

**STATE OF THE CITY SPEECH**  
**January 5, 2004**

**I. THE YEAR IN REVIEW**

In this fifteenth State of the City speech I've been privileged to deliver, it is good to report to the citizens of Rock Island that the year just ended was another year of progress for our community. Despite the continued weakness of the national economy, we again saw positive developments in Rock Island both in terms of private sector construction and expansion, as well as in public sector initiatives.

In the area of business growth and development, the Third Avenue corridor east of 20th Street in the downtown was a particularly busy hive of activity this past year. The opening of the new \$3.5 million dollar Illinois Casualty Company headquarters represents a major expansion of this longtime Rock Island business, setting the stage for continued growth in its insurance lines in the future. East of Illinois Casualty, the Rock Island Housing Authority completed the first, \$1 million phase of its proposed \$5.7 million renovation of the former Voss Warehouse. This year plans call for starting renovation of 35 apartments in the top two floors of this historic structure. Further east on Third Avenue, the new \$3 million Robert Young facility opened its doors to serve its clientele in a positive and supportive environment which will enhance treatment procedures and results for years to come. Other projects on the East end of downtown include Jan Masamoto's new JTM Concepts office building, a new restaurant, a new film and recording studio, as well as other business and service facilities. Thus a once-deteriorating corridor has been transformed over the last several years to a vital link joining the core District and the Botanical Center/Expo Center site on the east edge of downtown.

Meanwhile, in the Southwest Industrial Park, a number of businesses expanded during the last year. Rock Island Marketing Solutions took over and renovated the 168,000 square foot former Jaydon Building to serve its growing clientele. Cochrane Compressor, is relocating its manufacturing operations from Third Avenue to an 8,000 square foot building in the Southwest Industrial area; and Steel Contractors moved from Geneseo into an 8,500 square foot building there. Finally YMH Torrance Truck Sales put up a \$500,000, 15,000 square foot building retaining 13 jobs and adding four new ones to our Southwest Business Park.

The hilltop area also saw healthy commercial activity last year with opening of several new restaurants, retail shops, and other businesses. Perhaps most noteworthy in terms of our retail base, the City worked with the TESBO Group as well as Bi-State Regional Commission and our own City revolving loan fund, to convert the Eagles grocery store on 24th Street to the new Rock Island Country

Market. This project represented a \$1.9 million investment and saved 40 jobs, as well as retaining an important shopping resource for the entire city.

On the subject of our City's Commercial-Industrial Revolving Loan Fund (CIRLF), CIRLF celebrates its 20th anniversary this year. In 2003, this fund loaned \$943,000 to leverage \$8.3 million in private financing, while creating or retaining over 270 jobs. Since its inception in 1984, CIRLF has extended 170 loans totaling nearly \$7.9 million and leveraging nearly \$76 million in private investment to create or retain over 2,994 jobs. Thus CIRLF continues to serve and help sustain Rock Island's growth twenty years after the City Council established it.

An area of major priority for the City Council for the last several years has been encouraging more residential development within the City of Rock Island. Although we've established a reputation within the Quad Cities as a great place to work and to play, expanding our housing base and promoting Rock Island as the ideal place to live has been a greater challenge. I'm pleased to report that during this last year, in partnership with a group of outstanding Rock Island-based developers, we were able to initiate the first new major residential subdivision in Southwest Rock Island in ten years. The Villas at Highland Place and Highland Place Subdivision will create 32-units of upper-end condominium and single-family homes. It is our goal that this serve as a catalyst for significant additional residential development in the Southwest section of our town in days to come.

Meanwhile, north of the Rock River, residential development continued apace with a number of projects both in residential and downtown areas. The opening of the Watch Hill Oaks Condominiums on 31st Avenue, as well as the Clipper Condominiums in downtown Rock Island, will both help meet an emerging demand for condominium housing between the rivers.

In addition, it was my pleasure to learn from one of the senior officials of the Freddie Mac office in Chicago last November, that some of Rock Island's housing initiatives in older parts of town are considered nationally "state of the art" for their effectiveness and innovation. Brian Hollenback and his team at Rock Island Economic Growth Corporation, working with our own city staff and area banks and insurance companies, are particularly to be commended for their efforts to utilize a variety of resources to create new housing opportunities in our downtown and surrounding areas. Among the latest of these innovative programs is an employer-assisted housing program, funded by area banks and insurance companies, as well as Freddie Mac and the City of Rock Island, to allow an increasing number of people working in Rock Island to live here as well.

City of Rock Island services also saw good progress last year, with the very successful opening of the new Whitewater Junction Aquatic Center in Longview Park, and continued implementation of an ambitious street improvement program. We also experimented with alternative yardwaste and leaf disposal methods. It is, I believe, safe to say that this is still a work in progress.

Amidst all this activity, I'm pleased to report that Rock Island will maintain a balanced and progressive budget again this year—something increasingly unusual in government circles these days. Continuing a positive trend over the last decade, and despite increasing costs and decreasing federal and state revenues, our City Council has committed for the twelfth straight year to a slight reduction in our property tax rate. This has been achieved thanks in part to increasing property values throughout Rock Island, as well as to a range of cuts and fee or other revenue increases crafted by the City Council based on some excellent staff input and recommendations. As a result, since 1991, our property tax rate has declined from \$4.13 per \$100 assessed valuation to \$2.49 in 2004. Meanwhile our property tax levy—the tax dollars actually collected—adjusted for inflation has dropped over 20% since 1991; and the City share of your property tax bill has dropped from 42% of the total in 1991 to just 27% now. The City Council deserves much credit for this progress.

However, the challenge becomes greater and greater; as the result of a continued uncertain national economy, reduced revenues from state and federal sources, and costly mandates which federal and state governments have imposed on local governments. Add to these factors the dramatically escalating costs of health care we all face, and it will come as no surprise that we're facing some very tough financial challenges ahead. A recent example illustrating this comes from looking at one of our city department's personnel costs this last year. Before any contract negotiations, estimated pay increases projected over the next three years would be 4.78%. Meanwhile the overall benefit increase, including health care costs and state mandated pension increases, would result in a whopping 17.8% increase over the same three years—nearly four times the growth rate of pay.

Clearly, something has to be done at the national level to deal with the runaway crisis in health care cost and accessibility; as well as to deal with an out-of-control federal deficit that jeopardizes economic recovery with rising interest rates while endangering the long-term solvency of our nation. The kind of targeted public-private partnerships we've crafted at the local level to create economic opportunities; while also paying our bills as we go, both seem to offer a better alternative to recent, less responsible federal patterns of behavior.

In a final look at the year ended, it is good to know that the citizens of Rock Island have a generally positive attitude about the direction our city is moving. A Resident Survey to determine the level of citizen satisfaction revealed Rock Islanders rated Rock Island as the best in the Quad Cities in 2002 in terms of the quality of our city services, downtown, problem solving, parks and recreation, quality of schools, housing, and neighborhoods— 'Best' in a total of eleven out of fifteen categories. This represents significant progress since we began doing these periodic surveys in 1990—a time when Rock Island residents viewed our community as best and worst in about equal measures.

Part of the survey also involved contacting Quad-Citians outside Rock Island for their opinions. This revealed that, whereas in 1990, Rock Island was viewed as having the worst downtown in the Quad Cities, our fellow Quad Citians now view our downtown as the best. Considering all the emphasis each of the cities has placed on downtown redevelopment over the last several years, this is a rather remarkable and satisfying result for us in Rock Island. Much of the credit for this change of perception is due to the dedicated group of entrepreneurs and organizations in the “District,” who have together fostered a grass roots redevelopment effort to make ours a lively and attractive downtown that encourages imitation.

## **II.     LOOKING TO THE YEAR AHEAD**

The year ahead offers many challenges. Perhaps the greatest of these comes from the fact that, whereas fifty years ago President Harry Truman had a sign on his desk that read “The buck stops here,” now all too often the buck stops at the local level.

Continued costly mandates from both the federal and state levels plague local governments. During the last year we adopted a stormwater utility fee in response to federal EPA standards requiring us to come up with a means to improve the quality of stormwater runoff. This has generated considerable opposition from churches and other charitable organizations within our City concerned with new stormwater fees; but it is a responsibility we have had to absorb at the local level because of an unfunded federal mandate. Similarly, a provision in the Energy Bill now pending before Congress proposes immunity for producers of petroleum products containing MTBE (methyl tertiary butyl ether), a substance contaminating drinking water in communities across America. If passed, this legislation would shift liability for clean-up of MTBE’s from the producers of the problem to local governments - at an estimated cost of \$29 billion to cities across the nation. Another huge unfunded mandate shifting the burden to local taxpayers. Meanwhile at the State level, charges for NPDES (National Pollution Discharge and Elimination System) permits approved in Springfield last year cost local governments hundreds of thousands of dollars - though, thankfully, the legislature is now reconsidering this fee.

These mandates all affect our bottom line, and have us confronting a serious financial problem due to other levels of government passing the buck without passing the bucks. Such burden-shifting creates a virtually inescapable pressure to increase local property taxes or other revenues and fees.

This pressure, coupled with uncertainties regarding the direction the economy is going and continuing national security issues, pose major problems for us in the year ahead.

Having said this, we also face great opportunities. On the transportation front, a couple of major developments within the last year will help “pave the way” for future growth. Bid completion for the first phase of construction of the West Rock River Bridge finally promises to bring to reality this new, long awaited four-lane link to our Southwest area which will open it up to much greater commercial and

residential development. The bridge construction will also allow for the widening of Black Hawk Road to three lanes west to 24th Street to facilitate the flow of traffic into Rock Island along the Black Hawk Road corridor as well as development of major commercial projects south of Black Hawk Road.

Centennial Bridge work is scheduled to be completed in June of this year. With the opening of this bridge as a four-lane, toll-free structure, traffic between Rock Island and Davenport is projected to double to over 30,000 cars per day. New opportunities for development in both of our downtowns will be enhanced by this important step. In addition, Rock Island will be relieved of the sixty-year-old worry of maintaining an interstate bridge, which will now be assumed by the Illinois and Iowa Departments of Transportation. I want to extend the City's thanks to members of the Bridge Commission and the Bridge staff for their long and faithful service over the years that has allowed this bridge to be one of the best maintained and operated bridge structures in the Quad City area for over 60 years. We will be turning it over to the two states in excellent condition, complete with attractive "gateways" to both downtowns in Rock Island and in Davenport.

This year will provide the opportunity to showcase our entire area to a national audience. Not only will national elections bring us a fair share of attention by those who aspire to our nation's highest offices, but the Grand Excursion starting in the Quad Cities in late June will allow us to show off the great quality of life we enjoy here. This boat excursion between the Quad Cities and Twin Cities recreates a similar voyage made in 1854 to show off the Upper Mississippi as a great place for economic development. We need to make certain that we put our best foot forward so that as the national media comes through our area, as it did 150 years ago with the original Grand Excursion, they will see the kind of thriving, culturally rich, and exciting place to live, work and play that we know the Quad Cities to be.

Finally, our City and our region will be well served by a growing spirit of cooperation between the Quad Cities. During this last year Rock Island and Moline undertook a study of where we can better coordinate our services, particularly in the Police, Fire and Public Works departments, which together represent 85% of our city work force. Recommendations from the study should allow us to enhance cooperation for the benefit of our citizens and in saving taxpayer dollars. The Riverfront study underway between Rock Island and Davenport affords the opportunity for some creative thinking in terms of how to better integrate our downtowns with the most important natural resource our area possesses—the Mississippi River. I'm confident that the committee assigned with this task will generate some great new ideas on how we can improve our riverfronts, especially in our downtowns to better complement each other in the days ahead.

This cooperation will also be vitally important in work to preserve the Rock Island Arsenal—a subject on which I have spoken in many recent State of the City speeches. Secretary of Defense Donald Rumsfeld has announced that in May, 2005 the next and largest round of base closings will be announced

by the Department of Defense. Between now and then, it is our task to try to make certain that the criteria on which base closings are determined are applied fairly and reasonably, so that the important value the Rock Island Arsenal provides to our Nation's military is properly weighed. As we speak, the Arsenal is providing our soldiers in Iraq with the resources they need—from gun mounts to armor plating—*that private sector contractors could or would not furnish*, when and where our soldiers need them. Simply put, the Nation's defense cannot afford to be without the self-owned, organic, manufacturing and logistic base that the Rock Island Arsenal provides. The loss of the Arsenal, our area's second largest employer, would thus not only be terribly harmful to our local economy; but it would deprive our men and women in uniform of the rapid and reliable source of support they need and deserve, in whatever engagements our civilian leadership places them around the globe.

In summary, in the year ahead, we should strive for the following goals:

- 1) To continue forging public-private partnerships to foster economic development. By government working responsibly with businesses and others, we can continue to grow our local economy even in the present times of economic uncertainty.
- 2) We must strive to maintain quality City services at affordable costs. We've done pretty well so far in maintaining high quality services while holding the line on property taxes, despite rising costs and burden-shifting by the federal and state governments. Though increasingly difficult, we must look to continue this process through creative use of special funds, like gaming revenue, to help cover capital costs and economic development. Only when it is clearer these funds are reliable, should we use them to help supplement costs of City operations. What's more, if new services—like those generated by a ban on leaf burning—are implemented, we must first figure out a fair way to finance them. In government, as in business and our homes, if something is worth doing, it's worth paying for with current or responsibly projected revenues, and not out of our children's pocketbooks.
- 3) Finally, we have to work with other local communities to advocate a revitalized partnership between Federal, State and Local governments. Our lobbying efforts in Springfield and Washington have borne fruit on many fronts, including important transportation projects and the Rock Island Arsenal. We're very grateful to our state and federal legislators, of both parties and in both Illinois and Iowa for their support in these key areas; and we look forward to working with them in the days to come. Likewise, the Governor's recent opening of a Northwest Illinois Regional Development Office with a base in Rock Island represents a positive forward step. We need to broaden this federal-state-local partnership, collaborating for our common goal of a more just and

opportunity-based society; with each level of government doing its part - and paying for it - as part of the process. Though we obviously cannot control this outcome locally; by working together with other cities regionally and nationally, we can promote a truly new federalism, where all levels of government do their part and bear their fair share of the cost, for the common good.

In short, with the resourcefulness, spirit of cooperation, and willingness to use local government as a tool for stimulating positive change, we in Rock Island look to the future with confidence and optimism. The challenges I've outlined won't make the task simple; but then seldom over the last two decades have things come easily. May we recall that overcoming challenges always makes the successes that much sweeter; and it gives the confidence we need to face the difficult path that lies ahead.

In this spirit, let us now move forward with a strong and active faith.

Thank you.

Mayor Mark W. Schwiebert

January 5, 2004