Thank you for taking the time to be here today. As always, I would like to thank the Ottawa Area Chamber for again sponsoring this State of the City luncheon.

**SURVIVING IN TOUGH TIMES**

**A. The Local Economy**

When I gave this speech last year, signs of the tough economic were mounting. I made the comment that I hoped the obvious trickle down effects to the local level would not become a deluge. Well, things did get worse at all levels.

We are now going through a national and global recession, which some say is the worst since the Great Depression. The nation has suffered layoffs, business closings, foreclosures, and the near collapse of some of our major financial institutions.

However, locally, we seem to have weathered the storm better than many. This is not to minimize the plight of anyone faced with the loss of their job, their health insurance or retirement benefits, or even their home. However, most of our major employers are doing relatively well and layoffs have been minimal. Four example:

**Petsmart** continues to hire and now has 435 employees, 35 in leadership positions.

**Kohl's** continues to hire and now employs 190 associates.

**Pilkington's** Ottawa plant is going very well and has actually increased its workforce to over 180 persons in the past year.

**Mini-Grip Zip Pak** in the Industrial Park has 53 employees and **Clover Technologies** employs over 340 persons.

Potentially the most exciting thing to happen to Ottawa during my tenure as Mayor is the decision of **International Titanium Powder**, or ITP to locate in Ottawa.

ITP began construction of a production facility in the Ottawa Industrial Park several years ago. Unfortunately, the original ownership of ITP did not have the financial resources needed to actually proceed to the manufacturing phase and the project languished for several years.

Last year, though, ITP was purchased by an international corporation determined to move things forward again at the Ottawa plant. ITP features a new process to produce high quality titanium powder at a cost which is significantly lower than that of the traditional process. Given the many uses for titanium – from national defense to aircraft to automobiles to artificial hips to golf clubs – you can begin to see the great potential. This will be the only plant in the world using this new process.

This is a very clean, community conscious, high tech manufacturer which would be sought after by every city in America and we are indeed fortunate to have the company here in Ottawa. I expect International Titanium Powder to make a major announcement about its exciting plans within the next ten days.

Why are these companies even in Ottawa? I think it is fair to say that our aggressive economic development efforts the past ten years have created this employer base that now is helping Ottawa get through these tough times. Imagine the situation we would be in if none of these companies were here. And in each case, it was the creative and effective use of TIFs, infrastructure development , State grants and other economic development tools that allowed the City to land or retain these companies.

One other bold step the City took about ten years ago was the development of the city-owned Ottawa Industrial Park which is unique in its ability to provide rail service to industries that require it, such as Sika, International Titanium and Mini Grip Zip Pac. And, in the case of Pilkington Glass, a long-time Ottawa company, which has recently invested about $70 million in rebuilding its plant, that company would not be here today if the City had not agreed to annex the facility and provide city utilities. And I don't have to remind many people in this room that there were naysayers all along the way, whether arguing that TIF's were unfair, that the City shouldn't be purchasing land and establishing an industrial park, or that we shouldn't be accommodating Pilkington.

Bottom line, while things aren't the greatest, they could be so much worse. By the way, since 2004 the City TIF's have contributed over $3 million dollars to Ottawa Township High School, Wallace Grade School and Illinois Valley Community College and those numbers will rise substantially soon when companies like Kohl's, and Clover are placed on the tax rolls.

**Heritage Harbor** **Ottawa**, although slowed down by the near collapse of the housing market, continues to market and will be offering new product in the near future, more compatible with current market conditions. Significant development on the east portion of the harbor, near the marina, is planned for next spring.

One of the most significant economic development challenges facing the City of Ottawa is finding a productive use for the several major vacant buildings on the **north side** of Ottawa. Buildings such as the former Value City and K-Mart stores became empty because of the changing economy and are thus not likely to be used again soon for their original retail purposes. Despite the slow economy, we have had several creative proposals for the use of these buildings and hope that some come to fruition.

Of course, the new **Fairfield Inn & Suites Hotel** – a Marriott affiliate -- now under construction at the intersection of Etna Road and Columbus Street should spur new investment interest in this area of Ottawa – including the location there of several new restaurants. The hotel's Marriott reservation system compliments the Hilton and Holiday Inn systems, which we already have. This is yet another very welcome investment in Ottawa by the Janko organization. The hotel is expected to open in mid-2010.

One of the highlights of the year was the recent opportunity to welcome a new media outlet to Ottawa. **Ottawa Delivered** has brought a breath of fresh air to the local media environment with its cutting edge approach of providing both in-depth features in print about key Ottawa issues combined with up to the minute current news on-line . Ottawa Delivered appears to be a growing business which has already created 18 new jobs.

Other new businesses on the north side include **Rental Pros**, which will be relocating to Dayton Road, **Cofoid Construction** on MBL Drive, and the new **Ottawa Auto Spa** on West Stevenson Road.

On the south side **St. Mary's Healthcare** opened last fall bringing about 10 new jobs.

Two major projects at **Ottawa Regional Hospital and Healthcare Center** are now under construction - the 200 unit parking deck in front of the main hospital and the new mental health center - which employs cutting-edge green technologies and may be the first LEED platinum certified building in LaSalle County.

**B. City finances**

* **Increased Obligations and Reduced Revenues**

With respect to the City's finances, in April the Council again adopted a balanced budget, but in this case it was a deficit budget. The City tapped into reserves built up and wisely set aside over the past years to help get us through these difficult times. Some of the financial challenges facing the City this year include our CSO (combined sewer overflow) study being done to allow us to develop an EPA mandated plan to mitigate the instances where combined storm and sanitary sewage ends up in the river.

The City also helps fund three different employee pension plans, which are requiring increased contributions from the City. This year the City contribution to the police and fire pension funds will increase by about 21% and the increase to the IMRF fund will be about the same. These increases really don't reflect the falling markets and next year's contributions will undoubtedly be higher.

On the other hand, most of our revenue sources are stagnant or declining. We had projected sales tax revenues to decrease by about $500,000 this fiscal year, and receipts so far show that appears to be a solid projection. The City's portion of income taxes received from the State is down, even our utility tax receipts are down. Real estate taxes are expected to hold steady.

Wages and salaries account for 80% of the City's general operating budget. Consequently, we have asked all City employees to forego pay raises this year. As it happened, all three union contracts expired this past April. We are not proposing pay cuts, layoffs, furlough days, or the drastic cuts other communities are contemplating. We are not even talking about taking away built-in longevity or automatic step increases that are part of current contracts. In fact, with the actual cost of living decreasing, instead of increasing, a pay freeze would seem to be fair and sensible.

In April I wrote all City employees requesting that they roll over their contracts for one more year. I am pleased to say that all City appointed staff have agreed to a pay freeze and have signed one year contract extensions to that effect. The AFSCME union which represents our telecommunicators and public works employees has also agreed to a one year freeze. And I am very thankful for their cooperation and understanding. To my disappointment, neither the police officers' union nor the fire fighters' union has so agreed. We continue to negotiate in good faith with those unions, and we can negotiate until the cows come home, but that's not going to create new revenue. Clearly we cannot go to the tax payers who are experiencing their own economic strain and ask for tax increases to give employees raises.

One other factor that makes these times particularly difficult is that we can't predict the future. While we hope that the economy will be better next year, that may not be the case. That is why we don't feel it is responsible to negotiate multi-year contracts at this time.

* **Healthcare**

The second single costliest City expenditure is for health care for our employees and retirees. The City remains self-insured. For the 2008/2009 plan year, gross medical claims totaled $3.2 million dollars, with $1.2 million in stop loss reimbursements and prescription claims totaled $457,000.

The Medicare Advantage program the City put in place last year for retirees has been well received. We were able to offer that program at no cost to retirees age 65 and over, totally eliminating the premiums they used to pay. By removing retirees from the self-insured plan, the City also saved money. One of those rare win-wins.

The City received notice in late May that the current third party administrator, Mercer Administration, would no longer process claims beginning September 1, 2009. The City consulted with several health care providers, including researching the State of Illinois Local Government Health Plan. Due to several years of extremely high claims, the options available to the City to provide health care coverage at current benefit levels are limited. After extensive research and review, with employee involvement every step of the way, the City contracted with Blue Cross Blue Shield of Illinois to administer the health plan and process claims, which allows access to the Blue Cross Blue Shield PPO plan. Even though Blue Cross Blue Shield will process claims, the City remains self-insured. While administrative costs continue to increase, it is anticipated that utilization of this PPO will provide a 15% - 20% savings on medical claims for the upcoming plan year. For the first time in years we do not expect the annual increase in premium equivalents to be in the double digits, but relatively modest.

* **Financial Transparency**

Commissioner of Accounts & Finance Dan Aussem continues to work to ensure that the City remains financially transparent. Currently annual budgets, audits, clerk report and monthly claims registers can now be viewed on the City's website at www.cityofottawa.org.

In addition, City Council meeting agendas and minutes, as well as minutes from City boards and commissions are posted on the website. As you may know, the City Council meetings have been aired on Mediacom local channel 19 for many years. Since January 2009, the City has also posted Council meeting videos on the website.

Also available on the website are the municipal codes, applications for permits, various city maps, monthly building official reports, the comprehensive master plan and the downtown master plan, and press releases issued by the City.

**LIVING IN TWO VALLEYS**

**A. Floodplain Work**

In the past 24 months, the City of Ottawa has experienced 3 record flood events. Our public works employees and police and fire personnel all responded in an exemplary fashion to minimize the impact of these events.

This year the Community Development Department mounted a multi-focused plan to address flood issues. Dave Noble and Mike Sutfin have recently both been trained and certified as “floodplain managers.” A new, more stringent ordinance governing development in the Special Flood Hazard Area was adopted in January.

The City is actively working with the U. S. Army Corps of Engineers to resolve the possible de-accreditation of the high school levee and the potential of our wastewater treatment plant being designated in the floodway. Seven more homes in the “flats” have expressed an interest in a buyout and we are completing the final paperwork with the Illinois Emergency Management Agency (IEMA) to fund those acquisitions which will mitigate the recurring flood loss in this area.

Last month a City Floodplain Commission was created. The Commission, composed of stakeholders and community members, will present to the City Council a written plan focusing on mitigation and response efforts.

Finally, the City has joined the Community Rating System--CRS. Through the efforts of the Community Development Department and the Flood Commission our goal is to become a "number one" rated community. By doing so we will be able to save our taxpayers money by reducing flood insurance premiums up to 45%.

**B. Central School**

As everyone knows, the major flood casualty of last fall was Central School on the bank of the Illinois River which resulted in more than 400 Ottawa students being left without a school. Trying to negotiate with the Federal Emergency Management Agency (FEMA) for the funds needed to construct a new school away from the floodplain soon proved to be deeply frustrating and fruitless.

From the beginning of this crisis, the City of Ottawa worked in close partnership with the Ottawa Elementary School District.

Initially FEMA claimed Central School was not even in the flood plain, and it was City staff who did the work and supplied the information that caused FEMA to revise its flood plain map for the area.

At one particularly difficult point early last Spring, I am sure the Board of Education was tempted just to accept FEMA’s low ball offer of one or two million dollars and try to move on.

We believed Ottawa’s students have a right to good schools and that Ottawa’s taxpayers had the right to full FEMA benefits available by law and should not have to bear the burden of recovering from this natural disaster. Both good schools and stable tax rates are important in making Ottawa an attractive place for economic growth. With this in mind, the City of Ottawa recommended that Ottawa Elementary hire a Washington, DC firm, James Lee Witt & Associates, which specializes in working with communities across America facing difficulty in dealing with the FEMA bureaucracy. We felt so strongly about recommending this option that the City committed to sharing the cost of Witt’s fees, admittedly an unusual move. With access to Witt’s expertise, Ottawa Elementary was able to file a very strong FEMA appeal. I am extremely pleased today to be able to congratulate the Ottawa Elementary administration and Board of Education for its persistence and determination – characteristics which have now caused its FEMA appeal to be successful with the award of $12.3 million towards the construction of a new school.

Our state legislators, Senator Dahl and Representative Mautino, have been very supportive throughout this ordeal and believed that State funding for this distressed school district was a distinct possibility once the federal funding was set. Representative Frank Mautino – who is present today -- is now seeking an additional $14 million in State funding towards new school construction. This combination of State and federal funding should permit the taxpayers of Ottawa to avoid most, if not all, of the burden of having to finance the new school. This whole situation has been a great example of the partnership approach we try to take in Ottawa to tackle the most serious community problems.

**C. Fox River Aqueduct**

During the course of the year, we have become increasingly concerned about the debris and sediment which has accumulated around the Fox River Aqueduct due to the latest round of Fox River flooding. Not only is it very unsightly, but the debris and sediment are threatening the structural integrity of this very historic aqueduct which, when built more than 160 years ago, was viewed as one of the engineering marvels of the world. As the aqueduct structure is owned by the Illinois Department of Natural Resources or IDNR, the role of the City of Ottawa in cleaning up the mess has been limited. Nevertheless, I, along with City staff, have been to Springfield to speak with IDNR Director Marc Miller and to Rock Island to speak with Colonel Shawn McGinley, the Commander of the U.S. Army Corps of Engineers Rock Island District, about finding the approximately $500,000 needed to clean up the debris and remove the accumulated sediment material. At the moment, it appears IDNR may be able to use a limited amount of funding from FEMA to clean up much of the debris – hopefully yet this fall -- while an application is filed with the Army Corps for funding to dredge the sediment.

**PUBLIC SAFETY**

**A. Police Department**

This year for the first time Chief Zeilmann issued an Ottawa Police Department annual report covering calendar year 2008 operations. The report, being his first, is very detailed, and available online.

This year we saw the creation of the department's first full-blown dedicated narcotics unit within the detective division. The two-man unit focuses 100% of its attention on drug crimes within the city. During the first nine months of this year the narcotics unit has realized a 279% increase in drug crime cases, in comparison to the same timeframe last year.

The police department also welcomed a new drug detection canine this year, a two year old Belgian Malinois, named Sonja, seen here with her handler, Officer Jason Quinn.

The department's new emergency notification system, can provide mass notification to all Ottawa residents during a crisis. This system allows messages to be transmitted to thousands of residents in a matter of minutes via landline telephones, cell phones, e-mail, text messages, and/or fax. The notifications can be made city wide or confined to particular neighborhoods, depending on the crisis.

Last year our telecommunicators logged in nearly 20,600 calls for services handled by the police department alone. This was a drop in calls by about 900 from the previous year.

Finally, I want to announce that in the very near future the new emergency 9 1 1 center at the police and fire station will be named in honor of Maribeth Radtke. Maribeth passed away two years ago, only months after her retirement. She is remembered as a fixture at the Ottawa Police Department, having always taken pride in her work and being very instrumental in coordinating the efforts of the police and fire departments and the 9 1 1 Board to create the new emergency 9 1 1 center.

**B. Fire Department**

Under the oversight of Commissioner of Public Health and Safety Ed Whitney, Fire Chief Jim Duback oversees the 30 employees in the Ottawa Fire Department.

Last year our firefighters, who are also emergency medical technicians, responded to 450 fire calls and 2,500 medical calls. The department continues to be proactive in training its members in the field as well as in the classroom, including training to respond to county and state emergencies as members of the MABAS (Mutual Aid Box Alarm System).

This year the City Council authorized the purchase of a new fire truck at an approximate cost of $400,000, to be financed over five years.

More information about the fire department and police department is available in the handouts which you can pick up as you leave.

**PUBLIC WORKS**

**A. Streets**

This year under the oversight of Commissioner Dale Baxter the City completed or is in the process of completing several major street projects. The long-awaited reconstruction of the Poplar Street hill is nearing completion. This million dollar project which has been in the planning stages for several years cuts by half the steep slope of the hill and will provide for safe travel for both drivers and, for the first time, pedestrians.

The complete rebuild of Adams Street between McKinley and Fosse Roads was recently completed, again replacing an inferior road and open ditches with a modern street with curb and gutter and safe sidewalks for motorists and pedestrians.

This year as part of our annual maintenance program the City resurfaced almost 60 blocks of streets, roads and alleys, using a combination of asphalt and sand seal and the chip seal processes. We also did brick restoration work in about 2 1/2 blocks of streets.

**B. Parks**

This summer the City made substantial improvements in Fox River Park with new parking for boaters and the creation of two playground areas and a water play area with a new shelter. That project was made possible through a State OSLAD grant in the amount of $240,000.

At the end of East Main Street the City recently installed new boat docks and a boat trailer parking facility which was funded 100% through a State Boat Access Development Grant in the amount of $170,000.

And as we speak, new playground equipment is being installed in Lincoln-Douglas Park near the city swimming pool funded through the City Playground and Recreation Board. This project is expected to be completed within the next month. All of these projects were implemented under the oversight of Public Property Commissioner Wayne Eichelkraut.

**C. Water/wastewater**

The handout details some of the more significant projects recently undertaken by the water and wastewater departments, including water projects in connection with the Etna Road widening and improvement project undertaken by the County and a new water main on Utica Drive bringing raw water from one of our wells to the central filtration plant. Plans are currently being developed to replace an old iron water main on Chapel Street with a new, larger PVC main.

Major wastewater projects include the replacement and flood proofing of the Jackson Street lift station behind the YMCA, as well as the ongoing work that is part of the multi-year rebuilding of the wastewater treatment plant near Allen Park.

**PLANNING FOR THE FUTURE**

**A. Transportation**

The City continued this year to work with the LaSalle County Transit Partnership Group (formerly the LaSalle County Transportation Coordination Committee) taking the next steps in providing a county-wide transportation system and are very close to applying for the federal 5311 grant.  To receive this funding the group has been creating a map showing existing service providers, routes and collecting the required support documentation from senior and social services, hospitals, and municipalities.  The group plans to submit the grant application next spring.

On a bigger note the City is putting together the necessary grant paperwork for a Comprehensive Transportation Corridor Study for LaSalle, Grundy, Kendall and Will County.  This study will build on the Illinois Valley Commuter Rail study of several years ago.   This study is expected to cost $395,000. We have a federal earmark of $245,000 and the Illinois Department of Transportation has agreed to provide the balancing match.  This study is the next step towards developing any mode of mass transportation between LaSalle and Joliet.

**b. Enhanced broadband access**

The providing of enhanced broadband access is quickly gaining importance as a key part of successful economic development. With this in mind, along with the need to provide high speed broadband to the new IVCC Ottawa Center, the City of Ottawa has begun to seriously explore the possibility of partnering with Northern Illinois University in several ways to bring this service to the Ottawa area. We are currently reviewing an attractive proposal from the NIU Broadband Development Group for a

feasibility study of Ottawa area needs which would include those of our schools, hospital, emergency services, City and County needs, the library and so on.

**THE GOVERNMENT GIVETH AND TAKETH**

**a. Federal Stimulus/State Capital programs**

We have worked closely this year with our state and federal legislators to seek funding for Ottawa’s infrastructure priorities through the federal stimulus and state capital spending programs. Thus far, the City of Ottawa has received commitments from the federal stimulus program of $572,000 along with $300,000 from the State of Illinois capital development program for extra street repairs next year. In addition, a priority for Ottawa has been a major rebuild and expansion of its wastewater treatment plant – a step needed to support Ottawa’s continued economic growth. This project has a price tag of more than $7 million. At this point it appears a combination of stimulus funded forgiven loans, no interest loans and low interest loans will cover more than half of this $7 million plus the standard financing it would have required – saving Ottawa water and sewer users millions of dollars. Grant applications are pending as well for a new west-side water tower; the east side regional lift station which is another critical economic development need; several transportation enhancement projects and a floodplain mitigation project along the Fox River.

**B. U.S. E.P.A. Radium Settlement**

As you know, for at least a dozen years the USEPA has been trying to deal with the radium contamination legacy of the Radium Dial and Luminous Processes companies, which in the 1930's, 1940's and 1950's deposited radioactive waste at sites across the city. The USEPA has actually cleaned up most of the sites, at a cost of more than $ 42 million. However, a couple sites remain to be cleaned at an estimated cost of $80 million, the largest being the an old dump site along the Fox River near the intersection of Route 6 and Route 71. Unfortunately, records show that from 1937 - 1955 the city had some involvement with the property. It appears as though the property served as a city dump of sorts. Consequently, the city became a potentially responsible party, meaning the USEPA was looking to the city to contribute toward the cleanup cost.

The USEPA filed suit in 2003 naming the city as a potentially responsible party. The parties agreed not to incur a lot of legal expenses while trying to reach an amicable agreement.

Over the past ten years the city developed a good working relationship with the USEPA officials and project managers and we made and tracked in-kind contributions toward the cleanups.

This past summer the city began negotiations in earnest to settle the litigation issue. Initially in addition to in-kind contributions, the USEPA was looking for a cash contribution - the discussions were in the area of $3 million to $4 million. Fortunately, one of the factors the USEPA takes into account in these cases is the ability to pay. At that point, our city treasurer Don Harris worked at length to convince USEPA officials of the financial obligations facing the city, including such things as growing pension commitments, and our declining revenues, all of the things I discussed earlier with respect to employer contract negotiations. After months of going back and forth and supplying additional data and analysis to USEPA officials, the USEPA made a final offer of settlement in the amount of $150,000. While that is not pocket change, it certainly is very welcome news considering the city exposure. The documents are still being finalized, but I thank and congratulate our Community Development staff and Don Harris for all of the work that went into reaching this resolution.

**SPECIAL EVENTS**

The City's Special Events Committee continued to support and expand community events including Cruise Night, our Music in the Park series, the Scarecrow Festival and the Festival of Lights Parade.

This year the Music in the Park Summer series expanded to seven Saturday nights, with a special extra event held on the banks of the Illinois River in Allen Park with the American Wind Symphony Orchestra performing to a crowd of about 1,000 persons from its boat and floating stage.

Special Events projects are financed primarily through hotel/motel tax revenues.

The City and the Special Events Committees wishes to take this opportunity to publicly thank Don and Betty Gillette of Gillette Parade Products for their 22 years of dedication in organizing and presenting our one-of-kind holiday parades. I have no doubt that Ottawan's have enjoyed probably the best holiday parades anywhere in the state, the most recent included over 20 illuminated floats. These parades have been gifts from the Gillettes to the people of Ottawa, and as their last parade nears, we wish them all the best in their retirement.

**OTTAWA HISTORIC PRESERVATION COMMISSION**

This past year for the first time the Ottawa Historic Preservation Commission began the process of designating local landmarks. Community response was overwhelming, and many property owners submitted applications for designation. As of this date the Council has made seven residential landmark designations and two commercial landmark designations.

**Ottawa Downtown**

**A. IVCC**

An exciting development for Ottawa has been the growing partnership with Illinois Valley Community College towards the establishment of an IVCC satellite education center in downtown Ottawa – the first in the 85 year history of IVCC. The IVCC Ottawa Center would make many valuable high quality educational opportunities much more available for Ottawa students and residents while drawing more people to downtown Ottawa. The City plans to purchase the Centrue building on West Main Street, renovate the building and then lease it back to IVCC on a long-term basis. The City and IVCC are now working on a lease agreement which should come before the IVCC Board of Trustees and the Ottawa City Council later this Fall. The IVCC Ottawa Center is set to open in the Fall of 2010 – only ten months from now.

It is planned that the City will use its Enterprise Fund to finance the IVCC project with IVCC rental payments going back into the fund. The Enterprise Fund was set up using revenues received from wind farms that received our enterprise zone benefits.

**B. The Garden Brand**

A special focus during this past year has been placed on increasing the economic vitality of downtown Ottawa by beginning to implement the Gardening and Botanical Arts Brand recommended by the Destination Development, Inc. study last year and approved by the City Council in February of this year. A number of important steps have already been taken. These include:

* The creation of the Grow Ottawa Team. Composed of some of Ottawa’s leading citizens and people with strong professional knowledge of the botanical arts and tourism development, the Grow Ottawa Team will guide the implementation of the Brand.
* Preparing for the development of a Downtown Action Plan which will result in specific recommendations for the location of key structures such as a botanical arts center and a permanent farmers market home along with addressing parking solutions, a master streetscape plan, public restrooms, traffic flows and much more.
* Laying the groundwork for an aggressive effort to recruit Brand related businesses. We are looking not only for new businesses willing to come to Ottawa but also for Ottawa entrepreneurs wanting to start their own businesses or for current businesses willing to expand by adding Brand related lines of merchandise. I should note here that this merchandise includes many different types of garden and botanical arts related items ranging from live plants and flowers to garden art to furniture to clothing to gifts to books and fertilizers.
* The finishing touches are being put on a PowerPoint presentation describing the Branding program. It will be available to any Ottawa area group. Just contact City Hall if your group is interested in a presentation.

**C. Streetscape**

The most visible aspect of the Branding program thus far has been the installation of the prototype streetscape on the 700 block of LaSalle Street. Our intent was not only to launch the downtown beautification effort but also to get a feeling for the challenges and costs of spreading the streetscape program throughout downtown Ottawa. We learned a great deal and hope to lower costs while continuing the project to the 800 and 600 blocks of LaSalle Street next spring. Ten trees and more than 800 plants, all planted by volunteers, were installed. Downtown merchants have told me that foot traffic in the downtown seems to have increased by the project.

It should be noted the streetscaping has been made possible by the growth of the Downtown TIF established a number of years ago to support just this type of downtown improvement. The TIF funds are the result of property taxes paid by property owners in the downtown so it is appropriate they be used downtown. TIF funds have to be used for this purpose and cannot be used for other things such paying the salaries of regular City employees or to repair city streets.

**D. Facade Improvement**

The City of Ottawa is very fortunate to have retained a great many historic buildings in its downtown area. Beautifully restored historic buildings – along with beautiful plants and flowers -- will do much to help create the ambiance needed to attract increasing numbers of visitors to the downtown.

We are awaiting the expected approval of a $56,000 grant to help fund a contract with a full service historic preservation firm and launch a major downtown restoration effort. This firm will guide Ottawa’s efforts with the state and federal government to establish a National Register of Historic Places Commercial District in downtown Ottawa. This will automatically make historic restoration projects in the down town eligible for the federal income tax credit of twenty percent.

Another program the City implemented this year was the downtown facade improvement program, where downtown TIF funds are used to share in the cost of approved facade improvement projects. To date, seven owners have participated in the program.

Included are the Nevins building at LaSalle and Main, and the Rabideau building at Madison and Clinton, which is a particularly ambitious project, involving four store fronts and four second floor apartments. These apartments have not been used in over 40 years and soon will offer the option of both short term and long term residency in downtown Ottawa. Other projects include the Central Life building, the Weber building on LaSalle Street and the building at 601 LaSalle Street.

**E. Jordan Block**

The City hopes to acquire ownership of the Jordan block in the near future. We are negotiating with the owner, Heritage Harbor, to participate in issuing bonds for the extension of water and sewer service through the Heritage Harbor project in exchange for a deed to the block. The City would in essence be obtaining the block for a little over $1million, less than half the cost of the acquisition and demolition of the properties. This will provide the City control of this key parcel in our downtown at a reasonable cost.

A few side notes to this project: The water and sewer extensions to the east edge of the Heritage Harbor property will take the water and sewer to within one block of the Ottawa Industrial Park, and can provide for future capacity for further development in the Industrial Park. Secondly, I note the source of payment for the City portion of the bond that will be issued for the water and sewer project will be by the real estate tax increments generated by the Heritage Harbor project. Finally, we are also hoping to take advantage of recent stimulus bonding programs, either Recovery Zone Bonds or Build America Bonds, which in essence, would reduce bond interest payments by either 35% or 45% - saving hundreds of thousands of dollars.

**F. Illinois River Road National Scenic Byway**

Ottawa’s role as a Gateway City on the Illinois River Road National Scenic Byway continues to grow in prominence. Later this fall, the Byway will be placing an attractive kiosk on the site already prepared at the southeast corner of LaSalle and Lafayette Streets. This kiosk represents a $20,000 investment in Ottawa which the Byway obtained through a federal grant. The Byway is also using a $40,000 federal grant to produce a promotional video which will highlight the Ottawa area. The Scenic Byway will become an increasingly powerful marketing tool to attract future visitors to downtown and the Ottawa area.

In conclusion, I really think downtown is taking shape and the downtown TIF created ten years ago is beginning to work its magic. Merchant involvement has been reinvigorated as evidenced by the beautiful planters in front of so many shops, outdoor dining and more aggressive merchandising and marketing. Landlords are investing in their buildings. As so many have commented to me, downtown has never looked better.

**CONCLUSION**

So while times aren't the best, they certainly could be worse. Hard times are opportunities to prepare for better times, we are certainly anticipating those times.

Based upon much of what I have said here today, the accomplishments we have achieved and the visions we have developed, I think you can understand how privileged I feel to be surrounded by the talented administrative staff and all the dedicated city employees that cause the city to function smoothly and deliver basic city services efficiently. It also of course is a pleasure to work with so many citizens, such as many of you in this room, who give of your time and talent to make Ottawa an even better place.

Once again, I want to thank you for your attention and I look forward to working with the Chamber and all of you this upcoming year.