

State of the City Speech March 2010

I. INTRODUCTION

Good Evening Council Members, Fellow Elected Officials, City staff, commission and board members, fellow citizens and guests.

Thank you to the Rock Valley Chamber Choir and the Rockford Fire and Police Department Color Guard.

Thank you all for being here tonight.

Over the past five years, we've gathered at our historic Coronado Theatre for the State of the City Address and I've been honored to share with you our vision, goals, and strategies for improvement.

While we will continue that tradition tonight, the situation we face is difficult and demands an open, honest, and direct conversation.

The nation is faced with the greatest recession and unemployment since the Great Depression.

And while our unemployment rate is lower today than during the early 1980's, thanks in part to the diversification of our economy, our metro unemployment rate is the highest in the State at over 16%.

That is why everything we do as a community is on the table for discussion.

To grow jobs and manage our costs, to continue our march toward *Excellence Everywhere*, all aspects of our government must be open for conversation.

In the past we have faced great challenges and became stronger for it. That time is here again.

Make no mistake: We have no choice but to shrink our government in both cost and size.

We must leverage our citizens's contributions so that we only employ the level of government we can afford.

But we cannot withdraw. We must continue to invest. We must build the infrastructure and amenities that will grow jobs, keep our jobs, and bring new jobs.

This is the new way of doing business.

The good news is that we have a great foundation. While city government has had to do more with less in 2009, we have responded very well. Our crime rate is down, overtime costs are lower, our health insurance fund has a positive balance, and our maintenance operations like snow removal and pot hole patching are exceeding goals.

For this, I want to specifically recognize our Aldermen and city staff. You have been engaged and worked very hard. Thank you.

We are not yet where we need to be, but we have made great progress.

II. BUDGET, FINANCE & OPERATIONS

The core of our transformation begins with the budget.

We have cut back to 2006 spending levels, but we know that we have more work to do.

* In 2009, the City Council cut pay for non-union employees by 3% through mandatory furlough days.

* We eliminated almost all capital equipment expenditures.

* We enacted a hiring freeze on open positions, and eliminated non-essential expenses in travel, training, and education.

Despite our success in controlling expenses, we finished the year losing \$4.5 million due to revenue declines.

We made additional mid-year changes laying off 26 employees and raising the 2010 garbage fees.

This has helped us prepare to pass a balanced 2010 budget.

In fact, the 2010 budget as approved by our Finance and Personnel committee Monday night is balanced.

But we know that we have a lot of work to do to prepare for 2011 and beyond.

If we want more jobs, and a brighter future, we need to manage our finances. We can't expect to solve our woes by raising taxes to pay for old bills. That would be the wrong message to send to our families and our businesses.

If we fail to change our approach, we could see an accumulated deficit of \$40 million by 2015. ***This is without any capital investment in equipment or raises in base pay.***

These are tough challenges. That's why we have turned for advice and support from citizen volunteers who are financial and management experts in our community.

Budget and Finance Advisory Group

Last year, I appointed a citizen lead Budget and Finance Advisory Group chaired by local business leader, John Holmstrom. Outstanding private sector business leaders have been and will continue to work with our City Council, staff, and labor representatives.

The group presented initial recommendations in January to the City Council. They focused on long-term improvements to the City's financial activities and operations.

The group's recommendations focus on four areas: Pension Reform; Operations/Outsourcing; Collective Bargaining; and Inter-Governmental Efficiency.

Pension Reform

The most difficult challenge facing us, and the greatest threat to our financial ability to carry out our duties, is the horrendous pension liability saddled upon us by the State.

My fellow citizens, you need to understand exactly what that means to each one of you.

Without immediate pension reform, in 2011, 41 cents of every property tax dollar you send to the city of Rockford will go directly into retiree pensions. Those dollars don't help us meet any of our current needs. This is not right; it is not fair; and it is crushing us.

We must send a clear message to Springfield: Reform the public pension system now. We must do business differently.

Let's look at this in another way. How much do you pay into your retirement plan and how much will you get when you retire?

Here's what its like for a a city firefighter or police officer because of the system the State has created.

If the firefighter or police officer is hired at the age of 25 on January 1 of this year, under the current rules and contracts, that employee will pay into their pension around \$300,000 over the course of a 30 year career.

When that employee retires at the age of 55, assuming no promotions and a modest 3% COLA each year, how much would you think that the taxpayers will be obligated to pay that employee and their spouse over the course of their retirement?

Answer: Annual payouts over the 30 years will be \$5.8 million!

I hope that helps paint the picture. This is not fiction; it is a real obligation. Ladies and gentlemen, our police and firefighters work hard, and they are excellent at their jobs, but we simply cannot afford this unfunded mandate. It will lead to the insolvency of cities across the State!

Real reform of the municipal pension system is the only way. Businesses can't grow jobs anywhere in Illinois if they face the prospects of having to pay for impossible pension promises.

Reform must happen. This talk may make some people uncomfortable; but we can't avoid the elephant in the room any longer.

Budget and Finance Committee Comments on Pension Reform

Here is what our Budget and Finance Advisory Group observed and recommended on the Pension issue:

* State mandated pension rules for police and firefighters have, "put the City and its current public safety employees in the position of cutting current public safety staff to fund built-in raises for retirees." The system, "... represents a massive transfer of wealth from currently working families to retirees."

* The Committee strongly recommends the adoption of a two tier system under which the retirement benefits of new public safety employees are funded through defined contribution plans.

* The Committee recommends that the City establish a working group of volunteers, staff, and City Council to pursue structural changes through the State legislature by developing relationships with other municipalities, Chambers of Commerce, Illinois Municipal League, and Civic Federation to present a unified front on pension reform.

I agree with those observations and recommendations. If you do too, we need to work together on this. Please, contact the Governor, Legislative Leaders, and local State Representatives and Senators. They need to know that this will be an election issue that we will base our votes on in November.

City Operations

While we have a great battle before us, we can be proud of many accomplishments. In 2009, we continued RockStat Performance Management which continues to produce results.

Snow & Ice

Public works employees have reduced the per-incident cost of snow operations while continuing to achieve excellent results. We saved \$1 million in contractor fees through closely managed use of our in-house staff.

We appreciate the many citizen calls, critiques, and suggestions that have helped us to improve that service.

Health Care Cost Savings

While Washington continues to debate national health care issues, I am proud to report that our City's efforts to cut our costs has worked.

In 2005, the City's insurance fund had a deficit of -\$2.8 million. Today we have a surplus of 2.1 million.

Our insurance fund needs to maintain a surplus in order to weather the storms of rising health care costs, maintain our high bond rating, and reduce the need to borrow money.

That positive swing in the Insurance Fund of over \$4.8 million was made possible through audits, analysis, plan management, and contract negotiations that resulted in larger deductibles and co-pays more in line with what our citizens pay.

Those efforts will save our taxpayers for many years to come. It will also mean over \$7 million saved to help us deal with the major revenue shortfalls in our general fund.

Our health insurance plan was on an unsustainable path. We recognized it and are dealing with it. All should be commended.

The pension program is in worse shape and demands immediate correction.

The power to fix it is not in our hands, but the hands of Springfield.

We battled through the tough negotiations here to reform our health insurance plan.

We have every right to expect the same from our State leaders. We need them now to reform the Pension system.

Springfield, fix the pension catastrophe now.

Wellness Group

As part of our effort to control health insurance costs, we have invited our employees to proactively manage their health. Employees that participate in wellness activities receive a discount in their insurance contribution.

In 2009, we expanded our program through a wellness plan called CORFit. CORFit is guided by a cross-departmental team of employees volunteering to lead our wellness efforts.

This is a great committee that will play a key role in controlling costs and maintaining a healthy and productive workforce.

I want to recognize the co-chairs of this important effort, Police Detective Gabe Wassner and Fire Captain Bud Turner. Thanks guys.

The City of Rockford is also a member of the regional "Get Moving" initiative. Get Moving encourages work place wellness and wellness throughout our community. We are excited to hear their ideas on designing "walkable communities", making better food choices, and hosting special events to motivate us to Get Moving!

Green Team and Green Jobs

Our City's Green Team is made up of a great partnership of public employees and private citizens pushing environmental efficiency, job creation, and sustainability.

As I said last year, part of our *job creation vision* is to **"Go Green and Go Global."**

Our Green and Global efforts are moving forward in several ways:

- * We are collaborating with our public and private partners using interactive web based, meeting and management systems;
- * We are working with the *International Council for Local Environmental Initiatives* to develop plans and create monitoring systems to reduce both greenhouse gas and air pollution emissions;
- * We are conducting energy audits of our own buildings;
- * Our Construction & Development Division are upgrading building codes to allow for more energy efficiency in our construction projects;
- * I participated in international trips in 2009 to China and Italy each of which provided a chance to market our green job vision, first, by detailing our solar project and other opportunities with Wanxiang in China and then as part of a leadership delegation from Illinois to Milan, Italy leading a discussion on regional approaches to sustainability;
- * A delegation of local Rockford artists participated in an international art exhibit at the famous Vida museum in our Swedish sister city, Borgholm;
- * In 2010, we will help host the International Bio-Energy Days showcasing our green and alternative energy efforts to guests from around the world.

The bio-energy days will include our showcase of an authentic Swedish designed "green" home that will be under construction through a unique partnership between our Public School District, the Swedish American Hospital Foundation, and the City of Rockford Swedish Sister City program. A group of East High School students will visit Sweden and then return with 10 Swedish exchange students who will collaborate to build the home;

- * We are also using alternative energy stimulus dollars to investigate the feasibility of expanding local energy options. We have partnered with Wanxiang America to build the City's first solar-panel assembly plant, and their plans are developing to build one of the nation's largest solar farms at the airport.

These unique, global, and green efforts are leading to many new and exciting job opportunities for our citizens and helping us to attract global-minded workers and employers to our community.

Increased Transparency and Access

In 2009, we opened up RockStat meetings to the public. Unfortunately, RockStat meetings are not always held at the most convenient time and place. That's why I am proud to announce that starting this month we will be recording and broadcasting those meetings.

The meetings will be shown several times throughout the month on Comcast cable.

They will be available for viewing on the City's web site.

I am also pleased to announce that Heartland Church will host and record the first of these meetings.

Our new model of doing business relies completely on connecting our people to our government. Our people need to know what's going on and have a chance to participate.

That's why I am also pleased to announce that this effort will be part of a larger effort to *grow talent and grow jobs in digital media*.

We are building a coalition of local non-profits, government agencies, schools and colleges to provide an expansive array of local public broadcasts.

We will create *job opportunities* for students as they learn digital media and participate in internships, while providing public service programming for the City's three available cable channels.

We are taking advantage of the great work done in schools, churches, and private employers and connecting our community to its government.

Police Department

In our Police Department, we continued to partner with our community to address the Weed and Seed areas and alternative drug enforcement areas. Over the past several years, we have pushed for greater efficiency and effectiveness.

We have given our officers more effective tools through the installation of GPS systems in our police patrol vehicles, state-of-the-art police radios, and web-based organizational tools.

We've also obtained grant dollars from Crime Stoppers to complete our first phase of a video monitoring program for high crime areas.

Over the next week, we will be rolling out more effective software for tracking sexual predators and stolen merchandise attempted to be sold at area pawn shops.

With 21 fewer officers in 2009, we exercised very focused staffing practices to move sworn officers who had been working behind a desk out into the community.

As a result of these practices, even though we were down those 21 officers in 2009, we were able to maintain effective street force. In fact, our initial figures show that in 2009 we had the lowest overall crime rate in more than 20 years.

The last year also saw our department challenged with the officer involved shooting and the tragic end of the life of a young citizen. The civility and support displayed in the aftermath of the event by our citizens, our police officers, and our local clergy was a proud moment for our community.

I am also grateful for the participation of many citizens in the Department of Justice Mediation, and I am confident that process will foster improved police-community relations.

While these accomplishments are significant, we have known that there is much more to do.

That's why this year we will continue to push for geographic based policing where our officers are responsible for specific areas of our city. It is an approach being built from the ground up by our front line offices.

We will also continue to negotiate this year for additional modifications of our Police contract.

As a result of those negotiations, and just prior to submitting the matter to an arbitrator, we reached several agreements with our Police union that will save the city money while increasing public safety.

With the union's agreement, our city will have an afternoon detective shift and a Day Cover shift in patrol which will cover our heavy call volumes more efficiently. We have reestablished our right to hire back officers for less than a full shift, and we have reduced the number of officers and sergeants that can be on vacation at the same time to reduce overtime.

Even with these improvements, we still submitted remaining issues of wages and insurance to an arbitrator. Right now, we're roughly \$3 million apart.

Our citizens are hurting. Our citizens are out of work. Our citizens rightfully demand that we manage our costs and maintain our service levels without raising taxes.

We are blessed with outstanding personnel in our department; but we simply cannot afford the current structure.

Fire Department

Our fire service faces the same mandate to maintain service while cutting costs.

The Department is nearing completion of a two-year long accreditation process which has helped us to examine ways of achieving those efficiency and service goals. This process has been a combined effort of our fire staff and our goal is to be officially recognized by the Fall of this year by the Commission on Fire Accreditation International.

As part of our efficiency efforts, we have also installed laptops in each rig and have studied administrative processes which have allowed the Department to correct a past practice of not billing for alarm monitoring. We also recently passed an ordinance to correct abuse of false EMS alarms.

Fire Cadet Program

One of the most exciting developments for our Fire Department in 2009 was our partnership with District 205 and Rock Valley College at the "ACE", *Academic Career Education High School*.

For the first time, we have brought fire science to our students' in the Rockford public school system. Our firefighters serve as teachers through Rock Valley College and are introducing students to the basics of becoming a Rockford Firefighter. The students are earning high school and college credits toward an Associate's degree.

This program will be an excellent recruitment and training tool, especially for minorities that have been traditionally under-represented in the Fire Department.

This program will also be a model for a similar program within the Police Department. Police auxiliary or cadet support can help with parades and special events; parking enforcement; and community and public relations.

My additional goal with these programs is to create job opportunities for these young people.

After they receive their training, while they are waiting for their chance to test to become a full-time firefighter, I want them to have the chance to work part-time as a cadet in our Police and Fire Departments.

Their job training would be hands-on, closely monitored, and would enable us to build a talent pipeline of local Rockford citizens.

Cost Savings Utilizing Auxiliary, Cadet, and Volunteer Support

While we agreed to a contract with our fire union in 2009, there is still a great deal of work that needs to be done to bring the Fire Department's costs in-line.

That's why the new cadet programs are being examined as a way to achieve cost savings by introducing lower cost approaches to meet our service delivery needs. We can expand public safety and service delivery by leveraging our full-time force with appropriate levels of volunteer and part time cadet or auxiliary support.

Police and Fire Departments throughout the US are engaging these approaches with young cadets, retired police or firefighters, or other part-time workers serving in meaningful, yet much more affordable ways. Typically, the cost are lower for these individuals because they are paid for part time work without incurring pension or benefit liabilities.

In fact, every single fire department outside of Rockford in Winnebago County utilizes various combinations of full-time, part-time, and volunteer members. This has allowed them to maintain excellent service at a manageable cost.

How do we know its great service, well, 70% of our own firefighters live outside of Rockford where their homes and families are protected by that type of service.

Given that number, you might think it would be a so-called "no-brainer" for management to try a blended department approach.

Unfortunately, here again the existing contract and State law limits our right to become more efficient. Apparently, Statewide fire unions got a last minute legislative change in 2007 that now requires that these alternatives on a department must be negotiated.

Outsourcing/Privatizing Ambulance Service Expansion

Perhaps the most significant cost savings for our Fire Department, however, is the private ambulance service option.

Right now, EMS comprises the vast majority of our calls for service with approximately 18,000 calls in 2009 compared to approximately 280 structure fire calls.

Historically, however, our department has been organized to fight fires, yet our main business today is emergency medical services. We have 13 companies designed to fight fires, but only 5 ambulance companies.

That's why we end up driving \$450-\$600,000 fire apparatus vehicles to ambulance calls. We are depreciating these highly-specialized vehicles that are designed to fight fires, that consume tremendous amounts of fuel, and put wear and tear on our streets.

The logical thing to do would be to move some of our firefighting resources to ambulance work or privatize that work to companies which would result in no cost incurred for those service by the City; but right now the fire contract makes it very hard.

We are tied to minimum manning levels and the union has the right to negotiate how those resources are deployed.

But the citizens of our City have elected a Mayor and City Council to determine how we invest our resources and balance our competing needs. It is our responsibility to manage as a governing body and not the job of the unions or labor.

That is why, at our request, Representative Winters has submitted a bill designed to help correct this situation.

No matter how that bill does, we will continue to search for opportunities to cut costs through negotiated service options.

Our staff and our City Council will be working throughout 2010 with our Budget and Finance Advisory Group to examine these opportunities. To create a competitive climate for job growth, we simply have to get a handle on our costs.

III. INTER-GOVERNMENTAL EFFICIENCIES, ORGANIZATIONAL SILOS, AND ALIGNING OUR EFFORTS

In addition to direct city outsourcing options, our Budget and Finance Advisory Group has also called for improved inter-governmental cooperation and they have identified several areas for exploration. County Board Chairman Christiansen and I agree with this approach. That's why we announced this week the creation of the "Joint Committee on Intergovernmental Efficiency."

The Joint Committee will examine these issues and may expand to invite other government and non-government partners into the discussion, namely, our public schools and our human services support network.

We can cut costs and improve results by working together. The hardest part of our work may be, however, navigating the areas of State and Federal regulation that impact our efforts.

The "War on Poverty": Funding Silos and Never Ending Battles

We have inherited from our State and Federal governments a vast system of financial resources predicated on intricate mandates, requirements, and red-tape. We have become impossibly entangled in this web.

For starters, the city is considered an "entitlement" community. That means that we are so large and so poor that we are automatically "entitled" each year to a certain amount of federal and state monies. This has been the case for decades. It goes back to the promise of LBJ's Great Society to fight the "War on Poverty."

An army of programs have been developed to "help" the poor. But the system has become so large and so decentralized that it has become a beast that needs constant feeding.

The poor need agencies for basic necessities and the agencies need to serve the poor to justify continued funding. The system has a built in reason not to change: essentially, to keep the war going in perpetuity. Our public "safety net" has become for many a "web" keeping them stuck in poverty.

In the addiction world, they call this unintended consequence "co-dependency" when our best efforts may result in "enabling" people to stay in poverty instead of helping to move them out of poverty.

Therein lies the problem with the "War on Poverty." It has become a war that seems to never end.

In past speeches I pointed out, for instance, that we are part of a national public housing system in which the only requirement to stay in public housing your entire life, even if you are able bodied and able minded, is to stay poor.

In fact, we penalize those who get married or get a job because their rent goes up and they may lose eligibility. The incentives are wrong but we don't have the local authority to change the rules, which are set by Congress.

We have many other programs just like this. They are decentralized with their own specific rules and regulations. Some of them are within the city organization, some are outside the City, some are administered and operated by government and some are non-profit or even for-profits. You may have heard of some of these:

- CDBG (Community Development Block Grant);
- CSBG (Community Service Block Grant);
- PHA (Public Housing Authority) funds;
- WIA (Workforce Investment Act) funds;
- HOME (...) funds;
- TANF (Temporary Assistance for Needy Families);
- COPS (...) grants;
- LIHEAP (...) funds;
- IHDA tax credits;
- Section 8 rental housing support;

The Federal and State governments have thrown us into a maze of silos and an acronym in alphabet soup of bureaucracy. It's up to us, however, whether we stay in those silos. That's why we will ask our Joint Committee on Inter-Governmental Efficiency to help evaluate areas of consolidation and duplication in our human services system. There is no better time to evaluate service gaps, options, and efficiencies.

We have a great opportunity to connect the silos. My goal is a "one-plan" policy where we connect our various strategies and visions into a consolidated community plan.

The good news is we are not alone in this thinking. The federal government, recognizing many of these challenges, is taking unprecedented steps to encourage cooperation. They have announced an inter-agency program

between HUD, the DOT, the EPA, and the EDA to develop Regional Sustainability Plans.

Following this lead, RMAP and the RAEDC are beginning to work on a "one-plan" regional policy connecting our various plans, strategies, and visions into a consolidated community plan with a related process for measuring success and improving results. If we want to grow jobs, every person must have the best support to fulfill their potential and we can only do that when our leadership is coordinated and accountable.

We must also include our public schools in that approach.

Alignment Rockford

Recently, I have had the chance to join District 205 representatives, other elected local officials, and community organizations to begin the discussion on developing a community-wide strategic plan and community-wide partnerships to achieve that plan.

As a result, I am pleased to announce tonight that I have signed a Memorandum of Understanding with these partners to begin the Alignment Rockford program.

This collaborative effort will focus on coordinating the community's resources to execute on District 205's Strategic Plan of operations.

I look forward to joining our partners and community members for the public launch of this effort on Thursday, March 25th.

School Strategy and Governance

A key assumption that underlies our Alignment Rockford efforts is the existence of a cohesive, community based strategic plan. I applaud Dr. Sheffield and the School Board for recognizing the need for a community-based strategic planning process.

I will also continue to pursue legislative approaches that would create local accountability that our system must have to ensure long-term, consistent improvements in our schools.

As our Budget Advisory Group pointed out, "the City's economic future is absolutely dependant on the performance of another unit of government: the Rockford Public Schools. ... Unless the City and every other governmental unit makes a clear, public commitment to take those steps within its power to improve the state of public education and backs that commitment up with action, and unless the School District welcomes these

collaborative efforts, no amount of economic development effort will succeed." (Report at Page 17.)

Community Education Advisory Group: Volunteer Chair and Education Liaison

During my first term, I appointed the City's first Director of Education and Life-Long Learning. While my purpose for creating that position remains as strong as ever, that position has not been funded due to our ongoing budget problems. It has been very difficult this year as a result of losing that position to maintain our progress on all of these critical education initiatives.

That's why I am taking my own advice on the need to reach out to a community willing to help and integrate flexible partnerships with the community to keep moving forward.

Tonight, I am announcing that Dr. Rudy Valdez, a senior manager at Hamilton-Sundstrand, will be volunteering as my Education Liaison and Chair of the ***Community Education Advisory Group***.

Dr. Valdez will be working with myself and our City Council as we reach out to our education partners and strengthen these partnerships.

Dr. Valdez and the other volunteers will help to manage the connections that the City must make into our community for us to achieve our education objectives.

This approach follows the same approach we are using as we work on budgets, manage our cultural venues, or design our city streets and parkways. We are connecting our people to our government and leveraging the incredible local talent that our private citizens have to offer.

IV. OTHER PUBLIC SCHOOL ISSUES

School Security Issues:

When a parent sends their child to school, nothing is more important than the safety and well being of that child. I say this, not only as mayor, but as a parent with a child in the Rockford Public Schools.

Whether in a home, a business, a public street, or a public school, safety is the concern and responsibility of the City of Rockford. I want every parent to know that we are in constant communication with District 205 on school security issues. While violence in our schools is unacceptable and must be reduced, we must recognize the work of staff, teachers, students, and

Rockford police who are working to provide safer learning environments in our schools.

I also want to be clear that any teacher, student, or staff member that feels threatened, intimidated, or is actually assaulted or battered should contact our Rockford Police Department. We will investigate every single call or concern. This is our independent responsibility and obligation. And citizens can contact my office if there are concerns about this process.

Positive Developments in the Schools

While there have been challenges in our schools, those challenges should not overshadow many positive education developments.

Every day, students are learning, teachers are making a difference, and gains are being made in both public and private schools in our community.

For example, District 205 and Rockford College have begun working on a Leadership Training program.

The *nCenter* reopened and has grown even stronger in 2009 and our *Mayor's Youth Advisory Council* has continued to provide service to our community and leadership and guidance for my office.

There is also significant work connecting and coordinating District 205 curriculum to meet the needs of today's economy and better prepare our students for success.

In 2009, we also saw the opening of two public charter schools in Rockford.

Charter Schools & Education Reform

Galapagos Rockford Charter School has close to 100 students enrolled in this academic year, with another 70 more planned next year. Legacy Academy of Excellence Charter School opened its doors to approximately 280 students. In both cases, these charter schools are showing dramatic academic gains from benchmark assessments that occurred in the beginning of the academic year.

A third charter, Chicago International Charter School, based at Patriot's Gateway Center, will open their doors to students in September 2010.

Charters are part of a larger, national school reform movement that will no longer accept excuses for school failure.

In fact, just this week, President Obama outlined his proposal to offer \$900 million in School Turnaround Grants to states and school districts willing to take aggressive steps to turn around or close failing schools.

To qualify for the federal money, the school districts must agree to take at least one of the steps: firing the principal and at least half the staff of a troubled school; reopening it as a charter school, or closing the school altogether and transferring students to better schools in the district.

President Obama stated that "if a school continues to fail its students year after year after year, if it doesn't show signs of improvement, then there's got to be a sense of accountability."

I agree. That's why I am also encouraging support of two reform bills brought by Senator Meeks in the Illinois legislature.

The first would lift the caps on the number of Illinois public charter schools.

The second would create the Illinois School Choice Program, which would provide transferable cash vouchers for families to remove their students from the most failing schools in Illinois.

Truancy

Since I was elected in 2005, truancy has been a key effort to support our children. Truancy robs our children of an education and is a leading dropout indicator.

District 205 is fighting truancy this year through a Truancy Intervention Center at West Middle School. The District has elected to use this approach and not utilized the city issued citation system with which we partnered with them in the past.

I support the District's efforts to try this alternative approach to combat our incredibly high District 205 truancy problem.

Based on the District's new approach, there was no formal agreement with District 205 this year related to truancy. We also did not have to exercise the legal tools we lobbied for to allow for the exchange of student truancy data.

Therefore, the City has not issued any truancy citations this year. We are willing to do so, however, should District 205 again desire to deploy this approach.

As the District evaluates its truancy results this year, we will be in a position as a community to measure progress and determine options moving forward.

I will continue to stay focused on improving our schools and improving education because that is the best chance we have for long-term job growth and prosperity.

V. CAPITAL INVESTMENTS

Local Road Improvements

Since our community's passage of our *Rebuilding Rockford referendum* in 2007, we have been busy investing in local roads and other local infrastructure. After 2 and 1/2 years of that effort, we have excellent results.

Our local road program has been converted, as promised, into a pay-as-you-go program. Through that disciplined effort, we have been able to retire significant property tax based debt and our property tax rate has declined correspondingly.

Stimulus

We also benefited last summer and will again this year with Stimulus funding that has provided additional improvements to crumbling roadways like Church Street and North Second Street. Streets like Central Avenue and Sandy Hollow Road will get done with stimulus dollars in 2010.

State Capital Plan

The best infrastructure news in 2009, however, was the State's passage of the long-awaited capital plan, which should be the most robust State infrastructure plan our community has ever seen.

Over the coming five years, we will finally see the investment and rebuilding of critical urban corridors like West State Street and South Main Street with North Main close behind.

In cooperation with the State, we rebuilt Kishwaukee Street from Harrison Avenue to 10th Avenue Park, where major storm-water and park improvements took place as well. Landscaping and lighting will make it complete this year.

Morgan Street Bridge will also be completely rebuilt over those five years.

Water Systems and Management

We are also investing critical dollars in storm water management. We're giving hope to the traumatized people living in the south branch of Keith Creek who suffered from the natural disasters of the 2006 and 2007 100-Year floods. Thanks again to our City Council for moving forward with a plan to save those 100 families when they needed the help instead of waiting for the federal bureaucracy.

In 2009, we also continued the work on the \$75 million water system upgrade, which is moving steadily along to completion by the Spring of 2011. These investments are leading to more reliable and cleaner drinking water to our citizens.

All told, with the State's passage of the capital plan, and with our local capital initiatives, we will realize well over \$250 million invested in our city over the next 5 years. That means immediate construction jobs and long-term economic recovery.

Civic Design Advisory Group

With this much money at stake, we have the chance to truly remake much of our urban core. We need to build "livable, walkable, and attractive" roadways, commercial districts, and neighborhoods. This is what the best cities are doing. That's why I am proud of renewed efforts of local supporters to "Re-Forest the Forest City."

We have made progress in this area, but to make sure we get it right, to make sure we move beyond "ad-hoc" decision making, and "one-off" projects, we need to pass local design standards so that every alderman and every constituent knows that through our public investments we achieve ***Excellence Everywhere***.

That's why I am announcing tonight the formation of the *Mayor's Civic Design Advisory Group*, which will be chaired by local business executive, *Mike Paul*. This group will assist our city staff and City Council as we develop long-term design standards. The group will also assist our staff, council, and contractors as we execute on our annual work plans.

Rail Investment

And there's more. With Governor Quinn's recent announcement regarding the State's plans for rail, we will benefit from an additional \$60 million investment to bring Amtrak service back between Chicago and Rockford.

And when visitors and commuters arrive at the new Downtown train station, there will be a lot waiting for them.

Riverfront Downtown Investments

The State Capital plan included over **\$11 million** dollars in ***River Edge Redevelopment*** funds and **\$4.5 million** in additional ***MetroCentre improvements***. We should see the first \$3.5 million released for River Edge this year. We should also see construction begin this year on our riverwalk investment at the Downtown Museum Campus riverfront.

And as our visitors travel down Main Street north toward the museum campus, one thing that will not impede their progress is the old *Main Street Pedestrian Mall*.

Making Main Street, Main Street Again

Last year when I discussed that project at the State of the City Address, some of you may still have doubted whether it was really going to happen. Well, you don't have to take my word for it, you can drive down Main Street yourself!

The final touches on that two-block section of Main Street will be added in the coming weeks. Thanks to Alderman Mark, our City Council, and all of the long-time supporters for that project. It was decades in the making, but this critical, physical change has sent a strong message.

We are following up this effort with an analysis of the ***Main Street and Church Street one-way pair system***. This work follows up on long-standing complaints about the confusion and difficulty of navigating the downtown street system. With this work done, we believe the State of Illinois will allow us to return these streets to a common sense two-way street system.

Riverwalk/Museum Campus/Conservatory Investments

After several years of planning, we're excited this year to join several partners in continuing riverfront investments. The Park District will be in full construction on the ***Nicholas Conservatory***; and we are completing the engineering and will be out to bid on the ***Riverwalk at the Riverfront Museum Campus***. The combined investments of the Park District, Burpee, City, and Discovery Center will bring expansive new tourism and quality of life investments helping us to showcase our community.

Our renewal is for real. And with our public sector support in improved infrastructure, our leaders downtown have been busy developing private sector partnerships to support continued renewal and investment.

The Element

The downtown arts, housing, and lifestyle network known as "The Element" continued to progress during 2009. The Element partnered with groups like the River District to participate in numerous arts celebrations and helped organize downtown housing tours, including a recent tour for new city fire recruits.

They have launched a groundbreaking new website providing virtual space to continue real-time, on-going implementation of their initiatives. And, they have implemented a campaign connecting local artists and community leaders.

Rock River Development Partnership

In 2009, with a \$75,000 grant from the Leadership Council of the RAEDC, the Rock River Development Partnership was also fully launched. RRDP has had public support and private sector leadership, innovation and investment. The RRDP has quickly developed action steps from its initial plans.

One of the group's first initiatives is a pioneering downtown small business attraction and expansion effort of a ***regional*** weekly market. This regional market is their first step in developing a long-term incubation program for retail and local food jobs. This group recognizes *quality of life and job creation are closely linked.*

I'm also looking to our private partners represented in groups like *The Element, River District, and the RRDP* to help our City Council decide how best to invest our *River Edge* resources.

Venues, Festivals, Special Events

Last year, I also called for improved coordination of our many downtown assets. Our City Council has shown great support for our downtown cultural and tourism assets; but the Council has also been frustrated at times by the multiple organizations involved and multiple asks over the years. The old, decentralized structure of these organizations simply does not work. We don't have the time or resources to waste any opportunities to cut costs and enhance results.

That's why our City Council formed in 2009 the *Venues, Festivals, and Special Events Advisory Group*. This group has been chaired by a private sector volunteer, Mike Dunn, with bi-partisan representation from our City Council. The VFS group has worked many hours understanding the connections between our arts and cultural organizations; venues like our

MetroCentre Arena, CPAC, NAT, and Davis Park; and a marketing and sales organization like the RACVB.

After significant analysis and discussion, the Group has indicated it will release its report within the next two weeks.

I anticipate recommendations in this report calling for a major transformation and one that can lead to incredible new opportunities for our community. Again, this is another example of how these challenging times offer us the chance to bring rapid, positive transformation through major structural changes in the way we do business.

Hotel and Convention Center

With this new structure in place, we have the chance to pursue and execute on the recent plan for a downtown hotel and convention center which we will explore this year.

Ladies and Gentlemen, with this kind of support and coordination, despite the challenges in our economy, we're seeing consensus and momentum downtown. This is how we will create even more construction jobs and long-term retail and hospitality jobs, and I'm looking forward to investment announcements soon.

VI. A NEW MODEL FOR JOB CREATION

The Illinois Center for Advanced Technology: Creating a "Campus" for the Creative

One of the most exciting job creation concepts I want to discuss tonight provides a new vision for the City-owned, former Ingersoll factory downtown on the Rock River.

We have discussed visions for the site in the past, but a group of economic development leaders and city staff have been creating a new vision which addresses a most pressing need for our community.

The Rockford Area Economic Development Council is in final negotiations and due diligence to take over responsibility for the Eiger Lab. Launched in 2005, the Eiger Lab has been a source for manufacturing research and education and business entrepreneurship, incubation, and job creation.

Plans are currently in development to move and expand the Lab to the former riverfront Ingersoll Plant as part of a new vision for the facility.

The former Ingersoll building will be called the ***Illinois Center for Advanced Technology***, leading innovation and entrepreneurship efforts for the region and beyond.

This facility will be home to programs and organizations supporting high growth job opportunities while providing manufacturing and administrative space to incubate and accelerate new company growth.

We will be requesting federal funding support to establish within the building the ***Center for Aerospace Innovative Research (C-AIR)***.

This commercial and defense aerospace incubator facility will identify promising entrepreneurial start-up aerospace and related high-tech manufacturing companies. The facility would also provide services to guide these new businesses to success.

As a business accelerator, and center of excellence in the aerospace industry, this project could attract world-wide companies to use this unique facility and its services. The concept capitalizes on the existing cluster of world-class aerospace companies in our community.

I want to thank all the public and private companies who have helped foster this idea and pledged their support for this job-creation effort.

With the *Center for Aerospace Innovative Research and the Center for Advanced Technology*, we have a great opportunity to coordinate multiple efforts to create a ***"campus" for the creative arts and sciences***.

There is growing recognition that the same culture and environment that is attractive to the fine arts is also attractive to creative engineers, scientists, and business entrepreneurs.

The connection to them all is an emphasis on great design and creative minds.

The New Industrial Revolution

Our opportunity to achieve this vision is real. The marketplace is ready. In fact, the feature article on the cover of the February 2010 edition of "Wired" magazine, "The New Industrial Revolution," details this type of opportunity.

In the "New Industrial Revolution," the author tells us that in "an age of open source, custom-fabricated, DIY [Do It Yourself] product design, all you need to conquer the world is a brilliant idea."

This was the same concept described by this year's Chamber of Commerce Annual Dinner Speaker, futurist David Zach. Zach detailed how he sees much of our future in the past. He described a return to tradition and a return to creating things, not just digital realities.

Zach described rapid prototyping tools that allow inventors to quickly and cheaply test their ideas and move their ideas into production. No longer does an inventor need a massive factory to see his invention come to life. This concept favors small, networked entrepreneurs with the best ideas, diverse skills, and great business sense.

The "New" Way is the "Old" Way

The approach should sound familiar. It was the way small craftsman immigrating to Rockford from their native lands in Europe became successful. They had great skills, but also great support networks, and strong business sense. They were entrepreneurs.

Harrison Harmonicas

We have a modern version of that story that I would like to share tonight.

Brad Harrison of *Harrison Harmonicas* was a great musician who became a renowned harmonica customizer, optimizing harmonicas for artists like Bono and Bruce Willis

Growing tired of "fixing" other companies products, he conceived of a better instrument and found his opportunity to create that new instrument right here in Rockford.

Brad benefited from the rapid prototyping and business support of our local Eiger Lab. Brad moved to Rockford after winning the regional ***Stateline Fastpitch*** entrepreneurship competition in 2008.

As a result of the design and manufacturing support he found here in Rockford, he is now taking orders for his new "B-Radical" Harmonica, which will be delivered later this year. Ladies and Gentlemen, let's congratulate Brad Harrison for his great work and his commitment to our City.

VII. EDUCATION AND THE "CITY UNIVERSITY"

A New Education Model for a New Opportunity

So what type of education system is necessary for the "New Industrial Revolution?" It's one that is very different than the one we have today. In

fact, it may resemble in some ways the apprenticeship model that pre-dated the modern education and university system.

We need to be able to incorporate "learning by doing" much like great business leaders of our past like Howard Colman, who did not attend college; his college was on the shop floor and his degree was earned by experience.

It is an approach that requires us to create connections starting at the elementary school stage of the multiple areas of education, career, and community.

These connections should continue seamlessly through middle, high school, and post-secondary education; and we need to have the opportunity to do that all right here in Rockford.

Our job experts are in our schools, in our factories, offices, and shops. The opportunities to learn by doing is there.

Economists also tell us that most job growth is happening in small, entrepreneurial companies. That's why our education system needs an overhaul, and not just in Rockford. We need to prepare our young people and displaced workers to work for themselves. There just may be more opportunities when you can hire yourself.

We Must Become a "College Town"

This is also why the vision of a "City University" is so important. It's built on the prospect of numerous partner campuses around the City like that which we are proposing for the former Ingersoll property. These are places with "Centers of Excellence" that combine the best of academia with the best of the private sector employers.

Whether its a new *Chinese Language Academy* or *Sports Management Center of Excellence* at Rockford College, the upcoming pharmacy program at the U of I College of Medicine, or the vision of the *Illinois Center for Advanced Technology* downtown, my goal is to see us become a college town with resources and campuses throughout our city.

If we are to create jobs and reduce unemployment over the long-term, the path we have to follow is becoming crystal clear: WE MUST BECOME A "COLLEGE TOWN". Why? Those are the cities with the nation's lowest unemployment rates during the downturns.

Multiple "Centers of Excellence"

Under the proposed model, we have the chance to create "centers of excellence" with corporate partners which will give us the chance to pursue State and Federal grants to support those centers. We have companies with incredible research capabilities like Hamilton-Sundstrand spending millions to build its testing labs. *We have a chance to help them, and they have a chance to help us.* Under this approach, our "university campus" can extend to corporate shops, factories, and offices throughout our community.

If we are truly to become a college town, a "City University of Rockford", we need to partner with the local professionals who are creating new products, technologies, and solutions each and every day. They are our local community experts. We need to help each other.

Rockford Promise

By creating more local alternatives for education, we are moving toward the vision of a publicly supported City University. The growing challenge, however, is not simply one of local access, its one of family affordability.

That's why in 2007, I first discussed with local supporters working to develop a "Promise Program" to support higher education funding for Rockford residents. If we want all of our residents to have a real opportunity for education beyond high school, then we must make sure a college education is affordable.

There is more evidence now of the economic and education success of the Kalamazoo Promise after which many programs across the country have been developed.

In 2010, I am asking Dr. Valdez and our Community Education Advisory Group to work with the Rockford Promise supporters to *detail a plan to make a Rockford Promise a reality.*

VIII. CONCLUSION

The Definition of Insanity

Have you heard the quote about the definition of insanity: doing the same thing over and over and expecting a different result.

The good news is, we don't have to keep doing it the old way!

One of our Founding Fathers, **Thomas Paine**, had a description for the type of radical disruption that we are experiencing when he said, "These are the times that try men's souls."

In fact, Paine was a member of the Radical Movement of his day, arguing for independence from Britain. He authored the classic of his time, "**Common Sense.**"

Now, I am not talking about another American revolution.

It is time again for common sense in Rockford and throughout America.

We need a radical change in the way we do business. In our schools, our union contracts, our corporations, and our public pension systems, we simply can't sustain the old way.

WE MUST CHANGE.

Are things going to be tough? You bet they are. But we're getting very good at conquering tough challenges. This current crisis will be no exception.

--Remember, we passed our Rebuilding Rockford referendum when many said the old way would never go away;

--We saw the State pass a 2009 Capital Plan after a decade of waiting;

--We're bringing passenger rail back to Rockford for the first time in 30 years;

--We're gaining control over our out-of-control health care costs;

--And we eliminated the Downtown Pedestrian Mall !

--And when it comes to dealing with natural disasters: floods, wind, and winter storms, we've become experts;

--And with the most recent, tragic suffering of the people of Haiti, this city with the State's highest unemployment rate, is packaging a million meals....

So when it comes to pension and collective bargaining reform, will it be tough? You bet. Are our backs against the wall? No doubt.

But I like our chances.

My wife and I have two children who will grow up in this community. Like all parents, we want them to be safe, happy, and prosperous.

We love Rockford and we see the reasons for that every day: We are a city of gardens, with a river that unites us; we are inventors and makers of machines; we are volunteers, churches, and service organizations. We delight in our sports and celebrate generations of hard work.

My wife and I know that there is no better place to raise our children than Rockford, Illinois.

Our City Council, likewise, is not going anywhere. We're here and dedicated to this place.

We're committed to winning.

This is our home; this is our town; this is our state.

Let's get it done.

I am still honored and energized to be your mayor.

I look forward to working with you as we march ahead.

May God bless you and God bless the City of Rockford.

Goodnight.