

Welcome to the 2011 State of the City Address. I want to thank the Chamber of Commerce for hosting today's event, and Sherry and her staff, and city staff members for organizing it. As you know, a portion of your lunch ticket today goes toward the Carbondale Scholarship fund which assists CCHS seniors that will attend SIU in the fall.

Through tomorrow, you can make additional contributions to the Scholarship by buying votes to decide whether I shave or save my mustache. So far, it's looking pretty even but my SIU coworkers voted 9 to 1 to shave it and, my dentist, Diana Gaultney, put in \$10 as she hates working around it. So, you can cast a vote or two or ten on your way out today or call the Chamber at 549-2146 and vote with your credit card. That's 549-2146.

This year's State of the City Address will include input from our Finance Director, Don Ursini; our Director of Public Works, Sean Henry; our Director of Development Services, Kevin Baity; and City Manager Allen Gill. I felt that it was important that we hear from them today in order to get a better picture of the State of the City and the direction in which we are headed.

The last seven months has been an interesting experience for myself, the City of Carbondale, and for the Southern Illinois Region. At one point, Chancellor Cheng and I commented that it felt like we were tag-teaming with the media on various stories. We have both dealt with some controversial issues but, we have faced them head-on and we're moving forward.

Right before I took office as mayor, we had a new police station and then we didn't but, now we do. We had a city manager when I took office but then he announced his retirement however, we're on track to have a new one in place by the second week of January. Before I took office, we had grocery stores that weren't allowed to sell beer and wine and now we do.

There are several announcements of new businesses hanging on the tip of Kevin's tongue but, we're waiting on the developers and

the mall to give us the go ahead to spill the beans. However, I can announce that a new frozen yogurt shop is opening out by Kohl's and The Great Outdoors Company; Kirkland's Furniture, Gifts & More will be opening in University Place next to Petco; and JC Penney's will start a \$3 million renovation in the University Mall after the holidays.

Downtown Carbondale has several new businesses including Blend Tea and Crepe, Kelly's Irish Boxy House, Cristaudo's Bakery & Catering, and Mo Wallace BBQ. Along the 12 blocks of Illinois Avenue in Downtown Carbondale, there are only about five vacancies. That's five too many but, it's a lot less than most people think there are. Having to figure out where to put new businesses is a good issue.

Another issue that the city has dealt with for the last few years is the retirement of employees from the Baby boomer generation. We've recycled one of the retirees onto the city council and several other retirees have been helpful in advising me and current staff members. We have experienced some growing pains, and some teething, as younger staff members have stepped up to take the place of the retirees but, just as the retirees did when they were first hired, we're all adjusting and moving forward.

Although Carbondale currently has the most diverse city council that it has ever seen, the entire council is in agreement that the core area of Carbondale has been neglected for too long and, that it is time to give this area some attention. However, we do recognize our reliance upon the sales taxes generated by businesses to the east and west of city hall and our reliance upon SIU and SIH as our city's two largest employers but, we also recognize the importance that small businesses play in our economy and the potential jobs and growth which they bring to Carbondale.

Well, I've rambled on enough and it is time to hear from our professional staff so, I would like to introduce our Finance Director, Mr. Don Ursini.

State of the City Address
Finance Department
December 13, 2011

Introduction:

Thank You Mayor Fritzler and Good Afternoon, I am Kevin Baity, I serve as the Acting City Manager and Development Services Director and today I am standing in for Don Ursini, our Finance Director who could not be here today.

The Finance Department consists of four diversified, but interrelated functions: Financial Administration, Accounting, Revenue and Purchasing/Risk Management. The Department also manages the Information Systems and Public Parking Services Divisions. These divisions employ a full time staff of 16 people.

The Finance Division provides services to the public as well as all City departments. Services include treasury management; financial reporting; budgeting and long range forecasting; all accounting functions, including payroll, accounts receivable and payables; purchasing coordination; and workers safety and general liability risk management. The Department issues the billings and collects the fees for water, sewer, refuse, landscape waste, parking permits and weed mowing. Locally imposed and collected taxes include the Hotel/Motel Room Rental Tax, the three-cent per gallon Municipal Motor Fuel Tax and Utility Taxes on water, electricity, and natural gas.

The Information Systems Division provides services to operating divisions of the City. Several major computerized systems are maintained by this Division including payroll; water, sewer, and refuse billings; parking violations; land use; and the City's accounting system. The Division maintains the City's computer hardware, software and manages the networks that link the City's different complexes internally and to the Internet.

Key Accomplishments:

The City received its 25th Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The City has also received 18 consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting awards. This award involves the standards as set forth by the Financial Accounting Standards Board and the Governmental Accounting Standards Board for reporting the Comprehensive Annual Financial Report (CAFR), a government's public financial document.

As of April 30, 2011, the General Fund's fund balance had increased by \$134,495 bring the total to \$7,598,700. This amount exceeds the City's minimum fund balance policy of having 4 months of sales and service tax revenues in reserve. Revenues came in approximately \$792,000 over the original budget with expenditures coming in \$429,201 over the original budget. At year end the City's total assets were \$130 million dollars with about \$90 million in total liabilities. The City is in solid financial condition and will be able to maintain services and meet its commitments.

The City's overall budget is \$38.6 million. The General Fund accounts for approximately \$24.1 million of that figure. One might ask, where do my tax dollars go? Currently General Government, which is comprised of Administrative and Community Services, Legal, Finance, and Development Services, account for 32.1%, Public Works 11.9%, Public Safety (police and fire) 48.6% and Debt Services 7.4%

Currently we are running on par with budgeted revenues for FY 2012. At the mid-year review (October 30), sales taxes (both Home Rule and General Sales taxes) are \$37,000 over budgeted amounts. Recently we refinanced the 2004 General Obligation Bonds and provided funds for the construction of a new fire station on the west side of town, while maintaining overall principal and interest at expected levels. We have signed contract and locked in our electric rates until December 2014. The projected saving is approximately \$90,000 over the current chargeable rates.

Future Challenges:

Pension Funding is one of the City's number one challenges. Currently the Police Pension Fund is 62% funded and the Fire Pension Fund is 57% funded. These funding levels are above the State average of 52% for these types of funds. These funding levels fluctuate as the investments increase or decrease in value. There are several causes for reduced funding levels. These include poor investment performances in recent years due to the general economic conditions, a high percentage of inactive personnel in the plan compared to active personnel, increased mortality tables, disability pensions, and unfunded increases to benefits by the State Legislature. The agencies that govern pension funds in our state will require a minimum funding ratio of 90% in the year 2040. How can that be attained? There are only two ways. First is increased investment performance. The pension boards comprised of current and retired employees as well as appointed City Staff, are responsible for investment decisions. State regulating bodies limit the percentages of fund assets that are available to invest in equities and bonds. The remaining way to increase funding ratios are higher annual contributions from the city. The City would be required to increase funds to pay into the pensions.

In closing the financial state of the City is very solid, much more so than average.

Thank you.

I would now like to introduce Sean Henry, Public Works Director for the City of Carbondale.

State of Public Works Address

December 13, 2011

Introduction:

Good Afternoon, I am Sean Henry, the Public Works Director for the City of Carbondale. I would like to begin with a quick overview of the City Operations that Public Works Department is responsible for.

The Public Works Department is a conglomeration of 18 distinct divisions with total FY2012 operating budget of \$13.39 million, which is approximately 1/3 (32.7%) of the City's overall budget. Public Works is comprised of approximately 80 full time and 24 part-time men and women who are tasked with operating, repairing, and maintaining Carbondale's:

- water and sewer treatment plants, distribution, and collection systems; and
- streets, traffic signals, sidewalks, and storm sewer infrastructures;

Public Works staff also provides a variety of services including:

- refuse and recycling collection, cemetery, forestry, and building maintenance operations;
- as well as engineering design, construction project administration, and plan review;
- Also staff provides around the clock emergency response throughout the community.

In addition to the operating budget of \$13.39 million, Public Works is also responsible for the development and oversight of the City's Community Investment Program (or CIP). For FY2012 the City's CIP includes an additional \$2.08 million for the design and construction of various projects in and around the City.

Recent Accomplishments:

During the past 2 years the City has been able to design and construct a variety of projects including:

- Reed Station Parkway Connector by the Hampton Inn (Veteran's Parkway)
- The Marion Street Extension
- The re-construction of Reed Station Road
- A new public safety center
- Sidewalk repairs and improvements throughout the City
- Pavement patching on west Chautauqua and west Mill Street
- Shoreline erosion protection at Cedar Lake (to prevent erosion and siltation)
- Union Hill Road raw waterline relocations (due to the County's realignment work on U.Hill Rd)
- Waterline replacements in the former Crab Orchard Water District areas
- Installation of a new Supervisory Control and Data Acquisition (or SCADA) computer control system at the Water Treatment Plant
- Rebuilding of the Oak Street Sanitary Sewer Lift Station
- Construction of an 15 million gallon equalization basin at the NWWWTP (to help alleviate high flows during heavy rain events)
- Design and permitting of a new 3 million gallon water storage facility (to replace the existing underground storage at the old water treatment property on Wall Street)

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In the Works:

Projects still in the works for the current fiscal year include:

- Design of the New Fire Station
- Design of open space and bikeways in the downtown area
- Construction of waterline replacements in the former Crab Orchard Water District areas
- Design and construction of new waste lagoons at the water treatment plant
- Design of renovations for the Raw Water Pump station at Cedar Lake
- Design and construction of the Short Street sanitary sewer lift station rehabilitation
- Design of ultraviolet disinfection systems for the NWWWTP

Other items of note that were completed this past year include:

The adoption of a new Solid Waste Code and associated refuse and recycling rates this past September; these much needed code revisions, and the accompanying rate structure, will allow the City to continue to provide top notch services to its residents for years to come.

And the completion of a comprehensive water and sewer rate study which culminated with the adoption of a five (5) year water and sewer rate structures this past October; these new rates will allow the City to increase its efforts in replacing the City's aging water and sewer infrastructure.

Next Year and Beyond (the future):

The coming fiscal year will begin with the construction of a new Fire Station.

From there the engineering division will start the process of ramping up the design and construction of various water and sewer infrastructure projects as allowed by the new water and sewer rates. It is intended that these improvements will be constructed on a cash basis, avoiding costly interest charges.

Parking Lots and parking lot improvements will be designed and constructed as parking system revenues allow.

Construction of street, storm sewer, sidewalk, traffic signal and open space improvements will continue to be funded on a limited basis as tax revenues allow as Local Improvement Fund revenues as well as 60% of Motor Fuel Tax (MFT) revenues are currently being dedicated to debt service for the 2006 series Street Improvement Bonds which were used to asphalt most of the oil and chip streets in the City.

These bonds will pay off in FY2017 which will then allow for approximately \$750,000 to again be dedicated to much needed street, storm sewer, and sidewalk projects. In the meantime the focus of these types of projects will be on preservation and maintenance operations.

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Closing:

In closing public works is in good shape.

- The ground work has been laid to maintain and replace our water and sewer infrastructure;
- newly adopted refuse and recycling rates should provide for the efficient operation of these programs for the coming years;
- and we can see the much needed funds for street and storm sewer replacements on the horizon.

I sincerely appreciate the opportunity to speak with you today about Public Works. The hard work, dedication, and expertise that public works employees provide to our City often go un-noticed; these men and women perform their jobs without complaint and for the greater good of our community 24 hours per day, 7 days per week, 365 days per year.

If you get the chance, take a moment to think about what it takes...

- to get clean water to your home or business,
- the benefits of flushing and forgetting about it,
- what would the City look like without refuse and recycling collection,
- and how you would get from point a to point b without paved streets and sidewalks.

If you get the opportunity, let a public works employee know you appreciate and care, a simple thank you goes a long way.

Thank You and have a good afternoon.

**State of the City Address
Development Services
December 13, 2011**

Introduction:

Thank You Sean and Good Afternoon.

The Development Services Department consists of four divisions: Planning Services, Housing Programs, Building & Neighborhood Services and Economic Development. These divisions employ a full time staff of approximately 20 people.

The Planning Services Division is responsible for the administration of the City's zoning code, subdivision and site plan regulations. They coordinate growth management relating to annexations and development within the extra territorial jurisdiction, which is the area outside of but within 1 1/2 miles of the City limits. Staff is responsible for updating and implementing the Comprehensive Plan, provide support to the Planning Commission, Preservation Commission, Zoning Board of Appeals, and Downtown Improvement Committee. The Planning Services Division collects and analyzes Census data and serves as the point of contact to the U.S. Census Bureau.

The Housing Programs staff oversee the administration of the Homebuyer Assistance Grant Program, the Single Family Owner Occupied Rehabilitation Program, the Housing Rehabilitation Program, and the Mobility Assistance & Rehabilitation Service Grant Programs. These grants provide down payment assistance for first time homeowners, for rehabilitation assistance of owner occupied houses and modification to houses for the physically challenged. Staff also oversee the Single Family Housing Conversion Program which provides grants to convert registered rental units back to single family owner occupied homes.

The Building & Neighborhood Services Division is responsible for reviewing plans and inspecting buildings and property to ensure compliance with building, zoning, electrical, plumbing, housing and environmental standards within the community. The Division issues building, demolition and related construction permits and is responsible for carrying out the Residential Rental Inspection Program.

The Economic Development Office is responsible for the coordination of the City's development activities and provides a centralized office for economic development projects. The office manages City economic development programs including the Tax Increment Redevelopment District, the Carbondale-Murphysboro-Jackson County Enterprise Zone, the Community Development Assistance Revolving Loan Program and the Downtown Facade Improvement Loan Program. The Economic Development staff serves as a Business Ombudsman and assists new and existing businesses by building and strengthening relationships with the City. The position also provides staff assistance to the Carbondale Business Development Corporation and participates in cooperative regional economic development initiatives.

Key Accomplishments:

- Initiated the update of the City's Zoning Code.
- Continued implementation of the new Comprehensive Plan.
- Annexed of over 51 acres and increased the population of Carbondale by over 200 people.
- Assisted in the opening of several restaurants including Evelyn's, Kelly's Irish Boxy House, La Unica Bakery, Blend Tea & Crepes and Cristaudos all in the downtown area, as well as Long John Silver's on North Giant City Road.
- Assisted in the relocation and expansion of Goodwill.
- Worked with the Veterans Administration in bringing a VA Clinic to Carbondale which will be located in the former Office Depot/Office Max building on East Walnut Street.
- Provided financial assistance for the conversion of 4 homes in the Single Family Housing Conversion Program.
- Provided down payment and housing rehabilitation assistance to 8 homeowners.
- Approved sales tax and real estate tax incentives to 33 Carbondale projects and 7 Murphysboro projects through the Enterprise Zone program.
- Conducted over 2000 rental property inspections and over 1000 hotel/motel room inspections.
- Issued over 4000 Environmental Notices.
- Issued over 150 zoning certificates and reviewed approximately 15 site plan application.
- Installed of over 2 miles of fiber optic conduit along Reed Station Road and Reed Station Parkway.

Future Plans:

As Sean eluded to earlier, the City will soon be making additional upgrades to the Crab Orchard Water District water system. This will improve the pressure and water volume to the area on Giant City Road near Park Street where construction of residential units can once again resume. The continued construction of residential units is critical to continued economic growth.

In the coming weeks, we will begin the installation of new energy efficient heating and cooling equipment to this very building. This work is possible in part by an \$82,000 grant from the Illinois Department of Commerce and Economic Opportunity. The existing HVAC units will be retrofitted with equipment that will eliminate the need to heat/cool entire areas of the building when only isolated areas are in use. This reduction in energy use will have a direct impact on the overall utility costs.

As the update to the City's Zoning Code continues, we will begin the public input portion. Such input is critical to the future development and redevelopment of key areas in and around town. One such area is the former Illinois National Guard building on North Oakland Avenue. The State of Illinois is currently taking sealed bids from interested parties for the acquisition of the property. The future use of this facility is key to the continued viability of this northwest neighborhood.

The installation of the fiber optic conduit in Business Park East by the Carbondale Business Development Corporation, is key to the continued development of that area. In conjunction with Clearwave Communications who is installing over 750 miles of fiber optic cabling in Southern Illinois, the Business Park East and Reed Station Road area are now poised to become the home of high tech professional service businesses and health care facilities.

Of particular importance is the public hearing being held this Thursday regarding the closure of the local sort component within the Carbondale Postal Service. If this closure moves forward it will mean the loss of approximately 50 good paying jobs and cause delays in the local to local delivery service. The City has been in communication with and will continue to provide input to the Regional Post Masters regarding the impact this will have on Carbondale and the surrounding communities. Your attendance and input in this process are very important.

In closing, the economic recovery continues at a slow pace but it has not completely stopped. We continue to be encouraged by numerous developers who continue to express interest in Carbondale and specifically in the re-purposing of existing vacant properties. In the next few months, the City anticipates being able to announce the planned opening of a least five new key businesses in University Mall and University Place. Additional announcements are anticipated for businesses locating in the downtown and west side retail areas as well. Stay tuned for those announcements.

Thank You.

I would now like to introduce Allen Gill, City Manager for the City of Carbondale.

State of the City Address
City Managers Office
December 13, 2011

From the City Manager:

Good afternoon. Yes, I am one of those baby boomers that the Mayor made mention to earlier and here I am one foot out the door in retirement and I have got a microphone. Mayor, you must really trust me. Thank you for that. I want to depart a little bit from some of the more detailed nuts and bolts discussion that has taken place up to this point and talk a little bit more about some big picture issues and items that I have been sort of mulling over and I have used on a couple of other speaking engagements. One of the things we have been remiss in talking about so far today, and I am about to fix that, is the strong public safety services that this community enjoys. We have an accredited police department and we have strong fire department with area networks that they can rely on for aid when we need it from outside and aid that we can give when other communities need it. We have seen both of these departments in action in two major storms and one railroad derailment since I have been here and I certainly hope the crisis management experience that we have had in the last three years isn't continued in the next three. It's a wish for all of you and those two fine departments. Among the positive we touched on briefly, but I do want to emphasize it has been a privilege and an honor to be able to supervise the construction of the new public safety center that our police department has needed for so long. We have had the honor of constructing it twice, and please, don't do it a third time. And I hope very soon that you will be getting an invitation to an open house where there will be a lot more show and tell of what went into that facility and it has also been an honor and a privilege to help be able to put the financing in place for the new No. 2 Fire Station that has been talked about for many years and needed to be replaced for many years and with the bond refinancing we were able to get that done and I am very privileged and honored to be able to do that. Among the other positives that have been talked about are the water and sewer capital plan being put into place, a new comprehensive plan put in place, a dramatic increase in our website capabilities and the amount of information that we put out that have actually won awards and so don't forget those and if you haven't kept up with our website, please do so. Looking at the present situation and then thinking ahead. If I were to put that in the form of a weather forecast, I would have to say partly sunny with some clouds on the horizon. And those clouds would be: Continued decline in SIU enrollments, which could jeopardize the economy of this area; escalating costs in pensions, not just police and fire, but others too; increasing housing vacancies, competition from new apartments, which is a good thing. Building new housing for students is one way to attract students here, but what that's done is increase the competition on older rental units which are experiencing increase in vacancy rates and coupled with declines in enrollment that is going to leave more and more structures vacant and that could be a real problem for some of our neighborhoods in the future. Continued State fiscal problems will impact this community in many ways. We are behind like everyone else in funding from the State. Competition from other communities for retail dollars used to be from the history that I read here Carbondale was the retail center for Southern Illinois. Well, not so much anymore. Other communities are being very, very aggressive in trying to steal away those retail dollars, lure them away from us. And if

that continues, that is not a good sign. Mayor made reference to the downtown area. A community can never be more attractive than what lies at its heart. And if there is not a solid beating heart in the center of the community it does not vote well for the community's future and our downtown, our central business core needs improvement. So how is the City going to deal with those challenges, with those clouds on the horizon, because if we don't, the future trends might not be what we want. First, find ways to partner with the University to benefit both the City and the University. There are some of those already in the works. Improve the appearance and the economy of downtown using City infrastructure investment as well as appropriate tax incentives to encourage business growth. Foster the growth of the entire medical sector. Southern Illinois Healthcare is a growth industry for this community and there needs to be ways found to encourage and support that growth. Support and encourage the growth of the tourism industry. For many people that is kind of a sleeper. They just think of a few wineries out there in the country, but I think if you look more closely at the dollars that are flowing into this whole region from tourism you would be amazed and if you ever took the time to count out of state license plates at some of our local establishments that would also amaze you. Support and encouragement is needed for SIU Technical Research and Development activities intellectual properties spin off patents ideas that can be put into production in the form of businesses here locally. Some of that is going on at Southern Illinois Research Park and there is more happening out there that you need to be aware of and if you are not then it bears a closer look. There are potential jobs and economic drivers that can come out of that very easily. Moving forward will be a challenge, especially in a challenging fiscal climate. Imagination and creativity are going to be needed. It may take some bold moves, it may call on the City to do so unconventional things but that's what's going to be required if these challenges are going to be met. Personally, from everyone that I know and from everything I know about this community I am confident that this community will rise to that challenge and will be successful in doing it and I wish you all the best in the process.

**** Staff Presentations

(The following came from notes I made while the staff gave their presentations and, it isn't verbatim as to what I actually said following those presentations.)

I would like to thank the staff for making their presentations. A key to the reason why the City of Carbondale is so successful is the relationships that exist internally between city departments and externally between the various agencies and institutions here in Carbondale and Jackson County.

On a monthly basis, the city manager and I meet with SIUC's Chancellor and Vice Chancellor for Administration and the Chamber of Commerce's President and Executive Director to discuss issues affecting us individually or as a whole. There's also a standing monthly meeting between the city, school districts 95 & 165, the park district, the library district, and the airport authority to keep each other up to date.

The City of Carbondale also maintains regional and statewide relationships via the Southern Illinois Mayor's Association and the Illinois Municipal League. At the recent annual conference of the IML, I was able to spend some time talking with Mayor Butler of Marion, Mayor Kellerman of Pinckneyville, and members of the Du Quoin City Council. The entire Pinckneyville City Council was there and, since it was my first MLC conference and since I was the sole representative of the Carbondale City Council, they basically adopted me.

Again, I would like to thank the Chamber for hosting this event and, I want to thank you for taking time out of your busy schedules to attend. And again, if you would like to make a contribution to the "Shave It or Save It" campaign, the number to call is 549. 2149. Have a great day.