

## **STATE OF THE CITY ADDRESS 2013**

This is my fourth State of the City Address. In my previous three Addresses, I sounded the alarm regarding the perilous condition of the City's finances. Likewise, each of the past three years, I mentioned how the taxpayers were suffering from the ill effects of poor senior management which was unwilling to be accountable to the taxpayers or to adapt to changing times and methods designed to improve the delivery of services to the people paying for the government. I am pleased to report that we have experienced significant improvements in both of these areas over the past year which provides reason for optimism. Although many challenges remain, the City is better positioned to meet those challenges and to thrive in the coming year.

The financial condition of Park Ridge is the best it has been in for many years. After several years of multi-million dollar deficits, the City Council is on the verge of passing a budget which is forecast to result in the fourth consecutive surplus in the City's General Fund, its operating fund. These surpluses have brought the City back from the edge of a fiscal precipice that had threatened to wipe out the General Fund. Now, the General Fund is in a better position to withstand the looming and significant burden brought on by the Uptown TIF debt.

Since my last State of the City Address, the City's auditors confirmed that we generated a surplus of approximately \$1.5 million in the 2012 fiscal year. The latest projections show that the General Fund will generate another \$1.1 million surplus in the current fiscal year which ends on April 30, 2013. And there is more good news. The City Council is currently working on the budget for the next fiscal year beginning May 1, 2013 which, as of now, would result in a projected surplus in the General Fund of \$850,000.

These surpluses in the General Fund are not just welcome, they are critical to the City's financial survival. Just three years ago, the City's unrestricted General Fund balance stood at a

dangerously low \$2.6 million, barely one-third of the figure it should be pursuant to generally-accepted municipal standards. In a welcome development for the City, the General Fund balance rose to \$4.7 million at the end of the last fiscal year, is expected to be \$5.8 million at the end of this fiscal year and, if projections by the City's staff hold true, the General Fund balance will be almost \$7 million by the end of the next fiscal year, within striking distance of the \$7.6 million target fund balance which would allow the City to meet the minimum standard.

Much of the credit for these successes goes to a combination of things involving a vastly improved budget process, stricter controls over spending and increases in non-property tax revenues. The City's continuously-improving retail sector is playing a large part in those increases. The City's annual sales tax revenues increased from \$4.5 million at the end of the 2010 fiscal year to \$5.3 million at the end of the last fiscal year and an anticipated \$5.5 million for the fiscal year which will end on April 30, 2013, an increase of almost 25% in just three years. The latest estimate from the City's staff is that sales tax revenues will increase to at least \$5.7 million during the upcoming fiscal year.

And there is cause for even greater optimism, because the anticipated sales tax revenue figure for the upcoming fiscal year does not include any revenues which are expected to be generated by the planned Fall 2013 opening of Whole Foods. That project, by itself, could generate an additional \$300,000 or more in annual sales tax revenues.

The jump in retail sales tax revenues, along with the improved budget process and more discipline in spending, has allowed the City to continue to reduce its dependency on property tax levy increases. Just this past December, the City Council was able to reduce the increase in the City's portion of the property tax levy to a mere 2.15%, the lowest increase in at least 10 years. Our goal should be to reduce that number even more, if possible.

We must continue to do everything we can to make Park Ridge welcoming and inviting to existing and prospective businesses so that we can continue the positive trend in retail sales tax revenues and further lessen our dependency on property taxes. To this end, the City has taken several steps in the past year to help our retail sector generate even more revenue. The City's liquor ordinance has been updated so that restaurants are better able to compete with those in surrounding communities. A Sign Task Force was appointed to review the City's sign ordinance and has proposed changes which will make it more business-friendly without compromising the City's overall character. Those recommendations have already been reviewed by the City Council and sent on to the Planning and Zoning Commission for a public hearing and further refinement.

A year ago, I appointed an Economic Development Task Force which just last week submitted its recommendations to the staff and the City Council, both of which should commit themselves to giving serious consideration over the next few months to those recommendations. I have already directed the City's staff to implement recommended no-cost changes to the City's website which are designed to enhance the City's image and attractiveness to prospective new businesses. And the City will continue to work closely with the Chamber of Commerce and other local businesses to promote the local business community. As I have done in every prior State of the City Address, I again urge the residents of Park Ridge to support local businesses and remember that every dime the City collects in sales tax revenue is one less dime it must levy in property taxes.

The good economic and fiscal news for the City is tempered by the realization that the Uptown Tax Increment Financing District remains an albatross around our necks which will hamper us for years to come. The City recently received the results of a consultant's report

which shows that annual deficits in the TIF Fund will continue to be a drain on the City's General Fund. That is why it is so important to continue generating General Fund surpluses so the City has the resources to address the problem. In the next few months, the City will explore various options which might be available to alleviate the burden of the TIF. However, even under a best-case scenario, the TIF is expected to annually drain \$1 million or more from the General Fund for at least another decade.

Because of the ever-present burden of the TIF debt, I will continue to adamantly oppose any unnecessary or unrealistic expenditures. For example, with respect to the renovation of the police facility, while the first phase of the police facility renovation program is now being implemented, I strongly encourage the City Council to step back and re-examine the remainder of the proposal in light of the need to address the TIF obligations and to provide funding for the City's other infrastructure needs which, in my mind, must take priority over this renovation.

In another positive development, the City has recently experienced an improvement in the quality of its senior management. For too long, senior management remained insulated and unwilling to accept new methods which would help reign in uncontrolled spending and improve poor customer service in certain departments, most notably the Community Preservation and Development Department charged with facilitating building permits, business licenses and zoning requests. Many other important matters were being neglected, most notably economic development and the collection of funds owed to the City. In fact, the collection issue is a prime example why a change in senior management was essential.

Shortly after the previous City Manager was hired, he took the collection process away from the Finance Department and placed it under his own department's control. But then the collection process was completely ignored until a vigilant employee in the Finance Department

brought it to the attention of the new Finance Director. The elected officials soon learned that a million dollars or more of outstanding fines and other receivables had been left sitting idle in the Administration Department. Many fines and receivables were uncollectible because the required legal notices had not been provided to the people who owed the debts. A year ago, under the guidance of the Finance Director, responsibility for collections was returned to her department which then embarked on an ambitious program to update information, send out the required missing notices and begin the process of aggressively collecting the past due amounts. The City has also reinstated the Denver boot program and is presently exploring joining other local municipalities in the State Comptroller's Local Debt Recovery Program which will allow the City to receive payments from the State which otherwise would be going to an individual who owes money to the City. All of these measures will help the City increase its non-property tax revenues and help reduce the need for property tax levy increases.

Ultimately, the failings of senior management required that we go in a new direction. Last July, I asked the City Council to confirm my choice of Shawn Hamilton for Acting City Manager because of his strong management and customer service background in the private sector, primarily in banking and finance. The skills he has brought to the job have already drawn praise from the elected officials, the business community and the people who work under him. He is a man unafraid to discard old methods, willing to embrace new ideas, and determined to provide excellent high-quality service to its residents. I am optimistic that he will be the best City Manager we have had in a very long time.

The City also continues to make progress in addressing its infrastructure needs. After years of neglect, the City embarked a couple of years ago on an ambitious six-year flood control program which has already provided benefits to the residents and promises to help alleviate

chronic flooding issues in some of the worst-hit parts of the City. The City has restored its sewer maintenance program, engaged in an ambitious sewer re-lining program and completed or is scheduled to complete flood control projects in every one of the City's wards. According to our Public Works Director, the residents are already seeing the benefits of increased maintenance and construction in the form of less street flooding during periods of heavy rain. We must continue to make flood control and other infrastructure improvements a priority.

In that regard, I am pleased that the City Council has restored funding for tree reforestation. Over the past few years, the City's urban forest has been hard hit by disease and infestation. Reforestation is important because it will help maintain the character of the City as well as provide economic and environmental benefits for the City and its residents. Whether or not you accept the argument that trees add to a property's value, there is no question that trees do provide an environmental and, therefore, economic benefit in the form of cooling shade during hot summer months and a wind break when it becomes colder. Trees also help the City's flooding problem by absorbing excess rainwater which might otherwise end up in the City's sewer system. The City Council should continue to support the staff's recommendations regarding increased funding for disease control, trimming and removal and reforestation.

The City has also worked hard in the past year to hold Commonwealth Edison more accountable for the service it provides to our residents. Our Public Works Director has met regularly with ComEd representatives to monitor problem areas and ComEd's response to those problems and has been reporting to the public on a regular basis regarding ComEd's progress in remedying the problems. Although there is no way to quantify for certain the extent of the improvement, it does seem clear that the overall performance of the City's electrical grid has been better over the past year. We will continue to work with ComEd and keep pressure on it to

enhance the reliability of electrical service for the public. Meanwhile, the City's residents are enjoying the benefits of the municipal aggregation program put in place in the past year which has dramatically lowered the cost of electricity to many residents.

The O'Hare expansion continues to be a vexing problem for some residents. But it is important to separate fact from fiction. Rumors of an impending new runway aligned with Granville Avenue are completely untrue. As of now, plans to build such a runway are on hold because the airlines insist they do not need it and are unwilling to pay for it. Even if those plans change, the runway likely would not be completed until 2020 at the earliest, by which time improved technology should lessen the noise and environmental impact of jet engines.

The good news for residents in the Granville area does not help residents in the Belle Plaine area. However, even there exist some glimmers of hope. After considerable resistance, the O'Hare Noise Compatibility Commission, which is made up of communities and other governmental bodies surrounding O'Hare, is considering joining our request to the Federal Aviation Administration to conduct a Supplemental Environmental Impact Study. I have partnered with the mayors of Harwood Heights, Northlake and River Grove to pursue such a resolution from the Commission. I have solicited and received a letter of support from Congresswoman Jan Schakowsky to help bolster our chances. Ultimately, the outcome of our request will be in the hands of the FAA, and we hope it will give it serious consideration. What we will not do is waste any more taxpayer funds seeking a legal solution to this dilemma. Any solution can and must be political in nature.

Notwithstanding the O'Hare situation, there are other positive developments in the City which deserve recognition. Very recently, the City was named as one of the 100 safest cities in the country. In fact, out of 1,659 cities with a population of 25,000 or more, Park Ridge ranked

an astounding 72<sup>nd</sup>. This exceptional ranking can be attributed to our hardworking police men and women, the many citizen volunteers who assist them in their duties, including especially the Citizens and Parent Patrols, and to the residents of the community who are vigilant in watching out for each other. The City's overall crime rate has declined almost 18% over the past two years, and this year's rate represents the lowest crime rate in five years, even as the national crime rate appears to be increasing. Additionally, the traffic accident rate has also declined at the same time and is also at its lowest rate in the last five years. These results are a tangible reflection that Park Ridge truly is a great and safe place to live and raise a family.

Other signs abound that Park Ridge remains a desirable and vibrant community. Within the past year, the Kalo Foundation officially opened the Iannelli Studios Heritage Center on Northwest Highway which has offered numerous programs for art and history lovers, many of which are geared toward students. The Historic Preservation Commission has continued its work of recognizing important historical buildings in town, and now there are nine properties which have received landmark status since the Commission began its work. The City's well-known Pickwick Theater completed its restoration and renovation and continues to draw moviegoers and history lovers from surrounding communities. Most recently, dedicated members of the Library Board, assisted in their fundraising effort by dozens of volunteers from the community, celebrated the unveiling of a historical Depression-era mural which now graces the upstairs reading room of the Library. Local service clubs and volunteer organizations continue to thrive, and on any given weekend during the summer, it is easy to find many fun activities in Hodges Park or at the Library which draw young and old alike. All of this is a reflection of the generosity of our residents and the strength of the City's spirit of volunteerism. We are blessed to be living in such a place which has such a strong sense of community.

My thanks go out to all of the people here tonight and those who are or will be watching the Address on television or the City's website. Have a good evening.

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