

STATE OF THE CITY
October 14, 2008

INTRODUCTION

Thank you for taking the time to be here today. And thank you to the Ottawa Area Chamber of Commerce for again sponsoring this State of the City luncheon.

In preparing my comments for today, I reviewed my notes from last year's State of the City speech. I said to my Assistant, Kim Czyz, "Kim, maybe I've been doing this too long, but in reviewing last year's speech it was really pretty boring." Her quick response was "Bob, they've all been boring." So this year I will try to be brief, leaving more time for questions or just leaving early.

Part of the problem in delivering an address such as this is that there is so much to talk about as so much occurs in a one year period of time. I don't want to miss recognizing the achievements of each department, or the efforts of our hundreds of volunteers. However, this year I have chosen to abbreviate my comments somewhat and concentrate on just a few topics. A more detailed summation of the activities in other areas of the city are included in a hand-out that you can pick up at the door as you leave and those will also be posted on the City's website.

Suffice it to say I feel privileged to be surrounded by the talented administrative staff and all of the dedicated City employees that cause the City to function smoothly and deliver basic City services efficiently.

You know, there probably are things worse than listening to a State of the City address in these difficult times. Such as, listening to a State of the State address, or perhaps even worse, a State of the Union address.

Unfortunately, what happens in Springfield doesn't stay in Springfield, but affects every county and municipality in the State. For example, the City's rebuilding of our wastewater treatment plant was to be financed through the Illinois EPA's low-interest revolving loan fund. Recently, we were advised by the State that funding for the program was unavailable and we could not expect to participate in the program for at least another year or two.

Or, in the case of the Nation's economy, obviously that trickles down to all of us at the local level. All we can do is hope that the trickle does not become a deluge in the wake of the current crisis. Of course, the cost of health care is always a challenge and the falling stock market is of real

concern to employee pension funds. And even before the events of the last few weeks, residential construction in the city had dropped dramatically, with only three building permits issued for new homes and four building permits issued for new duplexes since the first of the year. This does not take into account the development at Heritage Harbor which I will speak about later. However, on the commercial and industrial front, just the opposite is true.

COMMUNITY DEVELOPMENT – Industrial and Commercial

The amount of commercial and industrial projects under construction or just completed, together with city infrastructure projects, totals nearly one quarter of a billion dollars. That is a staggering amount. I don't believe the city has ever experienced this level of development in any similar period in its history.

Commercial and industrial projects completed this past year or under construction include the following:

1. **International Titanium Powder.** A \$25 million titanium refining facility is being developed in the Ottawa Industrial Park, which is expected to employ approximately 60 people.
2. Adjacent to the Titanium site in the Industrial Park is **Sika Corporation's** new \$ 4 million concrete admixtures facility that was recently opened and employs four people.
3. On the City's north side the **Kohls Distribution Center** was completed just a few months ago. The facility includes over 9 miles of conveyor belts. Kohls already has hired 140 workers at this \$50 million dollar facility. The Center now serves 36 stores. By next fall Kohls will serve 100 of its stores out of this center and expects to then hire a second shift.
4. Nearby is **Clover Technologies'** new packaging and distribution center, a \$7 million facility located on Dayton Road. Clover expects to add about 30 new employees as a result of this new construction.

STATE OF THE CITY
October 14, 2008

5. Also on the north side the **Bill Walsh Toyota** dealership has just opened its \$5 million sales and service facility bringing additional sales tax dollars to Ottawa and 15 new employees.
6. Just down the hill from Bill Walsh Toyota, **Mineral Visions** opened a new \$3 million facility on Fremont Street last December. That facility, which processes colored sand, employs about 10 workers.
7. On the City's west edge, **Pilkington** has just completed a furnace and raw material plant rebuild at a cost of approximately \$73 million, making a long-term commitment to produce architectural and specialty glass in Ottawa, retaining about 150 jobs.
8. At the City's south edge, **St. Mary's Health Care Ottawa** building is nearing completion, which represents a \$2 million investment in the City and brings 10 new jobs to the community.
9. **Ottawa Regional Hospital and Healthcare Center** in a partnership recently opened the Fox River Cancer Center, a \$4 million facility, providing diagnostic and treatment alternatives for cancer patients right here in Ottawa. Last fall Ottawa Regional Hospital also completed its Renal Care facility, and its CT and MRI facility at an additional \$6 million investment. A parking deck expansion is about to be completed. And soon Ottawa Regional will be breaking ground for a new mental health facility, which, using green technologies, promises to be an exciting project.

I think it is absolutely amazing how far Ottawa Regional has come in the last several years in expanding its patient services. Recently a patient at Northwestern Hospital was advised that he needed a special imaging study and was told he would have to go to the Mayo Clinic. It just happened to be that someone in the room familiar with Ottawa Regional's new equipment was able to say, "or you could go to Ottawa Regional."

10. Finally, development continues at **Heritage Harbor Ottawa**. This past year the 32 acres harbor was completed and almost 100 boat slips were installed, almost all of which are sold, and 80 more will be installed this winter. The first model home has been erected and the construction of 13 residential units is now underway. Roadwork and infrastructure on the west peninsula is nearing completion. While the full development of Heritage Harbor Ottawa will take many years, recent infrastructure and housing construction has reached the \$35 million level. A condominium building containing 24 units will start construction this spring as well as a 96-room hotel and a spa, conference center, restaurants, yacht club and indoor/outdoor pool. Even in these difficult economic times sales continue and the project remains on "high ground."

There are many smaller projects occurring throughout the community, including the new **Jimmy John's** restaurant at Columbus and Superior Streets, and a new **Auto Spa** behind the Ford dealership on West Stevenson Road. Incidentally, some eyesores have come down, including the old Budget Inn where we expect a new hotel complex to be developed.

All in all, these projects total nearly \$217 million in construction - as I have said, a clear record-breaker for development in the City of Ottawa.

COMMUNITY DEVELOPMENT – City Infrastructure

Similarly, City infrastructure projects underway or recently completed also reflect a record investment approaching \$18 million. Completed or nearly completed projects include the Fosse Road interceptor, the Allen Park interceptor, and the Champlain Street interceptor at a total investment of over \$3 million. Interceptors are basically very large sewers designed to serve large areas of potential growth and development.

To serve Kohls Distribution Center water and sanitary services were extended (at a cost of about \$.9 million) and streets to serve both Kohls and nearby Clover Technologies Distribution Center totaled approximately \$2.7 million. The City was able to obtain grants from IEPA and IDOT for both the sewer and streets project for almost the

STATE OF THE CITY
October 14, 2008

entire cost, with the difference being born by the developers of the properties and from TIF funds.

The City also installed a new gravity sewer along Etna Road eliminating one of our aging and expensive lift stations. This project will also help alleviate some of the flooding issues in that section of town near Cherie Lane.

Water and sanitary sewer service to serve Heritage Harbor Ottawa is also nearly complete, at a cost of \$1.3 million, most of which is being advanced by the developer and the balance paid through TIF revenues.

We have also begun an exhaustive CSO study. That is the study to address our combined sewer overflows into the rivers at times of very heavy rainfalls. You will recall that this was one of the hot issues in the last city election when all the candidates said we should do something about it. Well, we are doing something about it now at a cost approaching half a million dollars.

Other projects ongoing or about to begin include the new west side water tower that will improve water pressure on the west side and serve the rebuilt Pilkington plant. Also reconstruction of the wastewater treatment plant continues and a renovation of the lift station located behind the YMCA will begin soon.

This year we also have a general street maintenance program of about \$1.2 million which includes the resurfacing of 76 blocks of street, and seven intersections. After considerable research and study by Streets Commissioner Dale Baxter the City for the first time used an in-place recycling and micro-surfacing process on about 50 blocks. This process allows the city to resurface about twice the number of blocks for the money. We also applied a hot-mix sand seal to about 26 blocks. We will be watching this experiment closely to see how durable these streets will be.

For the second year in a row the city is making a concerted effort to restore brick streets, including a complete rebuild of a stretch of Grafton Street and relaying the high and low spots at various spots on Congress Street and other area streets. This year we have committed \$90,000 toward our brick street restoration program.

Our largest street project this year is the Adams Street reconstruction which is a total rebuild of a mile of that street including

STATE OF THE CITY
October 14, 2008

curb, gutter and sidewalks at a cost of \$.9 million. A Safe Ways To Schools grant was obtained to cover the cost of the sidewalks. Finally, planning for the Poplar Street hill reconstruction is being finalized with construction expected to begin next year.

TOURISM

Tourism continues to play a vital role in the economic vitality of Ottawa. Last year over 78,500 hotel/motel stays generated tens of millions in visitor spending more than \$300,000 in hotel/motel taxes which are used to finance our tourism efforts.

The City contracts with the Ottawa Visitors Center to provide tourism and visitor services to the City. This year the Visitors Center obtained 24 way-finding signs directing visitors to key points of interest in the community. The City also joined 46 other Illinois communities and became part of the Looking for Lincoln Heritage Coalition. New wayside exhibits at Washington Square where the first Lincoln-Douglas debate was held 150 years ago, the site of the former Mayor Glover home on Columbus Street where Lincoln stayed, and at the confluence of the Fox and Illinois Rivers where Lincoln was mustered out of the service during the Blackhawk War.

This year's anniversary of the debate was marked by a series of events including the opening of the 1959 time capsule, the Abe and Steve reunion tour, exhibits, lectures, and a Washington Square performance by the Illinois Valley Symphony Orchestra.

This past year the Illinois River Road National Scenic Byway was launched. This 140 mile drive begins in Ottawa and ends in Havana, Illinois. Ottawa is one of seven gateway communities and in the spring of 2009 construction will begin on an interpretive kiosk in the downtown area. This kiosk is funded by grants.

While the City has much to offer visitors, Ottawa lacks a brand as such, and the City in conjunction with Visitors Center, the Chamber and Heritage Harbor hired Destination Development, Inc. to work on developing a branding and marketing strategy for Ottawa. A botanical arts and gardening brand was recommended by Destination Development after a year and a half process involving community input and nationwide research. We are aware of the theme being used in only three other

STATE OF THE CITY
October 14, 2008

communities in the country, one of the most successful being Greenville, South Carolina.

In the next months we will be forming a Grow Ottawa Team to sell the brand and begin developing product. After sufficient botanical and garden related product exists, a full-scale marketing effort will begin, with the goal of Ottawa being the Midwest destination that comes to mind when one thinks of gardening and the botanical arts.

CITY FINANCE

The other topic I would like to talk about in some detail is the status of the City's finances. I believe the most important responsibility of City officials is to work within a balanced budget and the City again adopted a balanced budget for this fiscal year. The City's finances are sound. Our current revenue streams seem to be on target with projections, and spending is within the budget limits.

When I first became Mayor many people thought the City Council was spending like a drunken sailor. That perception was due in part to a great number of very visible improvements that were initiated in our first years of office, many of which were paid for with grants. While aggressively seeking grants is important to improving the City, even more important is the implementation of sound financial practices that have been put in place over the past years, including the budget process, and the adopting of an overall entrepreneurial approach to government. There is much more to creating a vibrant and sustainable community than "just learning to say no," on spending. Many small communities that just say "no" until they are blue in face are drying up on the vine. It is important to concentrate as much on establishing reliable revenues as it is to control spending. Sensible economic development that provides job opportunities and expands our sales tax and real estate tax base is a big part of keeping the city's finances healthy.

One example of this entrepreneurial effort is the agreements the City has reached over the past year with Invenergy in connection with the Grand Ridge Wind Farm project. Finance Commissioner Dan Aussem took the lead in negotiating two agreements that extended the City's enterprise zone to the project to allow Invenergy to take advantage of

STATE OF THE CITY
October 14, 2008

certain sales tax benefits. In turn the two agreements combined provide for \$3.5 million in revenues to pass to the City over next ten year period. The funds received this year is new money that was not budgeted and has been “earmarked” for “special projects,” including helping to pay for the sampling equipment needed for our CSO study. There is some discussion that future funds may also be loaned to the water fund to avoid the need to bond for special projects.

These innovative and creative agreements are not only bringing new alternative clean energy sources to our area, but have been very good for the City’s bottom line. My hat is off to Commissioner Aussem in this regard.

The City recently also initiated a new collection policy for water billing which should simplify and improve our collection efforts.

Currently the City’s general fund balance is approximately \$5 million and the balances in all funds combined are approximately \$9.3 million, both healthy figures.

The City is a leader in the effort to bring transparency and accessibility to local government. Claims register reports are now posted on the City’s website following approval at City Council meetings.

To access the information simply go to www.cityofottawa.org. Fiscal year budgets from 2006 forward are also on line.

Also, in an effort to make City government more accessible the City Council meetings now being aired on Mediacom local channel 19, will also soon be posted on the City’s website.

FLOODING

Ottawa has experienced serious flooding issues the past two years. In August of 2007 we were hit with torrential rains that caused considerable flooding, especially on the south side of Ottawa. Our building official Mike Sutfin worked tirelessly with State and Federal officials to get the City declared a disaster area. It was a close call but because of Mike’s thoroughness in documenting the damage, the disaster declaration was made and hundreds of thousands of dollars were made available to local residents and the City to help cover flood losses.

STATE OF THE CITY
October 14, 2008

Last month, as you all know, we experienced flooding once again. This time, the problem was primarily caused by heavy rains up north, which eventually made their way in record levels down the Fox and Illinois Rivers. Residential damage in the City was confined primarily to a few homes down in the flats area along the Fox River. However, Central School was especially hard hit. Again, hats off to Mike Sutfin for working closely with IEMA and FEMA. The County has been declared a Federal disaster area for residential purposes and we are working to try to get that coverage extended to commercial and public buildings, such as Central School.

And just yesterday FEMA set up its mobile disaster relief center in City Hall where citizens who suffered losses in the flood can file claims for disaster relief.

Supplemental Information

As I said earlier, I will not be talking in detail about the accomplishments of the various departments this year. However, you will find handouts at the door including sections on the fire department which is overseen by Commissioner of Public Health and Safety Ed Whitney, the police department, as well as sections on developments that have been happening in our parks, waterworks and wastewater treatment plants all of which are overseen by Commissioner of Public Property Wayne Eichelkraut. There is also some interesting information included about work being done by the Historic Preservation Commission, the Playground and Recreation Board, the Special Events Committee and the Illinois Valley Area Drug Coalition.

THE YEAR AHEAD

A. Finance

Looking forward to the year ahead should be challenging, particularly in light of our national economy. We will continue to try to be creative in exploring revenue sources other than real estate taxes, and will obviously be keeping a careful eye on spending. One thing we have been working on and will have ready for Council review soon is a revised impact fee ordinance. It will assure us that as development occurs, it pays its way.

B. Public Transit and Commuter Rail

In the coming year I would like for us to concentrate more on our efforts to bring public transportation to the area.

City staff is working with LaSalle County Transit Partnership Group (formerly the LaSalle County Transportation Coordination Committee) in trying to create a county-wide transportation system by utilizing existing senior and social services, hospital and municipal vehicles. The goal of the group is to receive Federal funding for a public transportation system and it is working through the necessary items to receive this funding. The FY08 Federal budget has already earmarked monies for this project.

The Commuter Rail Project from LaSalle to Joliet is still being worked on. Several studies need to take place in order for this project to come to fruition and we have been working with the Federal and State government to receive funds to complete these studies. In the next few months we hope to start a comprehensive public transportation study which is the next step in this process. We believe we have Federal funding for this project.

C. Downtown

This coming year will also be one where we can refocus on downtown redevelopment, particularly in light of the vision of Ottawa as a botanical arts and garden center. We have applied for a large grant for streetscape improvements downtown, but even if that doesn't come through I believe we need to get started. I have been talking with some of property owners in the 700 block of LaSalle Street, which seems to be the block where there is the most highly concentrated group of merchants who are willing to take on the project, including provide and maintain plantings in front of their stores and a willingness to commit to be open some evening hours. For the City's part, we can begin to do some pavement cuts to plant trees and beds, and provide benches and other amenities.

By the way, on a positive note, the old Cobbler's Row building at 221 W. Main Street was totally renovated this past year. This Civil War era building developed a serious structural problem in the west wall and came very close to being demolished. The building was rescued by the Rohr family, and with the extension renovations should stand for another

STATE OF THE CITY
October 14, 2008

hundred years. The building now houses Gramma's Attic with retail space on all three floors.

D. IVCC

Finally, in the upcoming year I would also like the City to work closely with Illinois Valley Community College and try to develop a larger IVCC presence in the City. A significant percentage of IVCC students live in Ottawa, Marseilles, Streator and the surrounding area, and would be well served by classrooms in Ottawa. We have had some very preliminary discussions with college officials and I wish to explore any city-college-private partnership that would bring a greater IVCC presence to Ottawa.

Once again, thank you for your attention. It has been an exciting year in Ottawa and I look forward to working with the Chamber and all of you in the upcoming year.