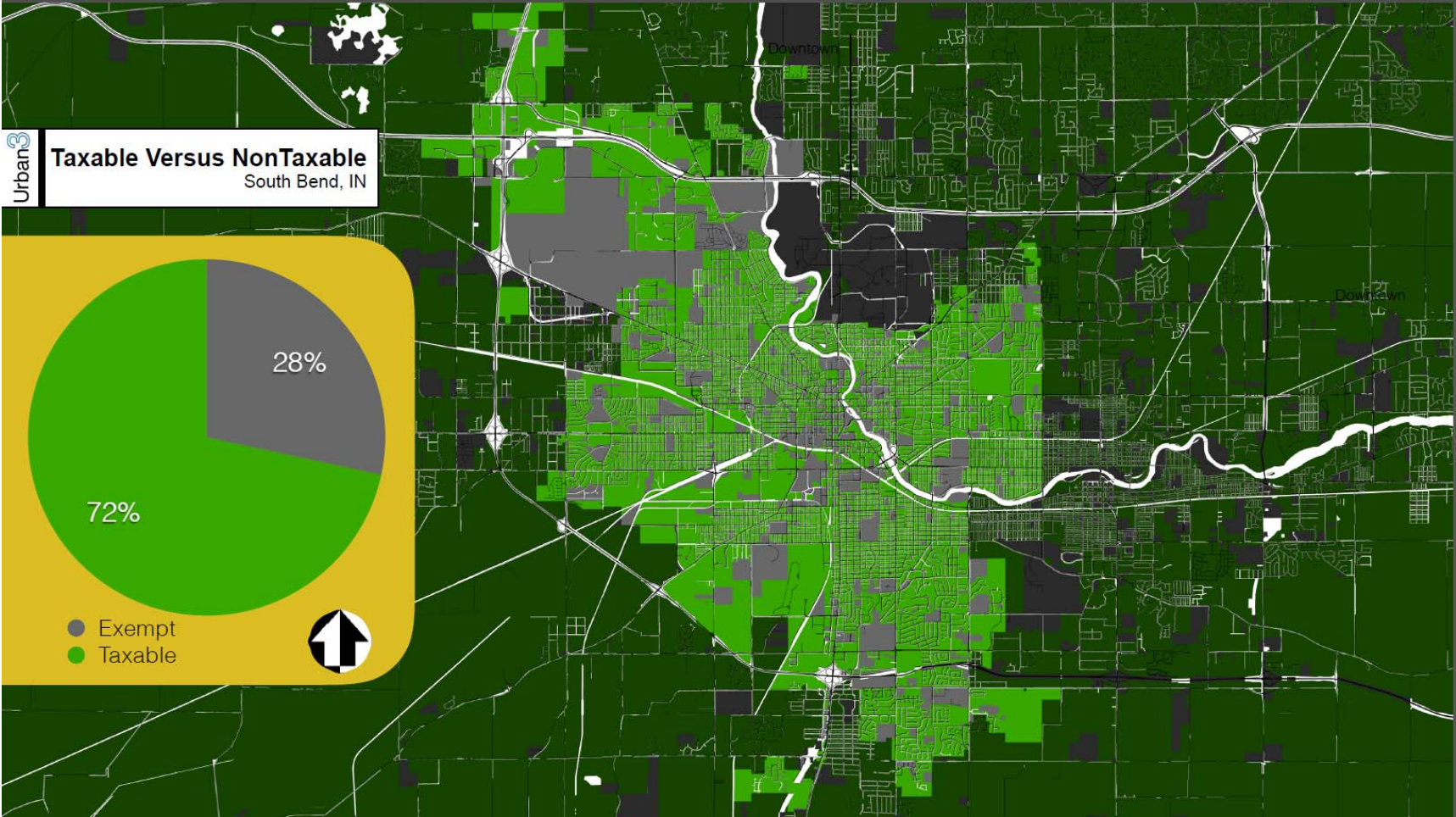
Land Value Disparities



Value of Density, Downtown



Taxable Land



S & P's General Obligation Ratings
Indiana Second Class Cities
As of January 28, 2016

Obligor	Rating
1 Fishers	AA+
2 South Bend	AA
2 Carmel	AA
2 Noblesville	AA
3 Bloomington	AA-
3 Elkhart	AA-
3 Evansville	AA-
3 Fort Wayne	AA-
3 Jeffersonville	AA-
3 Lafayette	AA-
3 Merrillville	AA-
4 Anderson	A+
4 Columbus	A+
4 Mishawaka	A+
4 New Albany	A+
4 Portage	A+
4 Richmond	A+
5 Hammond	BBB+
5 Terre Haute	BBB+



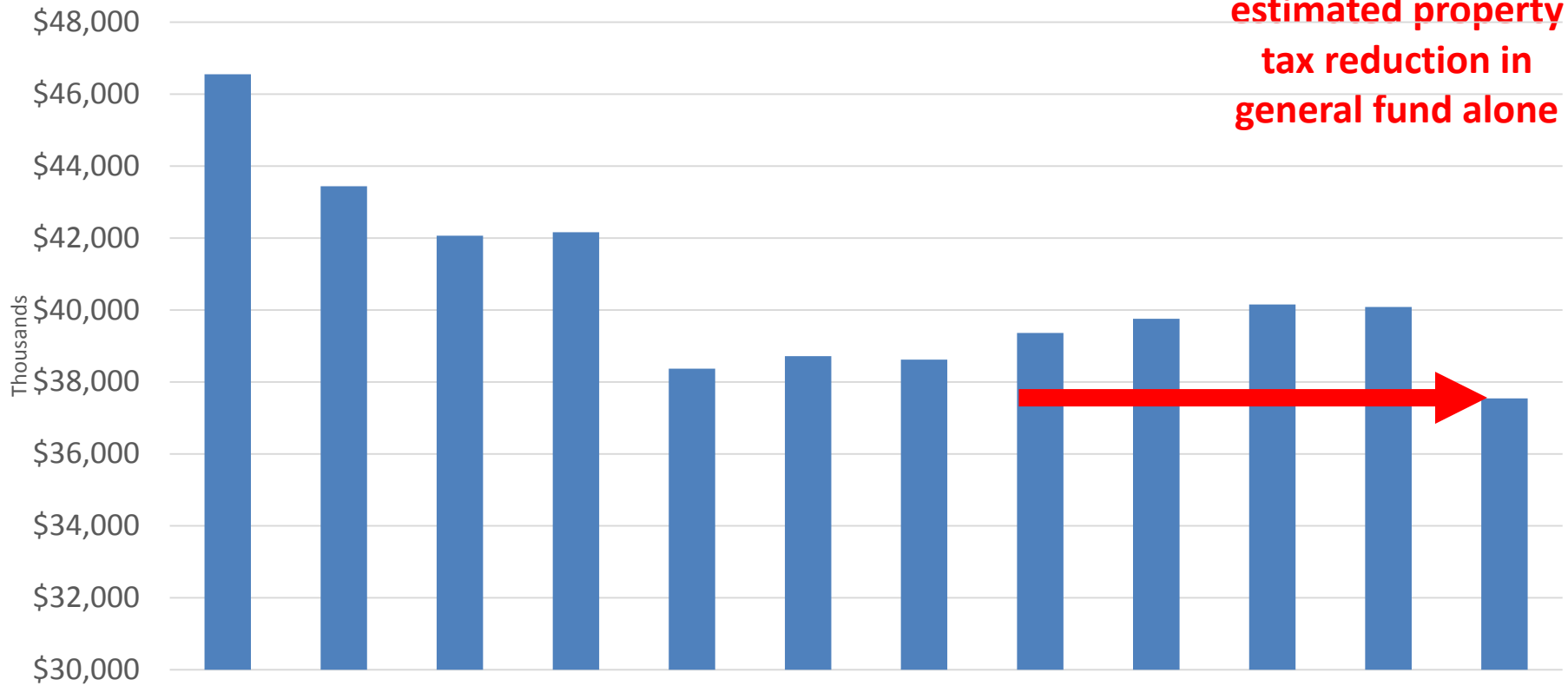
Second Class City refers to Cities with population in excess of 35,000 residents and a City Council of 9 members.

Bond ratings are important to the City as the high rating allows the City to issue bonds at the lowest possible rate, therefore, saving valuable tax dollars.

Note: No public ratings of debt for Evansville, Gary, Greenwood, Kokomo or Muncie.

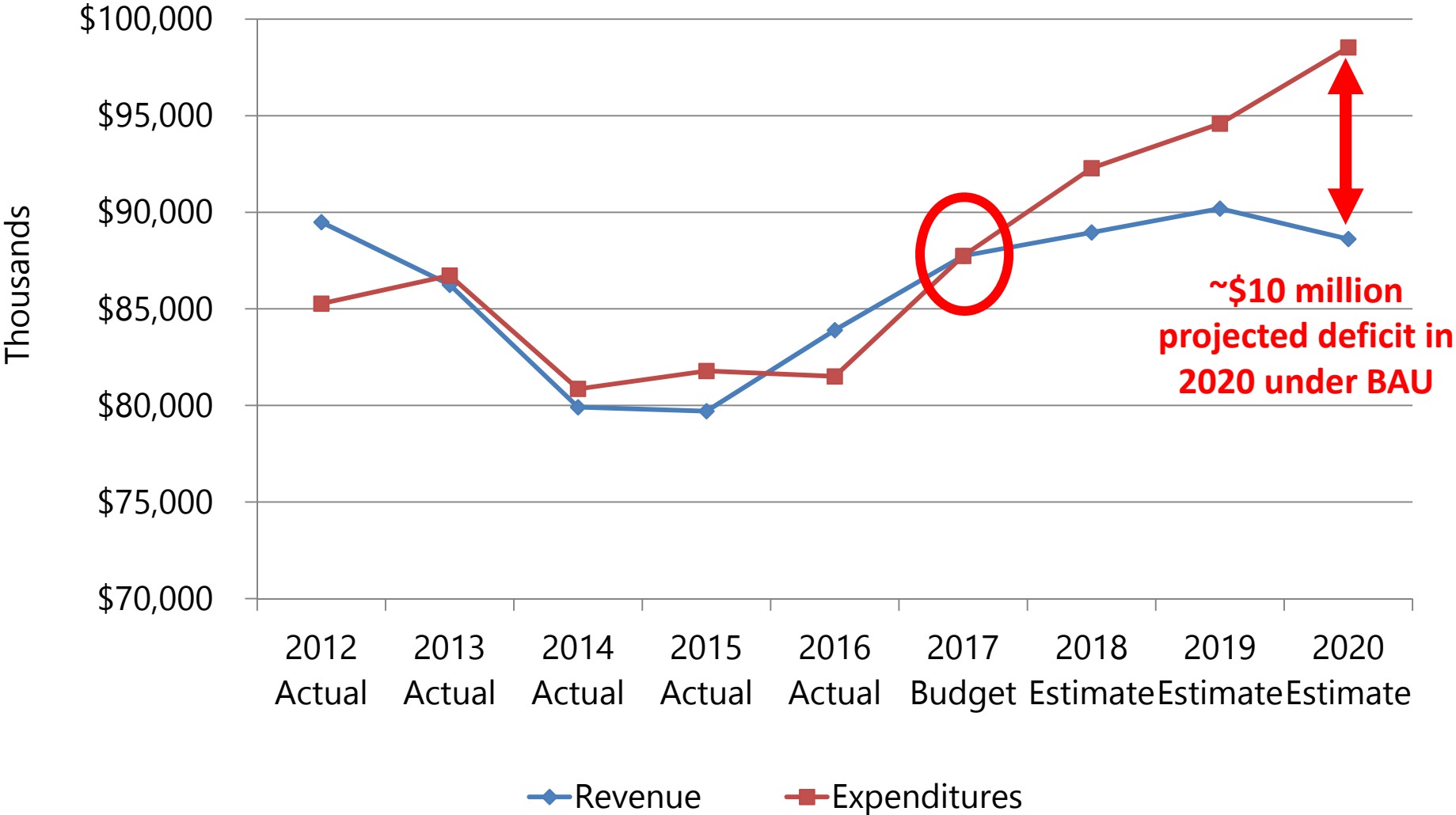
Projected Property Tax Levies Due to State Circuit Breaker Tax Credits General Fund

**\$2.54 million
estimated property
tax reduction in
general fund alone**



	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Estimated	2018 Estimated	2019 Estimated	2020 Estimated
Net Levy (in thousands)	\$46,551	\$43,441	\$42,066	\$42,160	\$38,369	\$38,715	\$38,619	\$39,362	\$39,756	\$40,153	\$40,082	\$37,543

Revenue & Expenditures – General, COIT, EDIT and Public Safety LOIT Funds



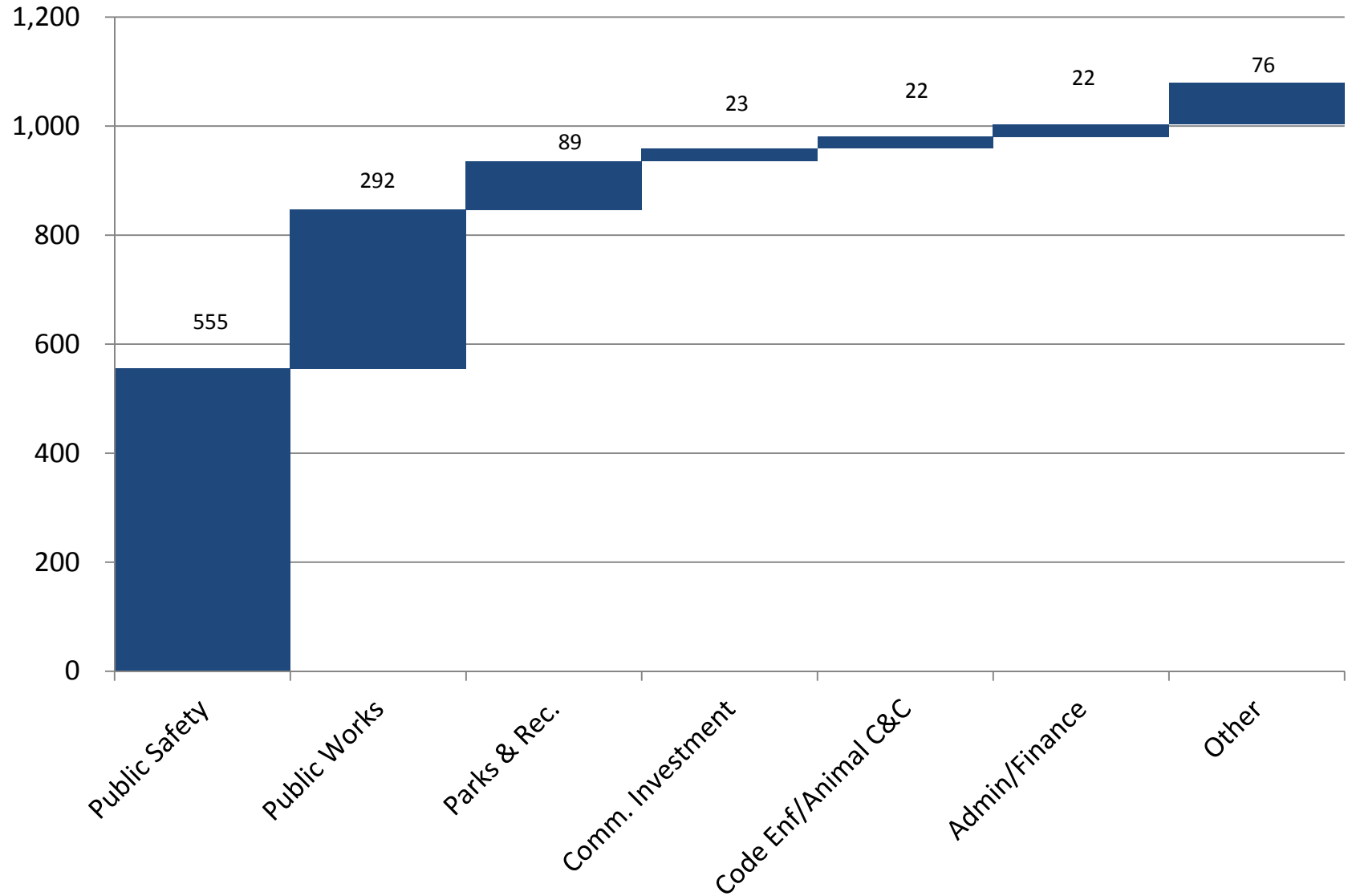
Measures in 2017 Budget to Address Fiscal Curb

1. Piloted the addition of six (6) new firefighters to reduce overtime costs within the department.
2. Reduced burden on general and income tax funds by shifting approximately \$1.6 million in debt service payments and other qualifying expenditures from general and income tax funds to TIF funds.
3. With enterprise funds paying their fair share of administration and IT allocations, the general and income tax funds saw relief of over \$1.5M.
4. Reduced the overall workforce in the Department of Administration & Finance by two (2) positions due to retirement and overall business requirements.
5. Overall IT expenses were decreased by approximately \$300,000 through efficiencies and reduction in need for outside professional services.
6. Launched the new Priority Based Budgeting model for budget preparation and review. By the end of the exercise in 2016, we will have the cost and revenue associated with all of the programs we offer as the City of South Bend and prioritize them according to our goals.
7. Formalized Business Analytics and Innovation to find efficiencies and overall savings throughout City departments.
8. Centralized the Maintenance Divisions within the Department of Venues, Parks, and Arts to find overall efficiencies and cost savings through strategic purchasing efforts and shared labor efforts.
9. Continued progress on reducing claims and increasing collections across city departments with help from the Department of Law.
10. Adjusted parking fees to reduce the overall structural deficit in the Parking Garage Fund.

Options to Stay Ahead of Fiscal Curb

1. Continuing to work with the County to ensure property taxes accurately reflect market conditions and everyone is paying their fair share.
2. The administration will evaluate each vacant position and refill based upon operational needs (e.g. a 2.5% reduction of full-time equivalents in the general and LOIT funds would save about \$1.5 million from 18 positions.)
3. Working towards a more strategic purchasing plan and coordinating purchasing efforts to ensure the City is considering long term sustainability when making decisions.
4. Engaging in multiple strategies to bend the health care cost curve by maintaining a Health & Wellness Clinic and revising the Wellness Program (e.g. slowing cost increases to 5% per year instead of 8% would save nearly \$1 million.)
5. Working with the State to fund local roads adequately could relieve the \$3.4 million projected shortfall in 2020.
6. Collaborating with the PSAP management to contain the cost of the consolidated 911 center.
7. Exploring new partners and outside funding streams for various City projects (e.g. government and philanthropic).
8. Discussing ways to partner with the County and gain overall efficiencies in service delivery.
9. Continuing work through the Department of Sustainability to that will provide cost savings.
10. Working to find energy efficiencies and implement technological solutions to save on operation costs (e.g. 5% cut would yield about \$1.5 million of savings.)
11. Considering new revenue options to offset fiscal curb and growing structural deficit.

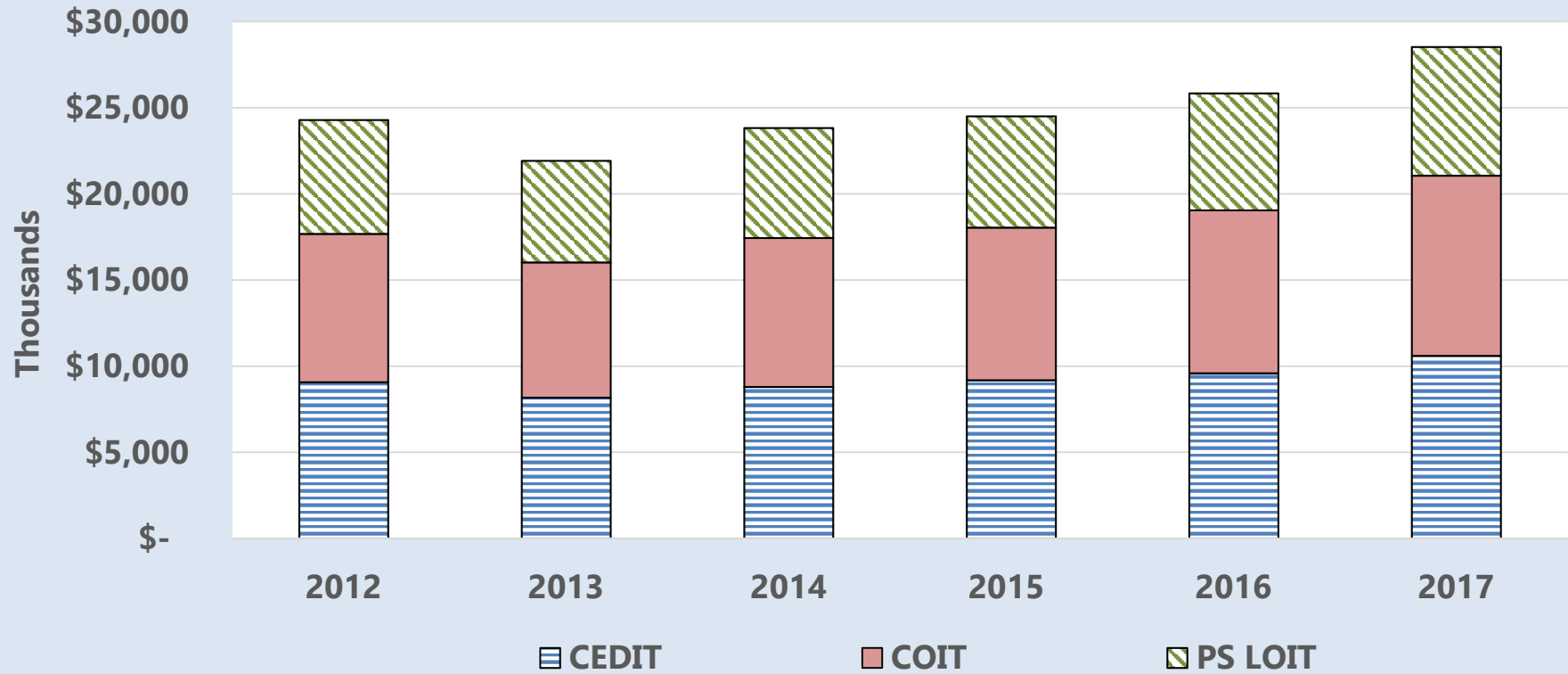
Full Time Employees - December 31, 2016



City of South Bend
Consolidated Revenue and Expenditure Summary

	2012	2013	2014	2015	2016
	Actual	Actual	Actual	Actual	Actual
Revenues					
General Fund	63,585,275	62,367,954	55,106,216	53,719,608	56,474,525
Special Revenue Funds	55,684,376	59,232,045	55,527,526	58,056,013	67,801,179
Capital & Debt Service Funds	5,469,086	4,178,129	2,990,006	3,781,829	4,926,841
Enterprise Funds	115,975,757	80,206,643	81,994,452	94,852,365	94,282,102
Internal Service Funds	21,154,131	22,799,127	23,646,014	23,608,505	28,766,463
Trust Funds	13,207,579	10,913,212	11,250,794	11,427,281	10,888,596
Redevelopment Funds	30,244,194	33,035,709	31,199,681	35,495,272	30,106,095
Total Revenue	305,320,398	272,732,819	261,714,689	280,940,873	293,245,801
Expenditures					
General Fund	63,399,284	62,326,332	54,686,374	51,988,184	52,482,273
Special Revenue Funds	52,199,459	55,048,410	58,525,465	64,812,979	61,963,073
Capital & Debt Service Funds	7,391,170	5,100,018	7,580,704	5,511,960	4,472,162
Enterprise Funds	91,466,805	95,162,743	90,470,162	95,696,921	99,861,764
Internal Service Funds	21,636,374	24,428,685	24,682,209	24,334,214	26,190,507
Trust Funds	12,215,209	11,927,126	12,156,033	11,547,460	11,557,934
Redevelopment Funds	34,578,806	25,664,749	20,683,664	39,613,972	30,825,761
Total Expenditures	282,887,107	279,658,063	268,784,611	293,505,690	287,353,474
Net Sources of/ (Uses of)					
Fund Balance	22,433,291	(6,925,244)	(7,069,922)	(12,564,817)	5,892,327

Local Income Tax Revenue - 2010 to 2017



Year	CEDIT	COIT	PS LOIT	Total
2012	\$ 9,068,785	\$ 8,610,742	\$ 6,605,601	\$ 24,285,128
2013	8,177,352	7,846,939	5,892,386	21,916,677
2014	8,796,821	8,645,811	6,380,029	23,822,661
2015	9,181,206	8,859,912	6,466,190	24,507,308
2016	9,594,602	9,454,023	6,791,160	25,839,785
2017	10,600,122	10,459,265	7,467,618	28,527,005

2017 Key Initiatives

- Sustaining commitment to **inclusive economic growth** (small business and workforce development, homelessness working group, anchor institution strategy, wireless)
- Making our community **safe for everyone** (GVI, 21st century policing, recruiting, training)
- Optimizing County-City partnerships and partnering with the **South Bend Community School Corporation** and other key stakeholders to enhance education opportunities
- Pursuing a range of **internal governance improvements** that will increase overall efficiency and effectiveness through reform of purchasing, central services, and central payment processing, as well as integrating **Performance Management** and **Priority Based Budgeting** programs
- Moving forward with implementation of **Diversity and Inclusion** plan
- Further engaging the neighborhoods
- Placemaking (Riverfront Parks and Trails, infrastructure investments)



Additional Information Available Online at:
[https://www.southbendin.gov/government
/division/finance](https://www.southbendin.gov/government/division/finance)

(“View publicly-available city budgets and
finance records” section)