

State of the City

To say we had a few challenges in 2009 would be an understatement. Many of us heard the news reports or read newspaper accounts of the economic turmoil the country is experiencing. Cities all across America have had to make difficult decisions and deep budget cuts due to the recession. Peru is no exception. But, with a spirit of cooperation, everyone involved in city government worked to find ways to cut the budget while, at the same time, providing the services our citizens want. I would like to thank all department heads and employees for their understanding of this situation.

Tonight, I want to share with you the actions we took in 2009 to meet the new state mandate of property tax caps and share with you our plans for the future. I will also provide you with our annual report on services you received.

Perhaps the biggest issue for us in 2009 was property tax reform. Our state legislators have decided that property taxes should never exceed 1% of a homes assessed value, 2% on business and farms and 3% on industrial property. They feel so strongly about it that they want to make it a constitutional amendment. Unfortunately, they have not tackled the real problem and that is assessed values. If assessed values continue to rise, so will your property taxes. I believe they should wait to see if this concept achieves what they believe before actually making it a constitutional amendment. Solving budget issues with constitutional amendments is unprecedented.

Those in the statehouse think this is a great option; one that will save taxpayers money. But, will it? On the property tax side it may, but they are encouraging communities to adopt new local income taxes to make up for the lost property tax revenues. So, are we really saving taxpayers money or are we just shifting which pocket we pay from? If this plan of capping local property taxes is so beneficial to taxpayers, then why are our state legislators not applying those same concepts to their revenue sources and cap state income and state sales taxes?

I am not against tax reform, but I believe it should be reform that truly benefits the citizens who are paying the taxes. Tax reform, in the end, should be putting more money in people's pocket and letting them decide how to spend it. Shifting your cost from one pocket to another does not accomplish that.

With the state mandated tax caps come many changes in the city budget. We anticipated these changes would happen and started finding new ways of funding our annual budget. We took a proactive approach to addressing the budget concerns and started budget cuts a few years ago in preparation.

We now have one less firefighter, two less police officers and six less positions in our street department. This was accomplished through attrition not lay-offs. We have cut some of our capital projects and have reduced the number of street improvements we wanted to make. Furthermore, we have made major changes to our health and liability insurance to reduce our cost. There have been many other smaller changes to individual budgets that helped reduce our overall budget.

The challenge we face is how to continue to reduce our budget while at the same time providing the services you want and deserve. In speaking with many of you, you have stated that you would like to keep the service the city provides and that is what I am trying to do even though that service may be reduced.

Local government should be providing you the taxpayer with police and fire protection, trash collection, good streets, park and recreation facilities and building and zoning services. It ensures a good quality of life for those who live here. Can we eliminate any of these services to reduce your property tax cost? Certainly. But, the question should be does it reduce your overall cost of living? Before any decision on reductions or eliminations is made we must first determine if the action we take is truly in the best interest of the people we serve.

In 2010 and beyond we must continue our efforts to find new ways to fund the city budget. We must operate efficiently but understand the need to maintain our community. We must continue to make improvements to our infrastructure in order to make Peru more attractive for investment from business and industry. If we stand still and do nothing, we will be further behind in our effort to improve our economic development strategy and the

creation of new jobs. Abe Lincoln once said, "Things may come to those who wait, but only the things left behind by those who hustle." If we are content to stay in the back of the pack, the view never changes. But, if we decide to be proactive and move to the front of the pack, we will be able to see the future more clearly and improve our opportunities for success.

As I stated earlier, we witnessed many economic changes in 2009. During these economic changes we typically notice an increase in service calls to our police department. Our calls for service were up 4% in the past year. We received a total of 17,820 calls for help. We also had 503 restraint violations, 556 criminal arrests and 128 calls for our K-9 unit. Our Drug Task Force handled 75 cases which resulted in 237 charges being filed and 109 subjects arrested. Our police administrators secured \$49,500.00 in grants to help offset the police budget. Our officers also compiled 1,725 hours of training in 2009.

Our fire department kept busy in 2009 as well. Our fire department does more than fight fires. In addition, we make rescue runs, basic life support (BLS) /EMS runs and are called to handle hazardous condition occurrences. Those calls are as follows: (1) fire runs- 145, (2) rescue runs- 296, (3) BLS/EMS runs- 293 (4) hazardous condition situations- 228. In addition we handled 13 good intent calls.

Our fire department also works with our Building Commissioner in building inspections. They mainly concentrate on business/ industrial structures but will assist in residential dwellings as well.

Even in these tough economic times we did witness new construction in our community. It may not have been at the same levels we have seen in previous years but we are thankful for the growth we did have. In residential construction we had \$883,661.00. Commercial construction totaled \$3,714,000.00. Not bad, considering the economy we faced. The permit fees we received from this construction paid for our two part-time employees and a portion of one of our full-time employees in the building & zoning department. This reduced the need for property tax dollars to operate the department.

One of our biggest savings came in our North Broadway project. Let me begin by saying that there was no property tax dollars used in this project. The funds came from our CEDIT (County Economic Development Income

Tax) dollars. We decided to do this project using our own employees and local contractors instead of using the Federal Highway Administration program. The main reason was tax dollar savings.

Our street department really stepped up to the task and did a great job. They worked nights to remove all the old concrete sidewalks and haul them away. They also installed a sand base for the new sidewalks. Our local contractors went above and beyond the call of duty as well. By completing the work in the manner that we did, we saved the City's CEDIT fund close to \$1,000,000.00. This is money that can be used for other economic development projects.

In addition to the North Broadway project, our street and sanitation department spread 287 tons of salt on our streets during ice and snow conditions, removed 2470 yards of snow from the downtown area, hauled 5574 tons of garbage to the landfill, cut 72 dead or dying trees from the tree lawns and removed 2854 yards of leaves and 3020 yards of dirt from our streets. These efforts help provide our community with a clean and attractive appearance for our visitors.

Our Park Board continues to make much needed improvements to our park system. West City Park is but one example of what they have accomplished. Board members work tirelessly to find new grant opportunities to help fund their projects. Currently they are working on a new five year master plan that encompasses all our parks. Parks are an asset in any community and ours are no exception.

We also kept our traffic department very busy this past year. They, also, were involved with the North Broadway project. Once the new paving was completed they came in to install all new traffic lines and markings. This was quite a task due to the fact that they had to do this while traffic is moving very near them. They also provide barricades to many events that take place in our community.

As you can see, even in times of economic downturn we have many activities that we must perform. We must continue to provide you with the services I spoke of earlier, we must continue to build and improve our infrastructure, we must continue to manage the city in a businesslike manner and must continue to maintain a positive vision on what we can achieve for this community. Winifred Newman once said, "Vision is the world's most

desperate need. There are no hopeless situations, only people who think hopelessly.”

In 2010, we will need to adjust the goals that we set for the year. As you already have heard we had to cut \$816,205.00 from the 2010 budget. This was to meet the new property tax cap plan enacted by the state that I spoke to you about earlier. So, some of our projects will be delayed, others we will try to move forward.

We will still be working on the Washington Street extension. This roadway will allow access to 500 acres for development. We already have our Economic Development Strategy in place. As a matter of fact I met with the Lt. Governor yesterday and presented her a copy of that strategy. We want to be sure that this development plan is known at the state level thus giving them the ability to share this information with prospects that they will be in contact with.

We will also be looking at completing the North Broadway project which will include the section from Washington Street to US Hwy 24.

Another street project will be to work with other parties involved to make the needed repairs in the eastern section of Oakdale.

We will keep other projects updated and open, but they will be placed on the back burner until the economic situation improves.

In partnership with the Miami County Economic Development Authority we will be making planned visits to industrial prospects in 2010 to invite them to visit our community and share with them what we have to offer. It is our hope that this will increase our ability to create new job opportunities.

I want to assure you that I will continue to be proactive in my approach toward making Peru a better place to live, work and play. I will continue to work toward making this community a place where new business and industry will want to locate and offer new job opportunities and I will continue to find new ways to operate your local government in an effort to bring you the services you deserve at a price you can afford. Above all, I want to continue to serve you in a professional manner that you can be proud of.

In closing I would like to share with you another bit of wisdom from Abraham Lincoln. It is a quote about service and I consider my job as Mayor to be a public servant position. Abraham Lincoln was a man of great compassion for the people he served. Today's political leaders should strive to be more like him. The quote is as follows: "To give real service you must add something which cannot be bought or measured with money, and that is sincerity and integrity."

Thank you for coming this evening and may God bless you all.