

**2005 STATE OF THE CITY SPEECH
To City Council
1/10/05**

THE YEAR IN REVIEW

I. Looking back on the year just ended, we can view with satisfaction a number of important priorities and projects that were either brought to a satisfactory conclusion or advanced significantly during the last year.

Beginning on the economic development front we saw much activity.

We cleared the way for the [Jumer's Casino Rock Island](#) to relocate from its downtown riverfront site to the intersection of I-280 and the Rock Island Parkway. The process included annexation of the site as well as extension of economic benefits to facilitate the project, which will result in an initial \$65 million development; with an estimated \$25 million of construction in the future. The total of \$90 million in new construction represents among the largest single economic developments project in recent Quad Cities' and certainly in Rock Island's long [history](#). Progress now awaits appointments by the Governor to vacancies on the Gaming Board; so final approvals can be given the project, which will create hundreds of new jobs for Northwest Illinois.

With the proposed relocation of Jumer's, we also focused last year on crafting a new plan for our downtown riverfronts in collaboration with the [City of Davenport](#). The [RiverVision Study](#) concluded with a report recommending a variety of projects; including riverfront housing, parks, and other amenities to give our waterfronts the prominence they deserve. As we move to implement [RiverVision](#) plans in the year ahead, we look forward to working with Modern Woodmen, other [District](#) businesses, as well as our partners in Davenport in refocusing on the greatest natural attraction our region possesses; namely, the Mississippi River.

During 2004, we continued to expand the boundaries of our downtown with new projects along Third and Fourth Avenues, including the opening of JTM Concepts, and start up of the Third & Twenty-Two Sports Restaurant, Stick-Em-Up Graphics, and the Christian Family Care Center. These and other projects are expanding our downtown to run from 11th Street all the way to the [Botanical](#) and [Expo Centers](#), and from the river south to Seventh Avenue.

Also on the economic development front in our [Southwest Industrial Park](#), [Thoms Proestler Company](#) built a nearly 600,000 square foot expansion; and [Premium Manufacturing](#) invested

nearly \$1.5 million for purchase of new industrial space. [T. Steele Construction](#) opened a new headquarters for its business specializing in cell tower and wind turbine construction. A new tech company, [Process Automation Concepts](#), started its computer-aided design service. Meanwhile in the [Sunset Business Park](#) on our west side, [Bandall](#) relocated its packaging supply company, joining [Habegger Corporation](#) as the latest additions to our expanding distribution industry in Rock Island.

Although not within the confines of the City proper, our namesake [Rock Island Arsenal](#) has seen tremendous expansion in its manufacturing operations over the last year, growing from just a little over 20% use of manufacturing capacity three years ago to over 80% utilization now. Again and again in the current war in Iraq, the [Arsenal](#)—our area’s second largest employer—has proven its indispensability by producing reliably and quickly the protective equipment and material our soldiers need in foreign fields of battle. Simply put, the private sector cannot and will not meet the specialized, urgent needs of our soldiers in real time the way a government-owned and operated organic base like the [Arsenal](#) can do. Hopefully, this will be remembered by those developing the base closing list for BRAC to be announced in May of this year. We’ll be working hard to see it’s not overlooked.

[City of Rock Island economic development tools](#) also found good use last year. We closed 11 loans through the [Commercial/Industrial Revolving Loan Fund](#) totaling over half a million dollars. These loans leveraged over \$3.6 million in private investment to create or retain 175 jobs. Another popular city program, the [Façade Improvement Fund](#), extended about \$373,000 in public money to spur over \$2.3 million in private investment, thus enhancing over 40 businesses throughout the city.

II. On the housing front, we’ve seen more activity during the last year in Rock Island than perhaps any time in the last 30 years.

For instance, during the last year in the downtown alone, the \$4.8 million Sala Apartment Building began renovations, converting it into 33 units of mixed market rate and affordable housing. Upper floors of the [Voss Brothers Warehouse](#) on Third Avenue will be upgraded this year to provide an additional 35 units of quality residential space at an estimated total project cost of \$5.2 million.

Meanwhile, at the former Huber Home/St. Mary’s convent site off of 30th Street, a group of developers announced plans late in 2004 for the [College Hill Condominiums](#)—a 74-unit project

with a total estimated market value of between \$19 and \$26 million. At the former Villa de Chantel, we approved plans for conversion into 64 units of market-rate senior assisted housing. And Chippiannock Cemetery sold 16 acres of land off 17th Street for construction of 34 single-family “villa” properties estimated to sell at around \$400,000.

The Youth Build program, a five-part collaboration of Rock Island Economic Growth Corporation, Transitions, Thurgood Marshall Learning Center, and others completed its first house and started its second, giving students useful job skills, providing an affordable home to a new homeowner, and helping infill in our older neighborhoods.

Altogether these projects alone total 240 units of new housing within Rock Island during the next year.

In addition, in Southwest Rock Island; all 17 single family lots in Highland Place subdivision sold within four months of project opening. Grading and infrastructure improvements at Fox Trail Subdivision off Ridgewood Road were completed last November, and we look forward to construction of 33 new homes there.

In short—although a while in coming—new residential construction is moving forward in Rock Island at a robust pace. I’m pleased to say that the city has been a major player in making this happen. Our City Council made this a priority several years ago and has put dollars behind initiatives to stimulate more new home construction in Rock Island. Our staff—both in City Hall and at Renaissance Rock Island—have developed creative and effective strategies for insuring the dynamic public and private partnership needed that will grow our population and our tax base.

III. As to city operations, 2004 was a year of notable achievements as well. In an era of budget deficits as state and federal levels, we can take pride that during the last year Rock Island not only maintained its Moody’s bond rating but actually improved it from A₂ to A₁. In raising our rating, Moody’s cited the City’s low debt, sound financial practices and operating reserves, as well as prudent use of gaming dollars. The strong growth of certain key area businesses like Modern Woodmen, Thoms Proestler, and the Rock Island Arsenal also helped. Beyond the affirmation of good management, Moody’s rating upgrade will also save taxpayers thousands of dollars on future bond issues.

During the last year, Rock Island also received its fifteenth straight Distinguished Budget Presentation Award from the Government Finance Officers Association. This is the seventh best city record for this award in the entire State of Illinois and the best record for the Quad Cities.

In addition, for the fourteenth straight year, the City Council was able last year to reduce our property tax rate and to continue reducing our reliance on property taxes as a percentage of General Fund revenues.

And we committed over \$4 million to new street improvements in 2004, while maintaining our traditional high standards of city services. We developed a rental property registration process; and we explored new ways for reducing leaf burning.

IV. Finally, looking back on the past year, I'd like to touch on just a few added points of pride: Longfellow Elementary School—my own alma mater many years ago—won a national reading competition award in April, 2004 from the Reading is Fundamental Foundation in Washington, D.C. We're proud of our students who again demonstrated the high quality of both public and private education in Rock Island.

In keeping with sound marketing practices, the City also worked on developing a new “brand”—one capturing our distinctive character as a solid community rich in historical and cultural traditions and building progressively on those traditions for an even better future. This brand will be rolled out early this year.

We also worked on a number of area-wide initiatives. In addition to RiverVision and the Arsenal, we've essentially completed construction work on the now toll-free Centennial Bridge. We expect to turn over ownership of this magnificent structure to the States of Illinois and Iowa this year.

And, in affirmation of Rock Island's frequent and conspicuous celebration of our history, last year Rock Island became the first—and so far only—city in Illinois to be given a Preserve America Award by Congress and the White House.

In short, we have much to celebrate and much from which to take confidence.

CHALLENGES FOR THE COMING YEAR

As the year just ended brought some real accomplishments, so the year ahead will pose some real challenges.

One of the greatest continuing challenges we face as a city comes from unfunded mandates from the federal and state governments.

Federal stormwater regulations have forced us to create a new stormwater utility tax. De-funding by the Federal government of the COPS program (which paid the salaries of two police officers), as well as cuts in popular and useful programs like Community Development Block Grants, weaken the federal-local partnership at a time we're faced with rising costs and social responsibilities.

The state government hasn't done much better when it comes to unfunded mandates. The adoption of increased property tax exemptions last year is resulting in the likelihood of increased city property tax rates this year for the first time in the last fourteen years. Mandates in pension and other benefits, together with rising health care costs, continue to drive up dramatically costs of local government; forcing local tax increases to maintain existing levels of service.

These are all examples of an ongoing problem we experience at the local level from federal and state governments doing something that sounds good to the public, but then not paying for it—and instead shifting the burden to local taxpayers. It does taxpayers little good to see their taxes reduced at one level merely to see them increased at another to pay for needed services—particularly when many local taxes fall most heavily on those on fixed incomes. Better for each level of government to raise the revenues needed for the services or programs it considers necessary, and then work together to expand the economy. This ultimately lightens the burden on all by broadening the tax base; while better balancing federal, state and local responsibilities.

As to the matter of taxes and deficits, let us remember that if something is worth doing, it's worth paying for. Taxes are the modest price we pay for democracy—a far humbler price than that demanded of our young men and women in uniform in foreign fields of battle. May we learn from their example of sacrifice and service; even as we pray for their safe and speedy return.

Fortunately, during this last year we saw evidence of economic recovery in Illinois. After several years of declining revenues; income, replacement, and sales taxes are now all moving gradually upward. We hope this continues to allow us to grow our Quad Cities economy.

Against this backdrop, we in Rock Island need to move forward on several fronts in the coming year:

1. First, we must continue always to work to provide our citizens with good government; one which is responsible in managing its finances and delivering services, responsive to citizen needs, and determined to craft a positive vision for the future.

2. We need to continue to work regionally to improve our area. The Arsenal will be a big issue here as we strive to keep our area's second largest employer open and strong for the good of our nation.

Also, we should work with our neighbors in Davenport to give flesh to RiverVision plans. Lighting Lock and Dam 15 and creating a high visibility, elevated park adjacent to our downtown levee—one that would allow people to actually see the river from our riverfront—could be great lead off projects. Ongoing efforts to expand the downtown business District and its arts and cultural offerings likewise need to move forward. We have a great arts base in Rock Island that needs to be cultivated. An exciting Urban Center on our riverfront can draw new businesses and young talent to our Quad Cities;

3. We need to look at better use of sites like the Quad City Industrial Center and its linkages to Augustana College and Quad City Botanical Center and Expo Centers. Recently unveiled plans for Columbia Park on this former Farmall site should be refined and implemented. Those envision a great new mix of residential, industrial, and recreational uses at this location.

4. On the residential front, we need to complete the high quality projects presently on the boards, to allow more people from a variety of backgrounds to call Rock Island home. Of particular future interest will be further development in the downtown and underused areas of Old Chicago west of the downtown; as well as continued expansion in our Southwest. Our new city marketing campaign should help sell many more people on the benefits of living in Rock Island.

5. Retail has been a weak spot in Rock Island's economic base for many years. A study commissioned last year with Buxton Consultants of Dallas, Texas, will generate leads for major new retailers for Rock Island. Results of this study need to be pursued with an eye toward attracting one or more large retailers to the city.

In all of these things, we'll have our work cut out for us. Yet we can take confidence in the strong team that exists in Rock Island. We have excellent private sector partners—with key business leaders that regularly step up to the plate to help make good things happen. We have a wonderful staff, both within the City and in Renaissance Rock Island that provide great ideas and energy for accomplishing our goals. We have an outstanding City Council that works cohesively

towards setting goals and implementing them. And finally, we have great citizens that respond to challenges to make our community an ever-better place to live, work and play—and one of which we can all be proud.

With these critical ingredients, our future promises to be as bright as the developments of the last year suggest it should be.

Let us, then, continue to move forward with confidence and vision; open to a diversity of ideas and enthusiastic about what the future can bring.

Thank you.

Mark W. Schwiebert, Mayor