



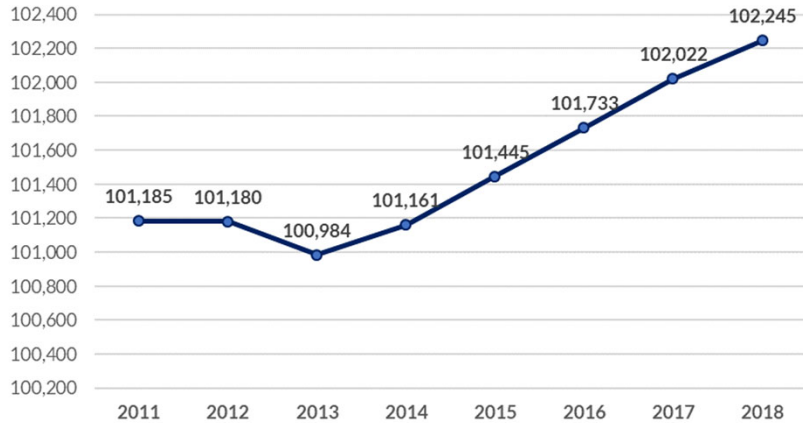
Mayor's Annual Address

South Bend Common Council

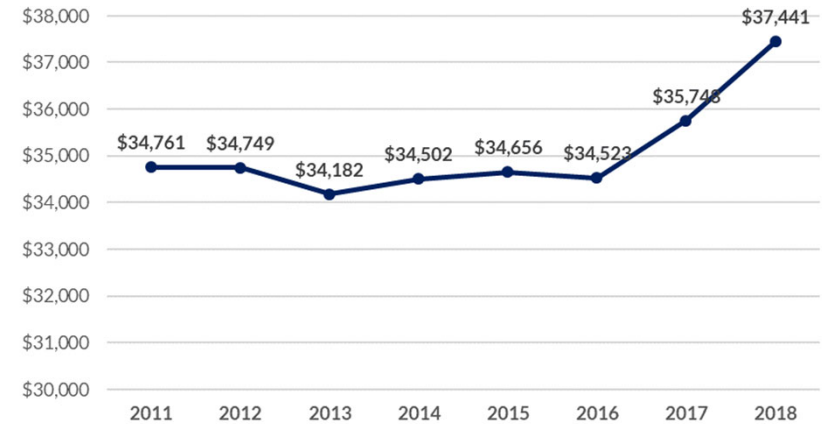
February 11, 2019

South Bend At a Glance

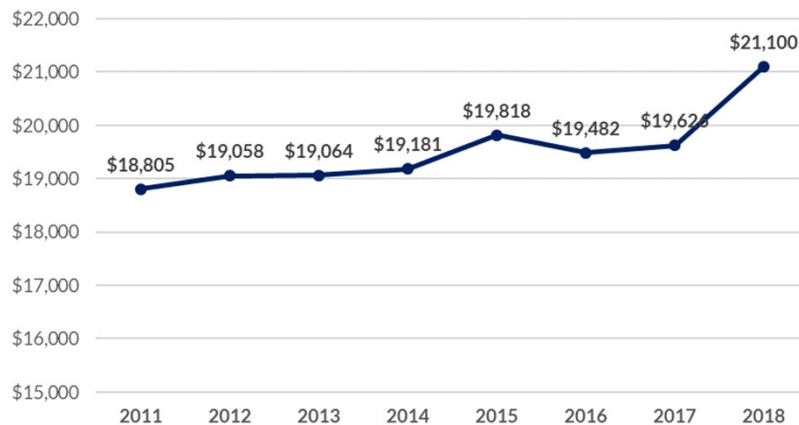
Population



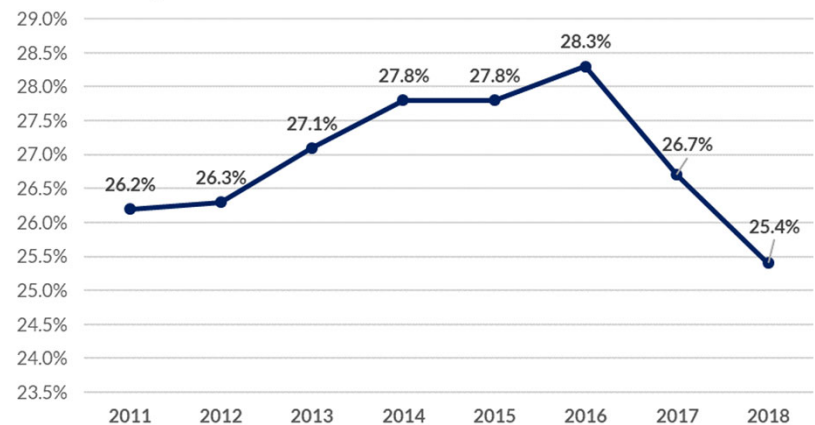
Median Household Income



Per Capita Income



Poverty Rate



Agenda

- 2018 Key Initiatives
- Financial Position
- 2019 Key Initiatives
- Preparation for 2020 Fiscal Curb



2018 Key Initiatives

Excellence | Accountability | Innovation | Inclusion | Empowerment

2018 Key Initiatives

Robust & Well-Planned Infrastructure

- Streets & Sidewalks
- Light Up South Bend

Economic Development & Neighborhoods

- Investment in Development Projects
- Inclusive Economy Initiatives

Thriving Public Spaces & Culture

- My SB Parks & Trails

Well Governed & Administrated City

- Vacation Donation & Volunteer Time Off
- City-Wide Performance Evaluations

Road Funding

Total Mileage Paved in 2018: 29.3 miles

City crews: 20.30 lane miles

Contracted: 8.09 lane miles

Additional: 0.91 miles

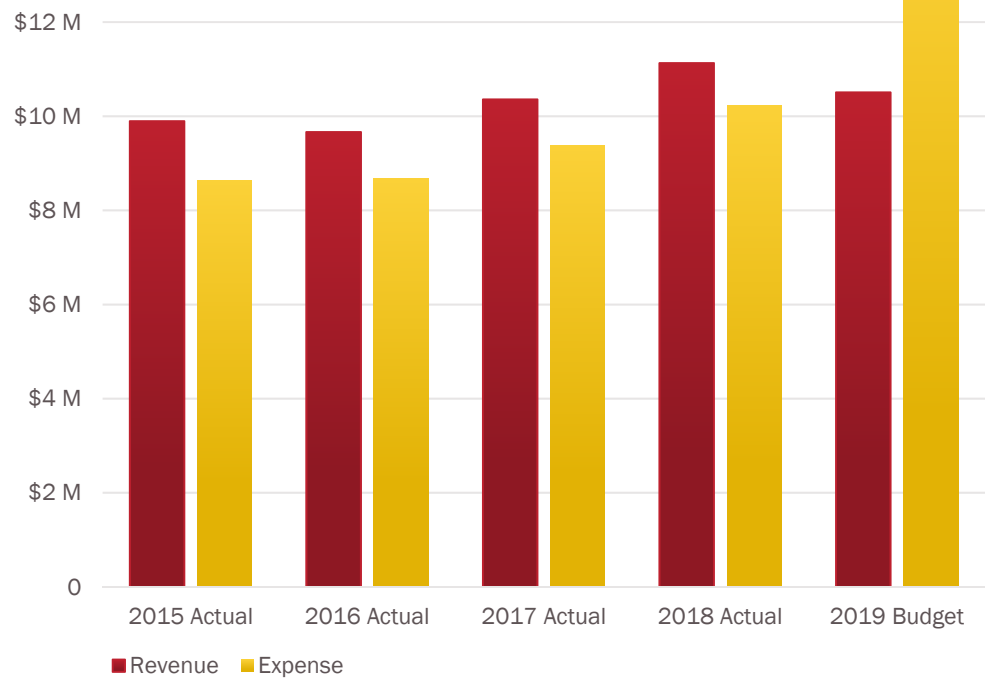
Filled 22,100 potholes in 2018

2018 Curb & Sidewalks Numbers

Total Amount of New Curbs: 22,389 LFT

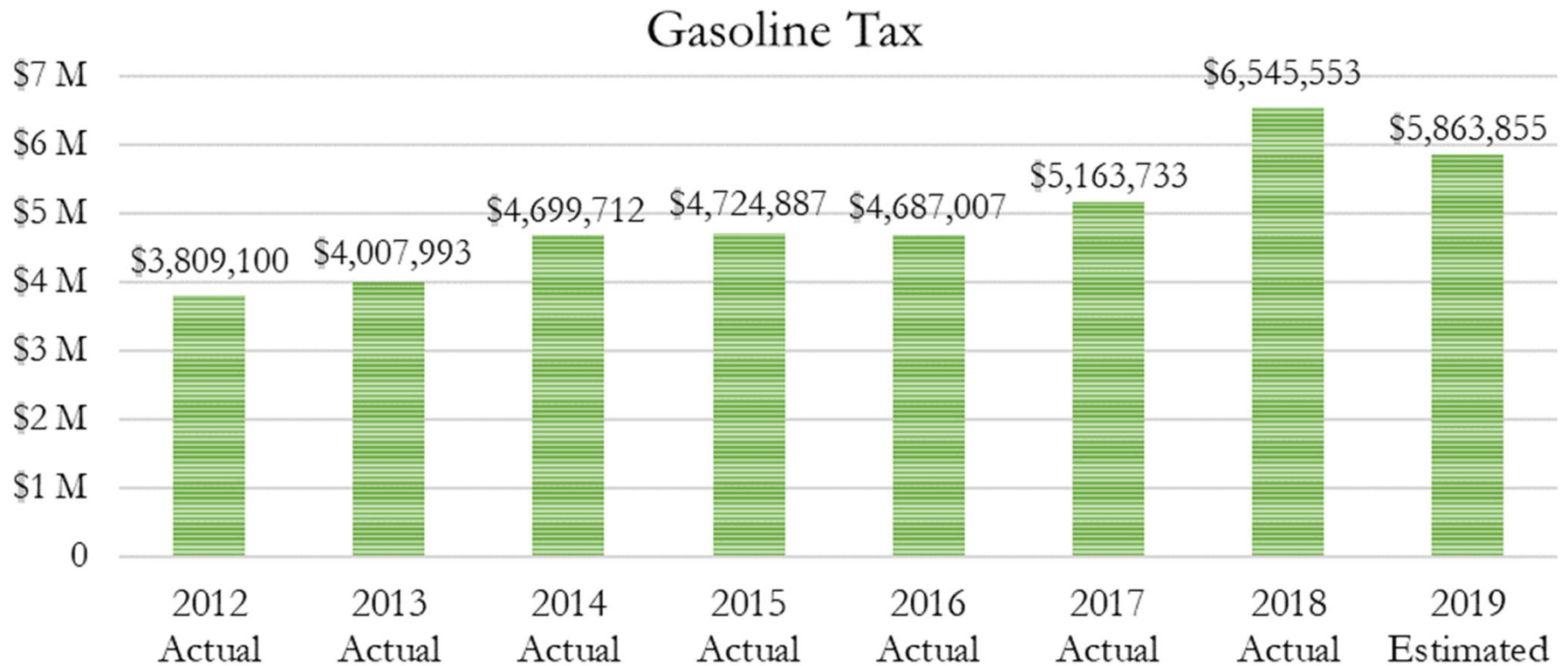
Total Amount of New Sidewalks: 30,329 LFT

Motor Vehicle Highway Fund



Fund Type	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budget
Revenue	\$ 9,895,950	\$ 9,663,579	\$ 10,356,311	\$ 11,128,058	\$ 10,506,103
Expense	\$ 8,630,943	\$ 8,671,202	\$ 9,369,849	\$ 10,237,548	\$ 14,345,948

Road Funding (continued)



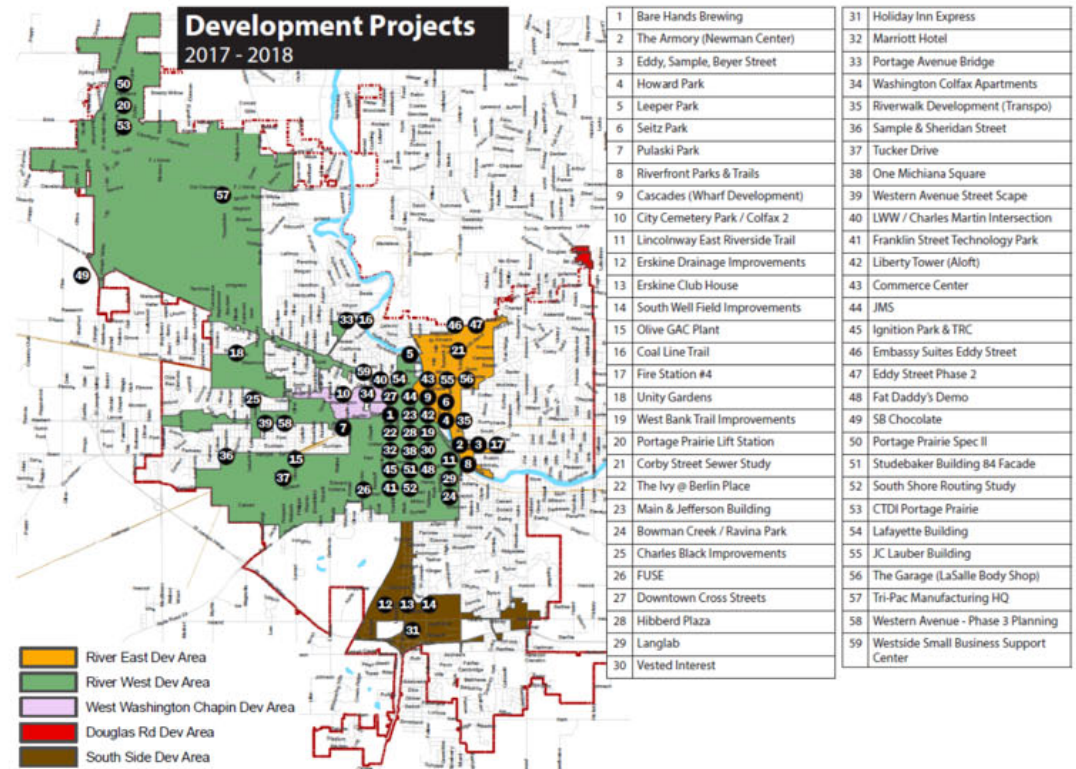
Light Up South Bend

- **Street Light Program**
 - In May 2018, Indiana Michigan Power crews completed the 2017 round, installing 70 lights in the Near Northwest and River Park neighborhoods.
 - The 2018 program was installed in December 2018 in Council Districts 3 and 6.
- **Lamppost Lighting Program**
 - Solar Lampposts Offered
 - For 2018, the City selected two target areas based on income, number of vacant lots, and need for lighting in the neighborhood.
 - Cost share:
 - 90/10 (\$40 for residents) for two target areas.
 - 50/50 (\$200 for residents) for outside target areas..
 - 88 lampposts installed (74 of those within the target areas)
 - Up from just 10 applicants in 2017



Economic Development

- **TIF: Invested \$20.5million in SB in 2018**
 - 57% of this was invested in City infrastructure – the rest in Economic Development initiatives
- **Tax Abatements:**
 - 6 new abatements in 2018 will add \$4.2million annually to the tax rolls when these new projects/investments phase in
- **Revolving Loan Fund:**
 - \$1.5million loaned to growing firms in 2018
 - \$5.3M total portfolio with EDA “A” rating
- **2018 Results:**
 - \$26.5million in Public/City Investment
 - \$106.9million in Private Investment
 - 489 New Jobs Announced



Creating an Inclusive Economy

– Office of Diversity & Inclusion

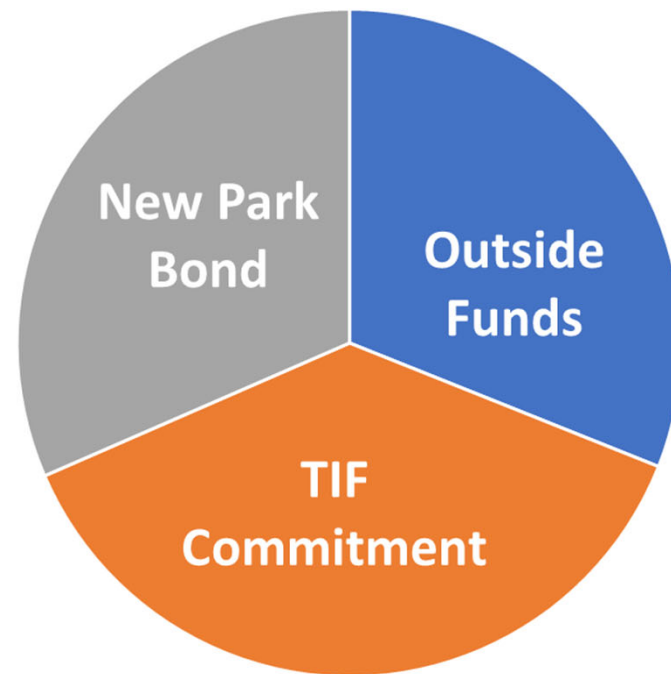
- The City of South Bend Office of Diversity and Inclusion (ODI) partnered with South Bend Housing Authority to collect workforce skill data from Housing Authority residents, creating a usable list of available *Section 3 skilled workers for City projects* and added *Section 3 Businesses to the list of potential vendors and contractors* the City can engage to bid on procurement and contracting opportunities.
- ODI finalized *online toolkits for new and existing small, emerging, local, MBE, WBE, VBE, LGBTE, DOBE, DVBE, DBE* and partnered with Building to *update registration forms to include inclusive business certifications designations.*

My SB Parks & Trails

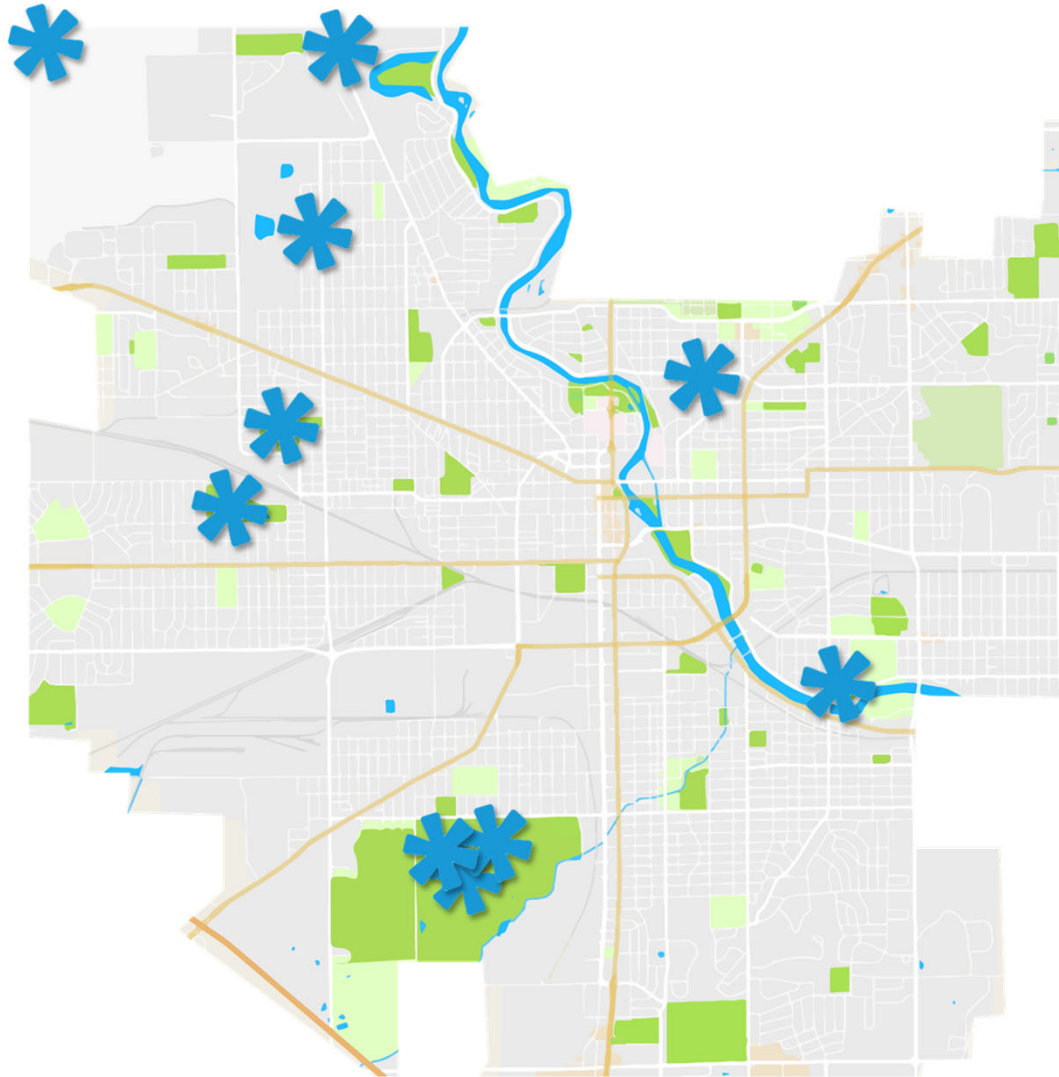
FINANCING PLAN

\$13.57 M	Outside Funds
\$16.38 M	TIF Commitment
\$13.78 M	Parks Bond

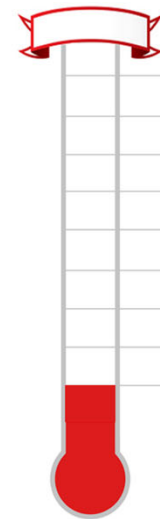
\$43.73 Million Investment



My SB Parks & Trails

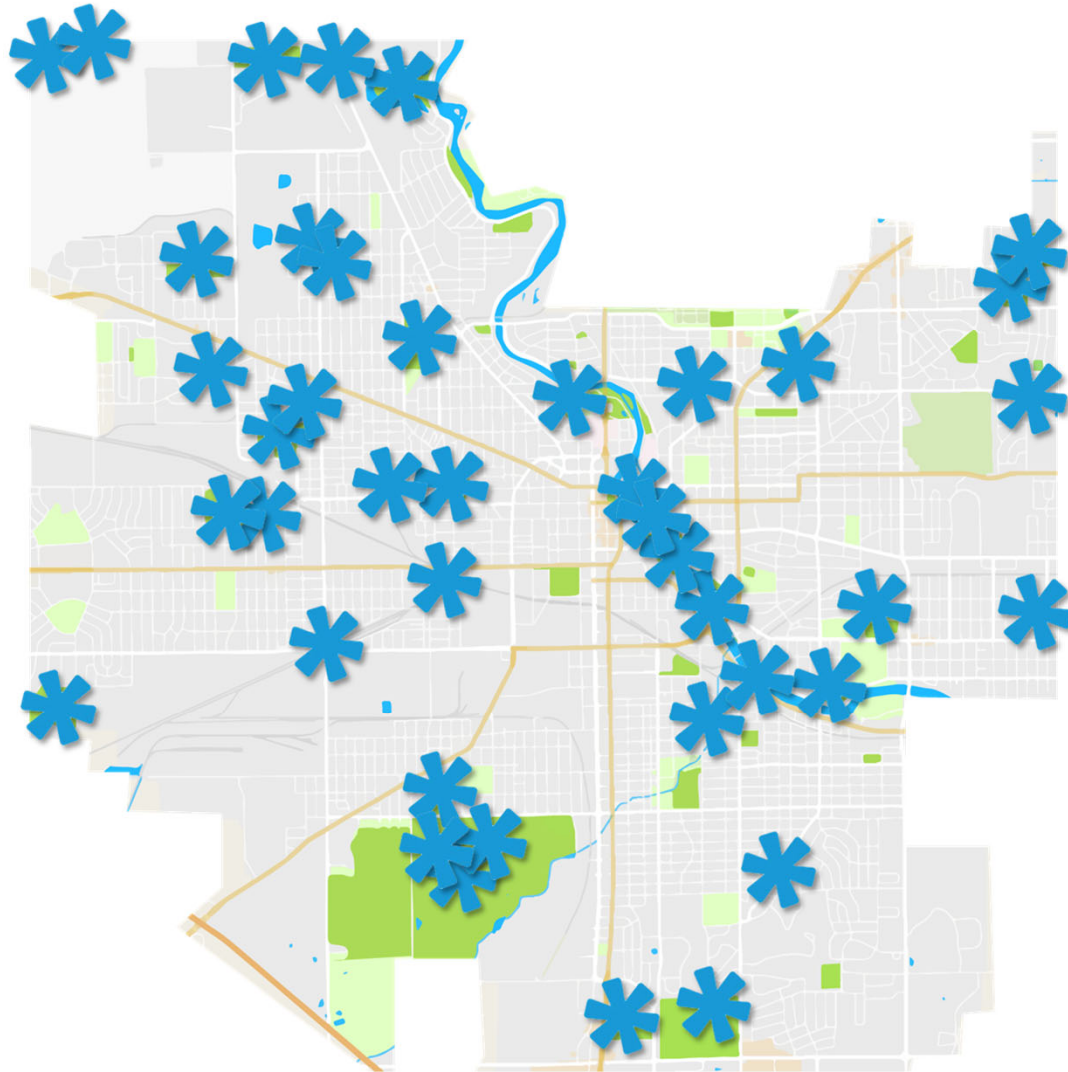


2018
Projects
Completed

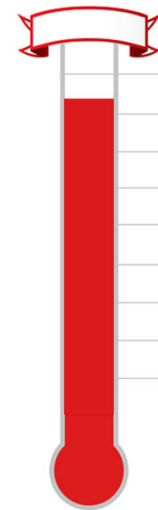


10%
Budget
Spent

My SB Parks & Trails



2019
Projects
Completed
& Underway



85%
Budget
Spent



City of South Bend Financial Position

Financial Position

Liquidity

Debt

Capital
Assets

Operations
(Revenue &
Expenditures)

Financial Position

Liquidity

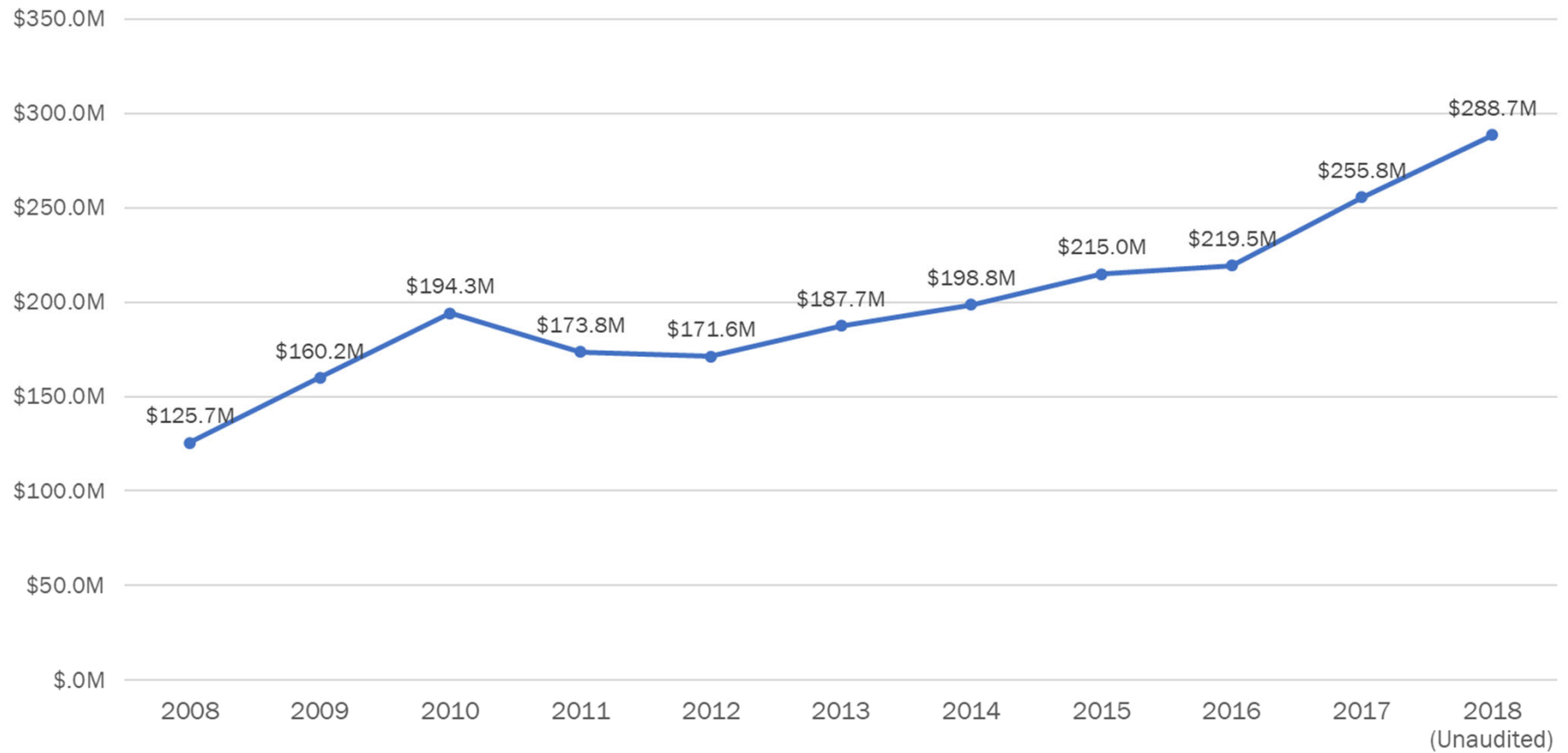
Debt

Capital
Assets

Operations
(Revenue &
Expenditures)

Ending Cash Balance

Total Cash On Hand - End of Year



Cash Benchmarking

Cash and Investments Indiana Second Class Cities

Latest data available via the Indiana Department of Local Government Finance

City	Cash & Investments	Annual Expenditures	Cash as a % of Expenditures
Elkhart	\$144,451,624	\$116,092,204	124.43%
Bloomington	\$174,579,084	\$143,574,677	121.59%
Noblesville	\$112,756,010	\$108,194,230	104.22%
Kokomo	\$81,069,648	\$86,615,284	93.60%
Jeffersonville	\$91,554,536	\$100,177,984	91.39%
South Bend	\$288,674,723	\$338,032,337	85.40%
Lafayette	\$122,151,234	\$147,282,280	82.94%
Westfield	\$45,621,172	\$59,545,788	76.62%
Columbus	\$95,992,054	\$125,395,141	76.55%
Evansville	\$251,521,334	\$344,454,116	73.02%
Fort Wayne	\$407,036,470	\$566,425,128	71.86%
Fishers	\$135,584,159	\$189,666,210	71.49%
New Albany	\$53,981,387	\$84,910,803	63.57%
Mishawaka	\$115,499,328	\$187,162,178	61.71%
Anderson	\$118,794,380	\$215,441,081	55.14%
Richmond	\$82,210,193	\$163,423,864	50.30%
Merrillville	\$20,909,183	\$46,091,178	45.36%
Hammond	\$123,262,003	\$278,894,402	44.20%
Portage	\$37,734,290	\$95,545,983	39.49%
Terre Haute	\$39,157,473	\$128,929,999	30.37%
Carmel	\$66,499,479	\$220,204,425	30.20%

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

Financial Position

Liquidity

Debt

Capital
Assets

Operations
(Revenue &
Expenditures)

Debt Profile

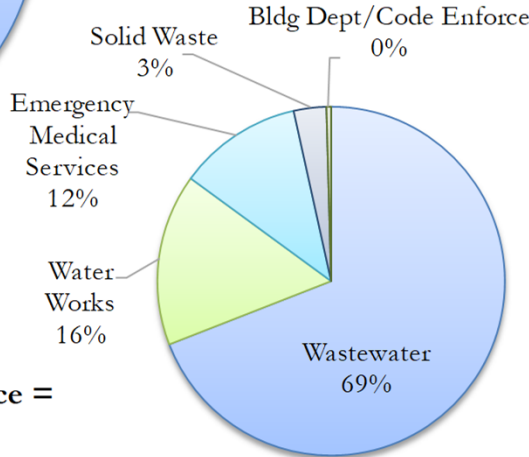
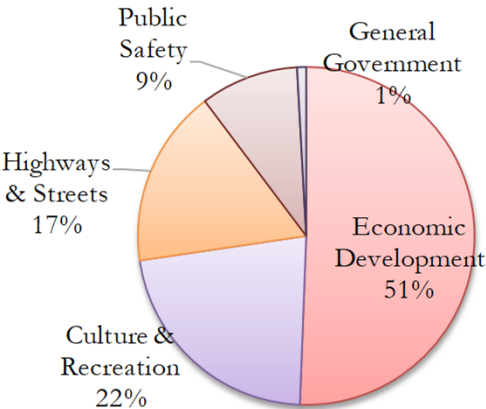
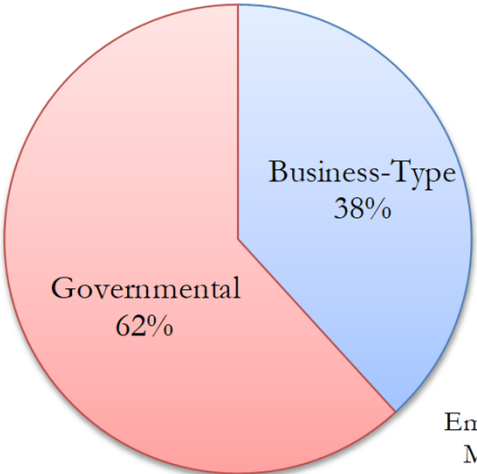
12/31/2018 Principal Balance

Governmental

Economic Development	80,784,591
Highways & Streets	35,242,234
Culture & Recreation	27,200,758
Public Safety	15,030,586
General Government	1,399,528
	\$159,657,697

Business-Type

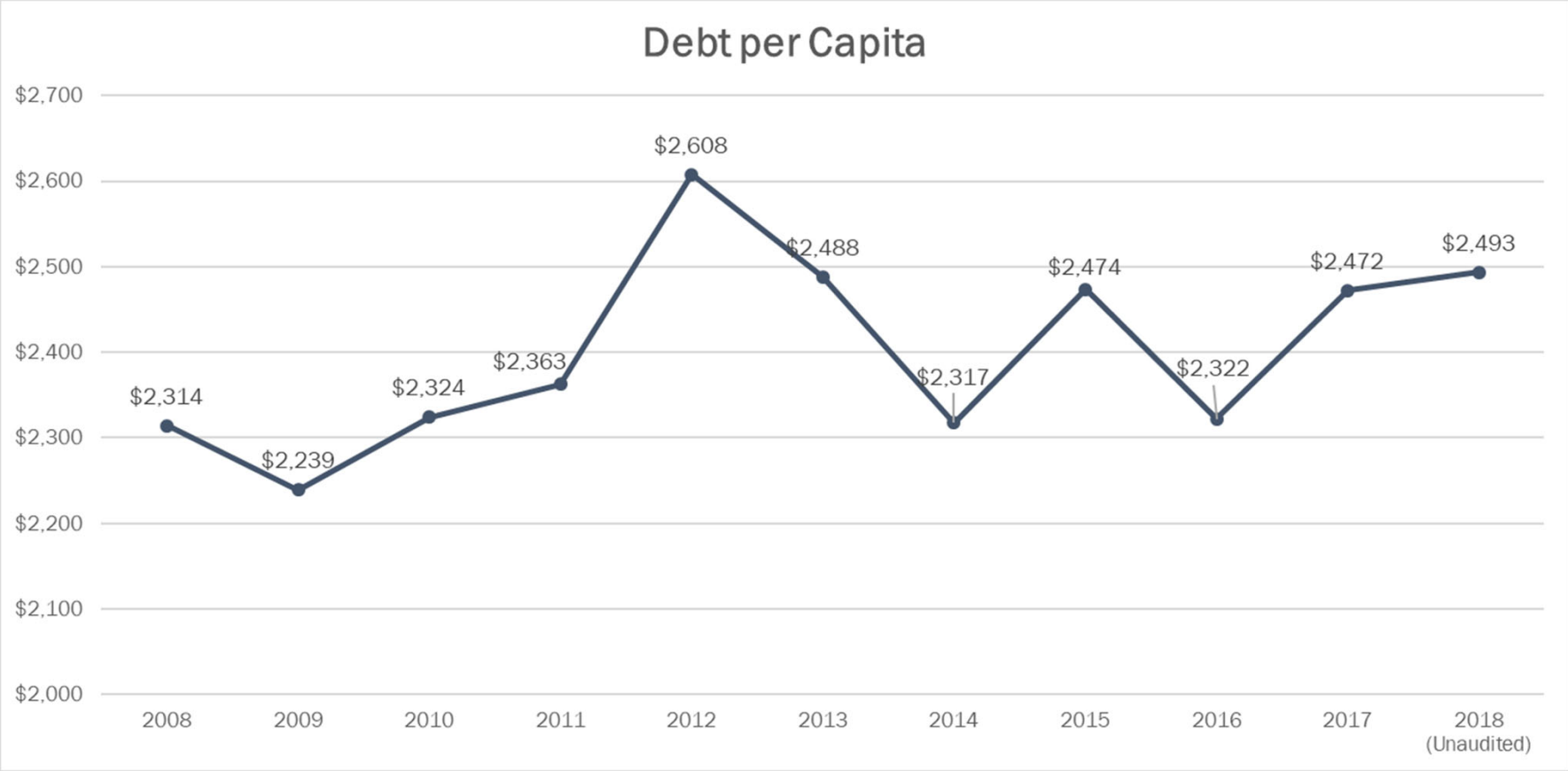
Wastewater	68,215,746
Water Works	15,731,543
Emergency Medical Services	11,371,735
Solid Waste	2,995,244
Bldg Dept/Code Enforce	425,559
	\$98,739,826



Total 12/31/18 Principal Balance = \$258,397,523

Major Projects include: Smart Streets initiative, the Corridors initiative, the Long Term Control Plan (for CSO), and Park projects.

Debt per Capita



Debt per Capita

Debt per Capita Indiana Second Class Cities

Latest data available via the Indiana Department of Local Government Finance

City	Debt Outstanding	Population	Debt per Capita
Terre Haute	\$ 28,298,813	60,956	\$ 464.25
Elkhart	\$ 52,940,230	51,421	\$ 1,029.54
Merrillville	\$ 40,214,008	35,450	\$ 1,134.39
Kokomo	\$ 75,247,991	57,085	\$ 1,318.17
Richmond	\$ 61,741,262	36,159	\$ 1,707.49
Hammond	\$ 138,917,224	78,384	\$ 1,772.27
Portage	\$ 89,646,263	36,760	\$ 2,438.69
South Bend	\$ 254,935,846	102,245	\$ 2,493.38
Columbus	\$ 116,562,715	46,124	\$ 2,527.16
Anderson	\$ 143,251,462	55,455	\$ 2,583.20
Mishawaka	\$ 130,572,465	48,174	\$ 2,710.43
Bloomington	\$ 233,605,754	83,322	\$ 2,803.65
New Albany	\$ 114,358,235	36,589	\$ 3,125.48
Jeffersonville	\$ 169,278,292	46,440	\$ 3,645.10
Lafayette	\$ 279,601,497	70,654	\$ 3,957.33
Westfield	\$ 141,450,572	35,297	\$ 4,007.44
Fort Wayne	\$ 1,126,531,745	258,522	\$ 4,357.59
Noblesville	\$ 274,460,375	57,584	\$ 4,766.26
Fishers	\$ 423,391,546	86,325	\$ 4,904.62
Evansville	\$ 1,031,545,191	120,346	\$ 8,571.50
Carmel	\$ 1,329,505,051	86,682	\$ 15,337.73

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

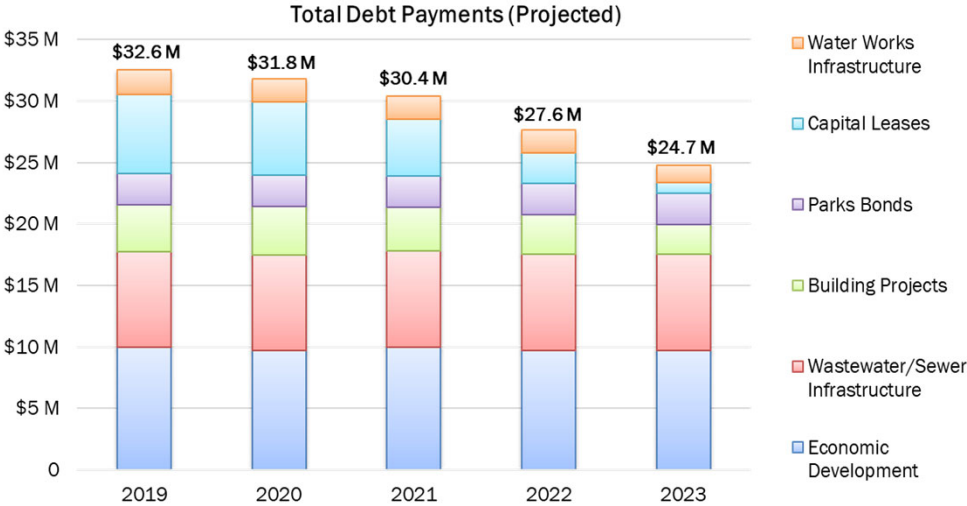
Debt Principal/Interest Payments

Debt Payments

Indiana Second Class Cities

Latest data available via the Indiana Department of Local Government Finance

City	Annual Principal / Interest	Total Annual Expenditures	Debt Payments as a % of total
Portage	\$2,115,870	\$95,545,983	2.21%
Richmond	\$5,404,851	\$163,423,864	3.31%
Elkhart	\$4,098,328	\$116,092,204	3.53%
Kokomo	\$4,192,706	\$86,615,284	4.84%
Mishawaka	\$10,439,947	\$187,162,178	5.58%
Anderson	\$15,955,309	\$215,441,081	7.41%
Hammond	\$22,073,126	\$278,894,402	7.91%
Columbus	\$10,285,845	\$125,395,141	8.20%
South Bend	\$32,562,437	\$368,227,709	8.84%
New Albany	\$8,349,692	\$84,910,803	9.83%
Fishers	\$20,286,128	\$189,666,210	10.70%
Lafayette	\$16,609,600	\$147,282,280	11.28%
Merrillville	\$5,229,390	\$46,091,178	11.35%
Bloomington	\$16,865,196	\$143,574,677	11.75%
Jeffersonville	\$12,942,152	\$100,177,984	12.92%
Evansville	\$46,808,076	\$344,454,116	13.59%
Fort Wayne	\$86,777,799	\$566,425,128	15.32%
Terre Haute	\$20,321,193	\$128,929,999	15.76%
Noblesville	\$23,691,832	\$108,194,230	21.90%
Carmel	\$59,371,290	\$220,204,425	26.96%
Westfield	\$32,720,287	\$59,545,788	54.95%



Bond Rating

S&P General Obligation Ratings
Indiana Second Class Cities
As of January 22, 2019

Obligor	Rating
Fishers	AAA
South Bend	AA
Carmel	AA
Noblesville	AA
Bloomington	AA-
Columbus	AA-
Elkhart	AA-
Evansville	AA-
Fort Wayne	AA-
Jeffersonville	AA-
Lafayette	AA-
Anderson	A+
New Albany	A+
Richmond	A+
Merrillville	A
Portage	A
Hammond	BBB-
Terre Haute	BB



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 General Obligation debt for Gary, Greenwood, Mishawaka or Muncie.

Financial Position

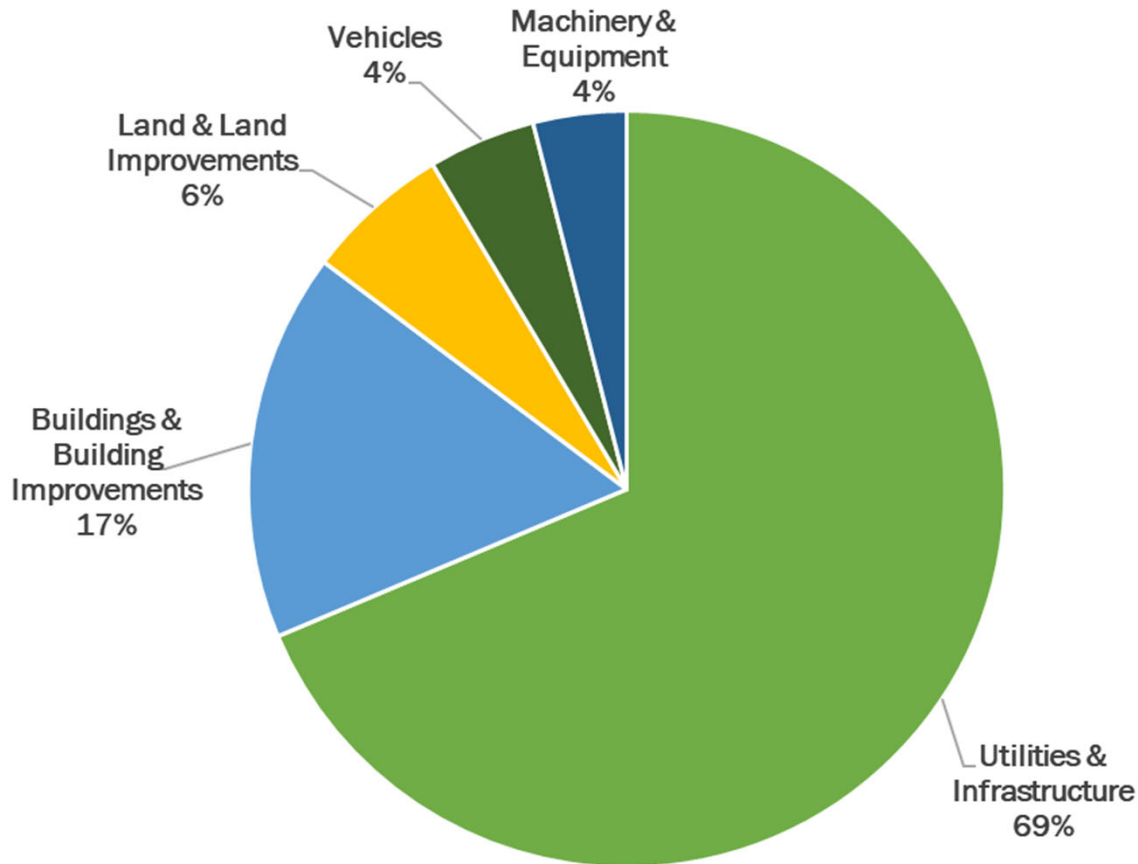
Liquidity

Debt

Capital
Assets

Operations
(Revenue &
Expenditures)

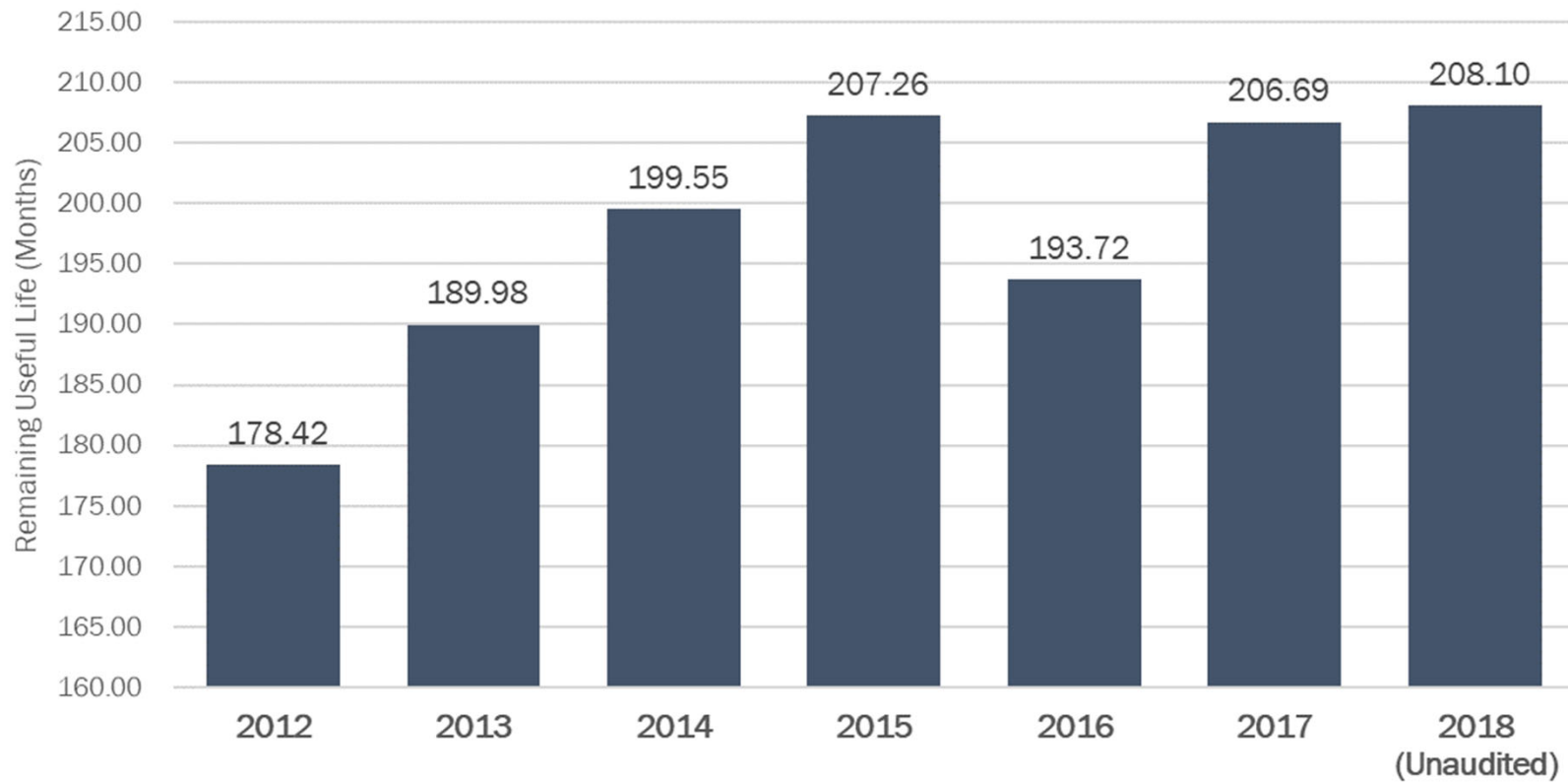
Capital Asset Profile



Total Purchase / Construction Cost
\$1,046,257,835
Net Book Value
\$468,705,878
Average Useful Life Remaining
17.3 years

Capital Assets Useful Life

Capital Asset Average Remaining Useful Life



Financial Position

Liquidity

Debt

Capital
Assets

Operations
(Revenue &
Expenditures)

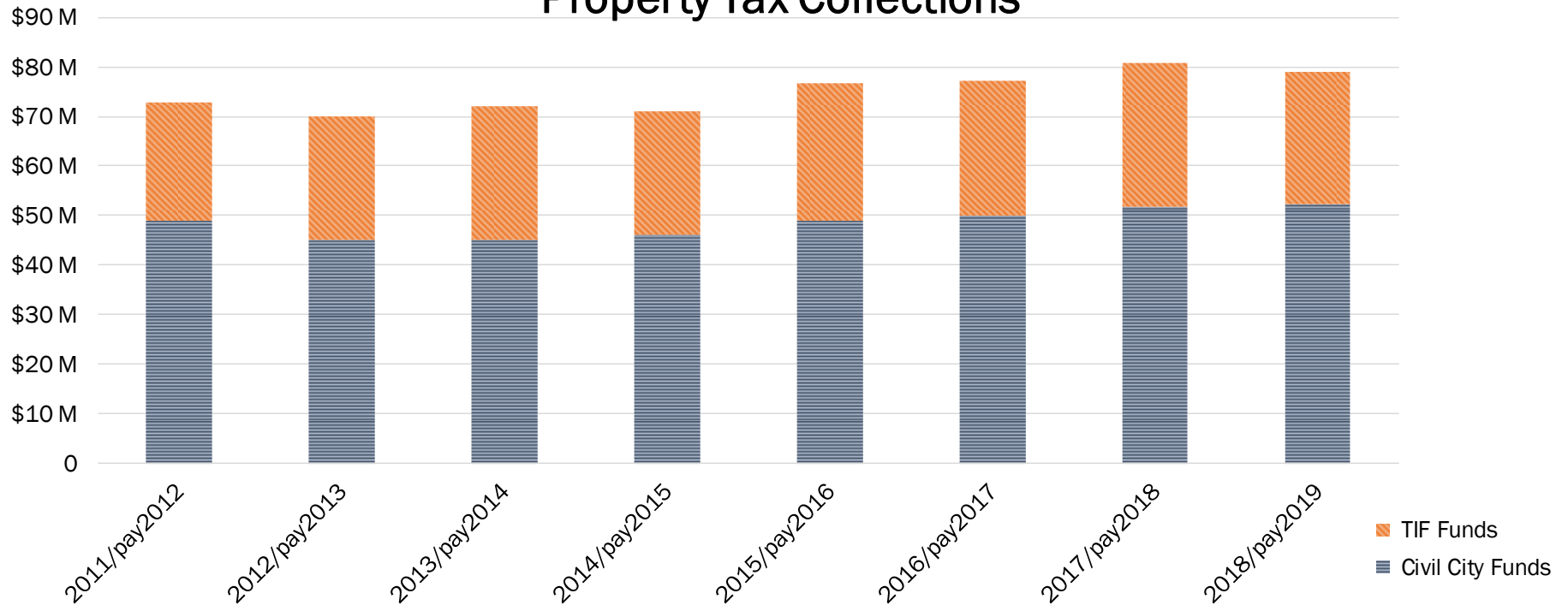
Operations Summary

Operations
(Revenue & Expenditures)

	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual (Unaudited)
Revenues					
<i>General Fund</i>	55,106,223	53,719,617	56,474,525	59,227,689	62,157,359
<i>Special Revenue Funds</i>	55,527,522	58,056,013	67,801,179	82,757,545	77,075,271
<i>Capital & Debt Service Funds</i>	2,990,005	3,781,829	4,926,841	50,449,061	32,036,542
<i>Enterprise Funds</i>	81,994,452	94,852,365	94,282,102	95,965,344	96,960,989
<i>Internal Service Funds</i>	23,646,013	23,608,505	28,766,463	34,044,917	37,003,212
<i>Trust Funds</i>	11,250,795	11,427,272	16,901,523	11,151,297	11,191,707
<i>Tax Increment Financing Funds</i>	28,311,909	35,281,242	30,052,570	31,156,387	35,057,997
<i>Redevelopment Funds</i>	2,878,464	195,118	23,583	266,247	656,559
<i>Debt Service Funds</i>	9,306	18,912	29,942	8,911,856	6,125,823
Total Revenue	261,714,689	280,940,873	299,258,728	373,930,342	358,265,459
Expenditures					
<i>General Fund</i>	54,686,374	51,988,226	52,482,273	57,324,663	59,453,854
<i>Special Revenue Funds</i>	58,525,465	64,812,979	61,963,073	66,478,880	70,782,788
<i>Capital & Debt Service Funds</i>	7,580,704	5,511,960	4,472,162	23,916,457	31,158,128
<i>Enterprise Funds</i>	90,470,162	95,696,921	99,861,764	96,538,657	91,621,757
<i>Internal Service Funds</i>	24,682,209	24,334,214	26,190,507	29,475,099	34,802,795
<i>Trust Funds</i>	12,156,033	11,547,460	11,557,934	10,762,728	10,820,521
<i>Tax Increment Financing Funds</i>	19,106,018	36,572,461	30,660,319	29,572,822	34,072,522
<i>Redevelopment Funds</i>	1,568,169	3,023,509	143,242	1,801,133	29,994
<i>Debt Service Funds</i>	9,477	18,002	22,200	10,511,121	5,289,977
Total Expenditures	268,784,611	293,505,732	287,353,474	326,381,559	338,032,337
Net	(7,069,922)	(12,564,859)	11,905,254	47,548,783	20,233,122

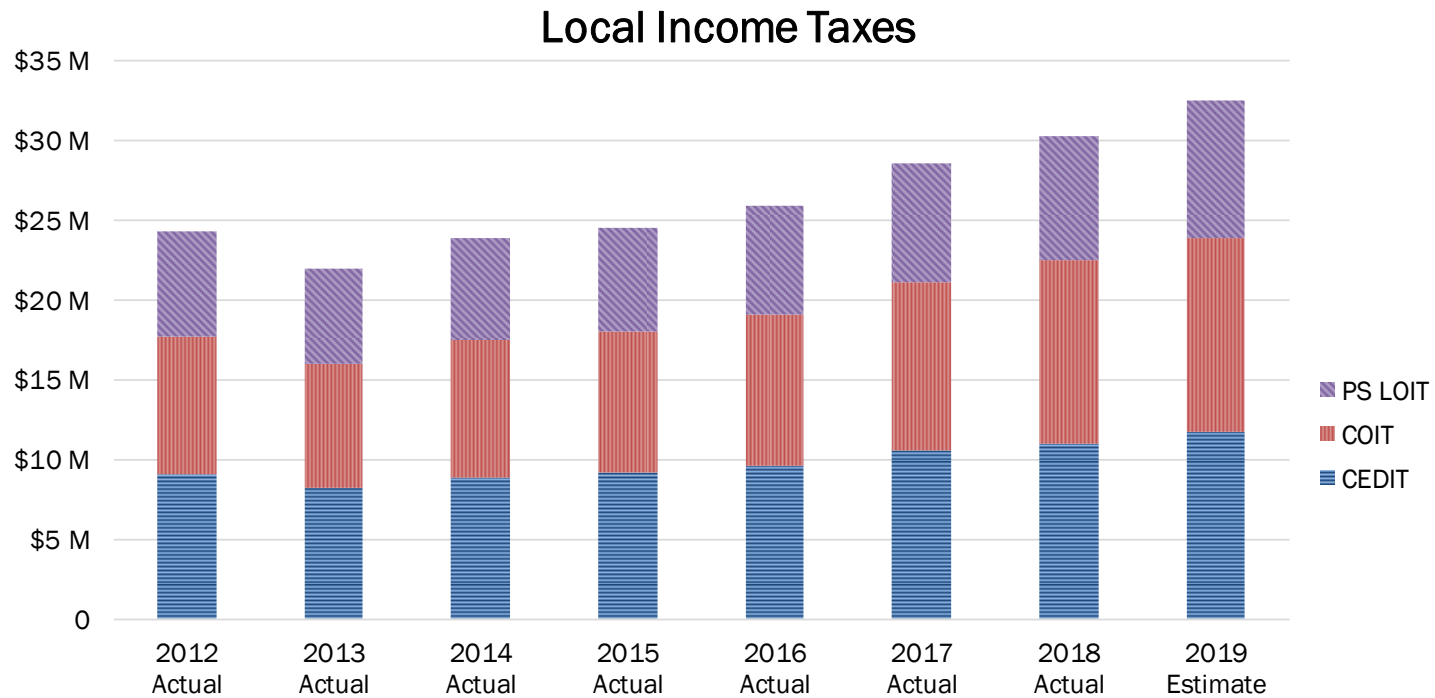
Property Tax Revenue

Property Tax Collections



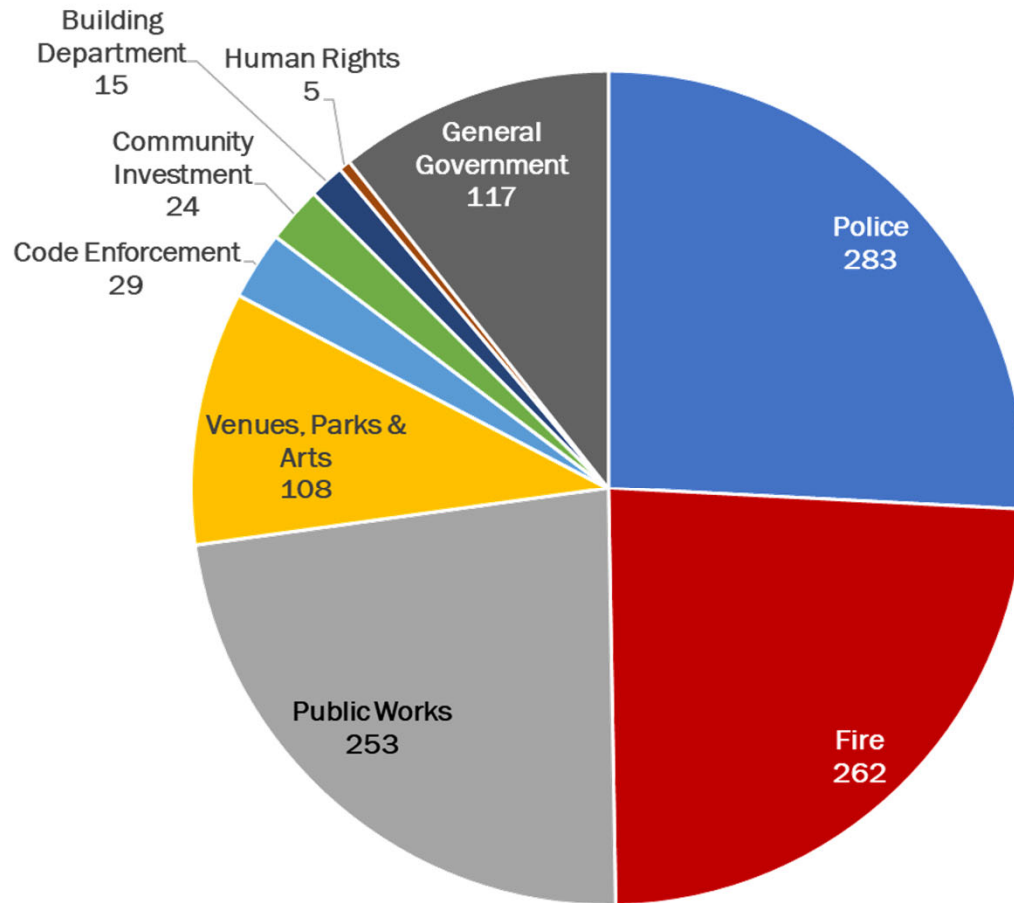
Type	2011/pay2012	2012/pay2013	2013/pay2014	2014/pay2015	2015/pay2016	2016/pay2017	2017/pay2018	2018/pay2019
Civil City Funds	48,843,403	45,189,966	45,002,931	46,171,932	49,067,533	49,858,701	51,877,631	52,336,614
TIF Funds	24,061,128	24,790,322	27,031,090	24,742,902	27,640,883	27,277,646	28,911,164	26,548,678
Total Property Tax Collections	\$ 72,904,531	\$ 69,980,288	\$ 72,034,021	\$ 70,914,835	\$ 76,708,416	\$ 77,136,347	\$ 80,788,795	\$ 78,885,292

Local Income Tax Revenue



	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Estimate
CEDIT	9,068,785	8,177,352	8,796,821	9,181,206	9,594,602	10,600,122	10,992,076	11,703,202
COIT	8,610,742	7,846,939	8,645,811	8,859,912	9,454,023	10,459,265	11,430,876	12,148,294
PS LOIT	6,605,601	5,892,386	6,380,029	6,466,190	6,791,160	7,467,618	7,851,541	8,560,555
Total	\$ 24,285,128	\$ 21,916,677	\$ 23,822,661	\$ 24,507,308	\$ 25,839,785	\$ 28,527,005	\$ 30,274,493	\$ 32,412,051

Full Time Employees December 31, 2018

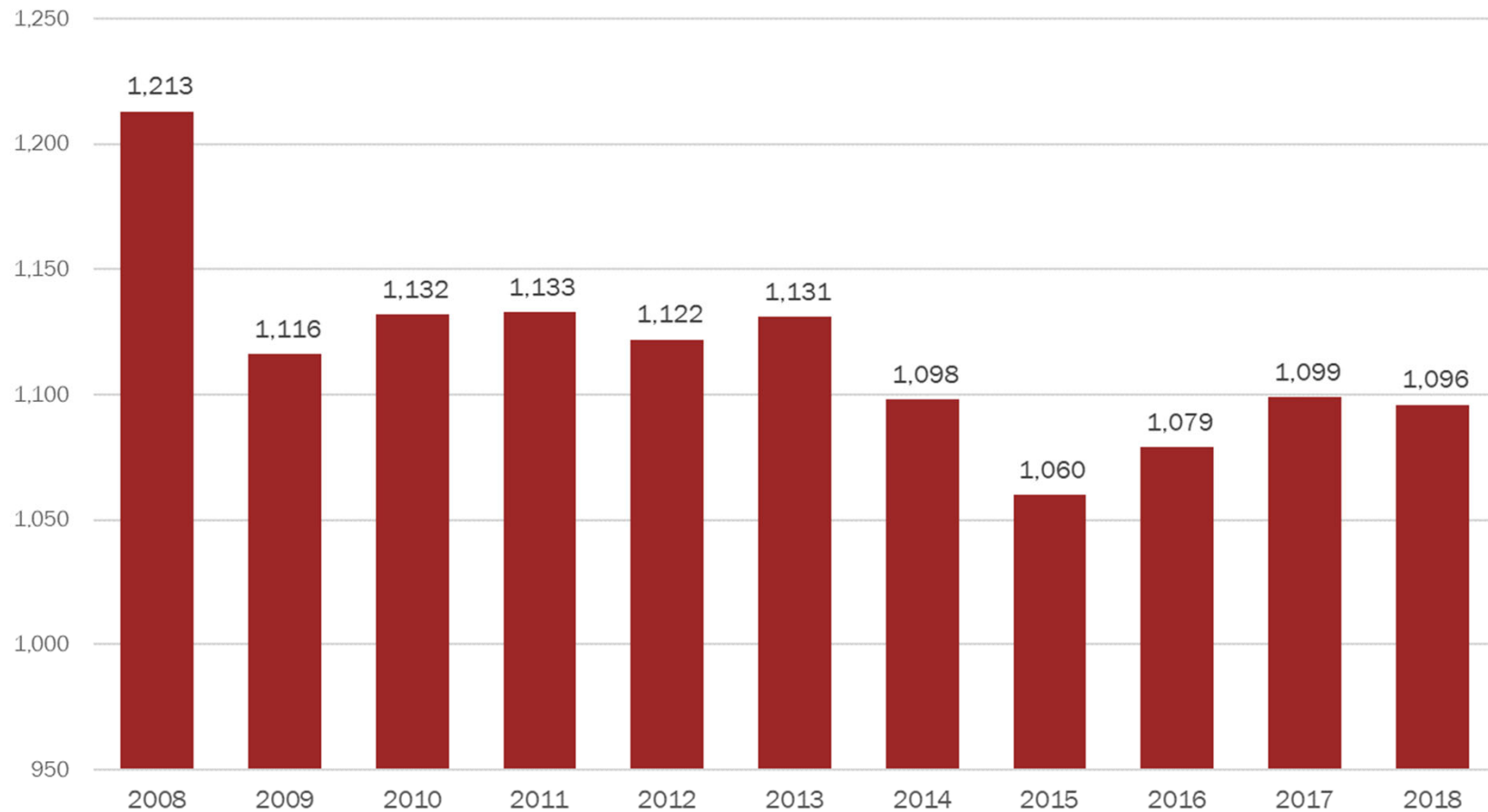


Total Full Time Employees
Dec 31, 2018

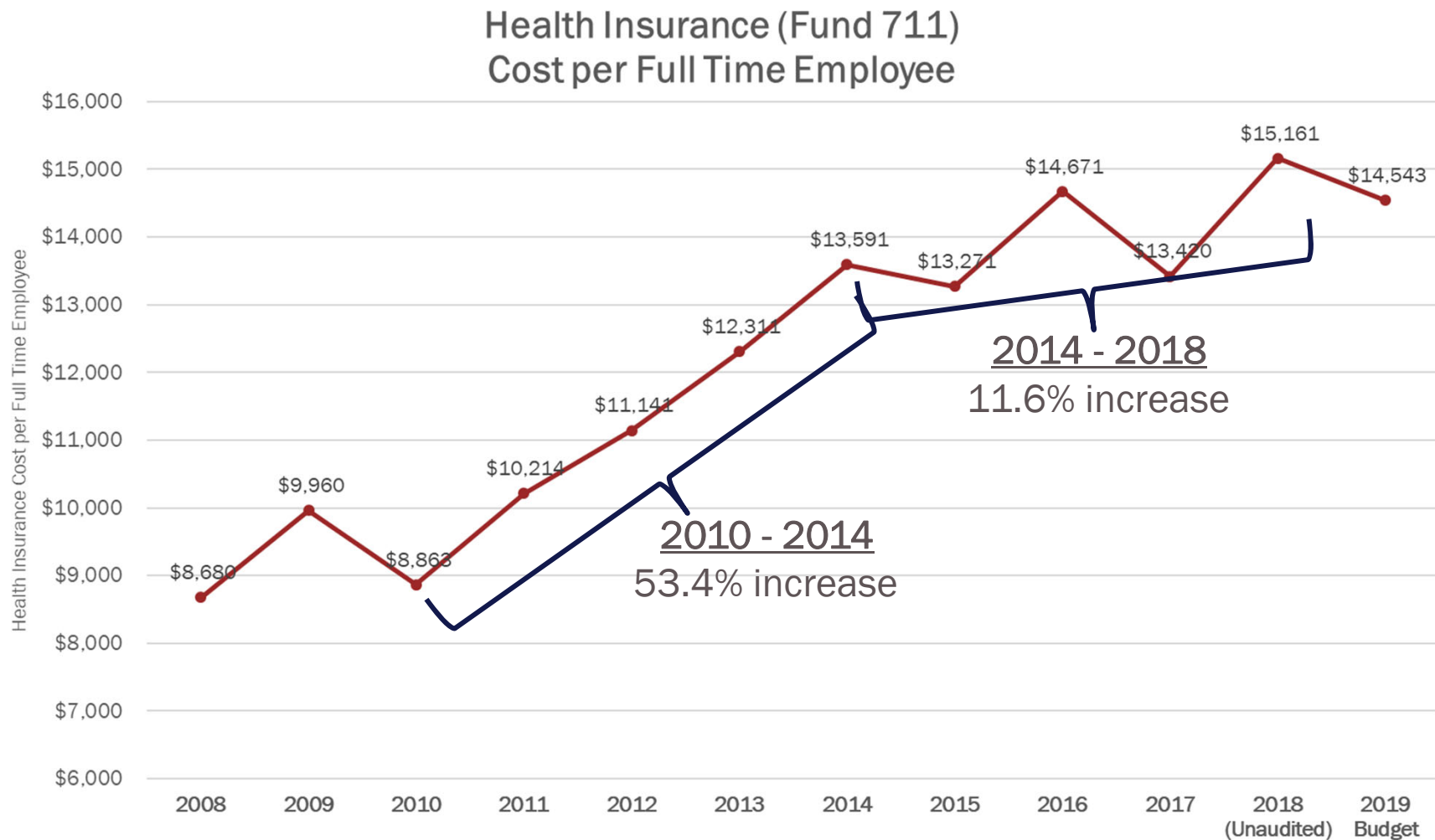
1,096

Full Time Employee Trend

Full Time Employees



Employee Health Insurance Trend





2019 Initiatives

Excellence | Accountability | Innovation | Inclusion | Empowerment

2019 Key Initiatives

Safe Community for Everyone

- Paramedicine Program
- Shotspotter
- Traffic Calming
- Lead Abatement Program

Robust & Well-Planned Infrastructure

- Curb & Sidewalk
- Water & Wastewater Capital Projects
- Light Up South Bend (including solar lamp post pilot)

Well-Governed & Administered City

- Increase in Employee training, including harassment awareness training
- Diversity & Disparity Study

Strong, Inclusive Economy

- Innovative Financing Suite to accelerate business start-ups
- Bloomberg Workforce Transportation Program

Thriving Public Spaces & Culture

- My SB Parks & Trails Continues
- Coal Line Trail Project

Vibrant, Welcoming Neighborhoods

- Neighborhood Cleanups
- Home Repair Program



2020 Fiscal Curb

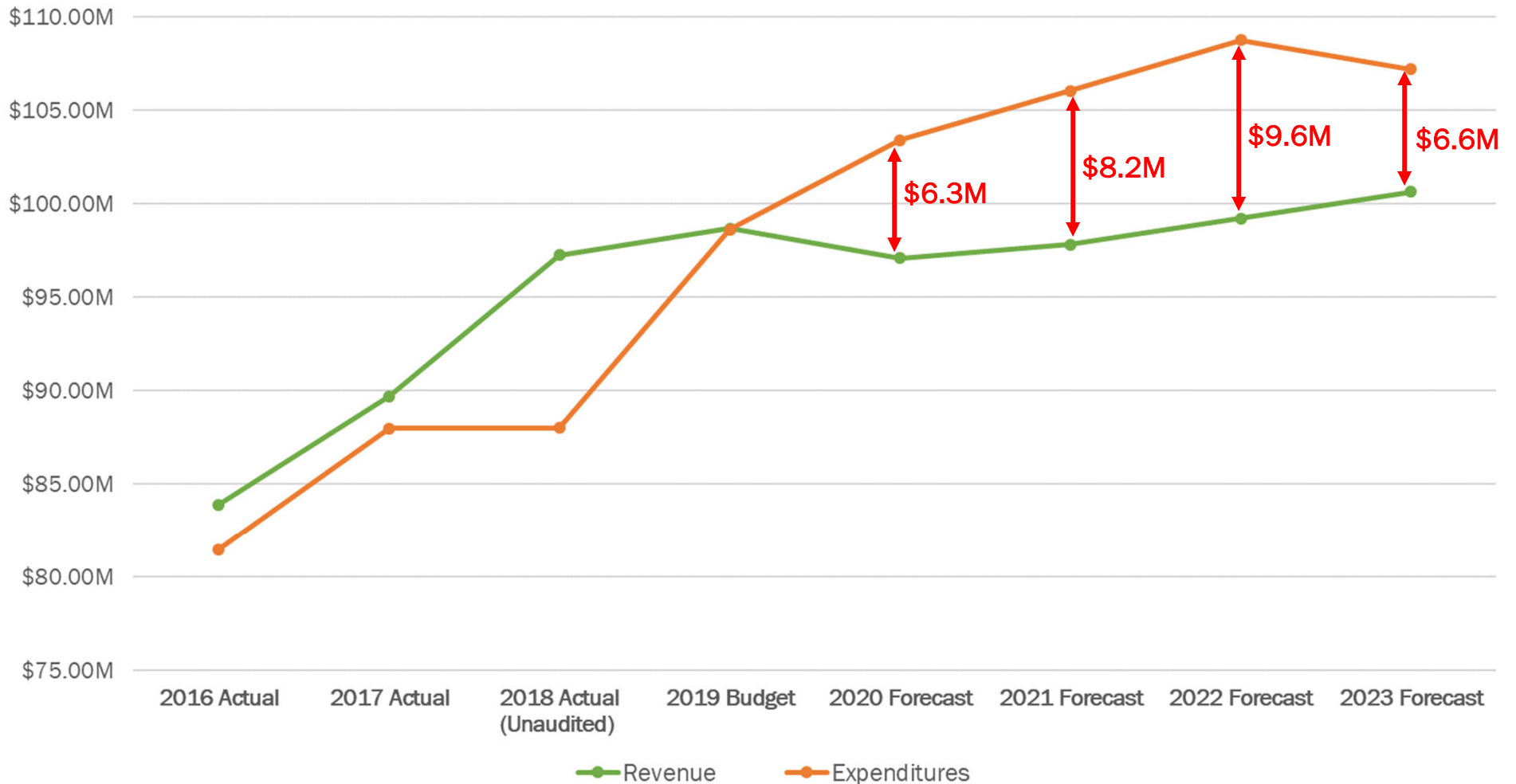
Projected Property Tax Levies Due to State Circuit Breaker Tax Credits*



*Note: This chart includes only Civil City property taxes (GF, Parks, and CCD) and does not include TIF revenue

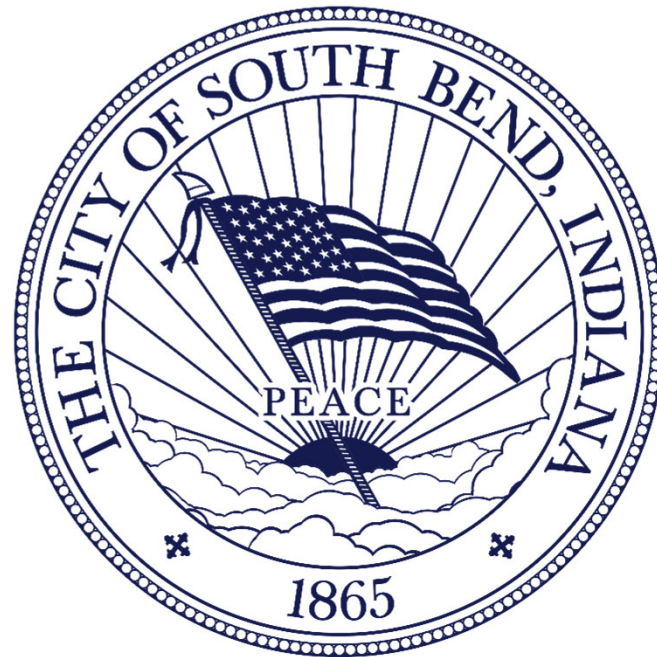
Revenue & Expenditures Scenario (Business As Usual)

General, COIT, EDIT, and Public Safety LOIT Funds



Measures in 2019-2020 to Address Fiscal Curb

1. Continue to find innovative ways to save on health care costs through collaborative arrangements with analysts, near site health clinic and others. Health costs continue to rise nationwide, however, the City is working to keep costs reasonable while providing excellent benefits to our employees.
2. Continue to work with the County to ensure property taxes accurately reflect market conditions and everyone is paying their fair share.
3. Implement soft hiring freeze on City positions (a 2.5% decrease would reduce the workforce by 18 positions and would save about \$1.5 million annually). This can be done by reviewing positions as they become vacant with the Mayor's office to ensure we are only replacing essential positions which help us meet the needs of the City.
4. Continue organization refinements and work to maximize efficiencies in City operations. A 1% cut in General fund alone would yield roughly \$600,000 in savings.
5. Optimize purchasing process and capital budgeting process.
6. Pursue new revenue opportunities
7. Consider additional Public-Private Partnerships where possible.



Additional Information Available Online at:
<https://southbendin.gov/departments/administration-finance/>
("View publicly-available city budgets and
finance records" section)