

City of Mishawaka
2016 State of the City Address

“Mishawaka Transformations”

Mayor David A. Wood

Introduction

About this time every year, we pause, look back over the previous year and take measure of the progress, the trends and the issues impacting the Princess City, her government and her people. Most years, we quietly move forward, complete many projects and make many decisions that each and of themselves seem inconsequential but when added together, are impressive, especially when the size of our city government is taken into account. Frankly, I’m always amazed at what is accomplished year after year. As I have said in the past though, we are not here to mark time; we are here to make a difference. This past year we collectively continued to make a difference.

The theme I have chosen for this year’s State of the City Address is **“Mishawaka Transformations”**. Every year I try to pick a title that is representative of what is happening in the City. In my review, what clearly stood out about the projects completed in 2015, and those coming forward in 2016 is the transformative qualities they have on our City and the impact that they will have on future generations.

Prior to discussing these projects, an important component of every State of the City is discussing the past years business of the City and highlighting the challenges and opportunities we are facing in the coming year.

The State of Our City

We continue to strive to be the most livable, competitive city in Northern Indiana. We are continuing to grow Mishawaka with an emphasis on creating opportunities for all.

In retrospect, from a City government perspective, 2015 was a productive year. It was a year where as a City we continued to build upon and followed through on established decisions and priorities. Within Mishawaka’s government we continue to have a wealth of experience and leadership as well as a profound understanding of our City that helps us manage our resources well. We have elected and appointed officials who are committed to putting our great City first. Most importantly our workforce continues to be dedicated, engaged, and with a pride of ownership in what they do.

I am pleased to report that for another year Mishawaka continued to build a community that our future generations can be proud of and one that is an attractive environment in which to live, work, raise a family and retire. I am also pleased to report that the current state of our City government continues to be fiscally stable, lean, and efficient.

Municipal Elections

It is hard to believe that four years have gone by since the last municipal election and this year was an election that was very different from most. During this election there were several uncontested races which made for a quiet election in the City of Mishawaka. In the 2015 election I was unopposed as Mayor having served in this capacity since originally being appointed in 2010. In addition, Clerk Deborah S. Block, who has served as City Clerk since 1992, was also unopposed.

The following are the elected and appointed Mishawaka Common Council Members who won their respective elections and will be serving over the next four years:

1st District Councilman - Dale “Woody” Emmons elected to his 4th term.

2nd District Councilman - Mike Bellovich elected to his 2nd full, four-year term.

3rd District Councilman - Ross Deal elected to his 2nd term (he also previously served from 2008 - 2011).

4th District Councilwoman - Kate Voelker elected to her 1st full, four-year term after being appointed to finish the term of Marcia McClure.

5th District Councilman - Mike Compton elected to his 3rd term.

6th District Councilman - Ron Banicki elected to his 3rd term.

Councilman At Large - Matt Mammolenti elected to his 2nd term.

Councilman At Large - John Roggeman elected to his 4th term.

Councilman At Large - Joe Canarecci elected to his 1st term (newly elected).

I would like to publically thank Councilman At-Large, Dan Bilancio and 3rd District Councilman John Reisdorf for their exemplary service to the City of Mishawaka over the last four years. Both of these gentlemen ably served the best interests of the City while being responsive to their constituent’s needs. Both placed a strong emphasis on improving the quality of life for our citizens. Mishawaka is a better place because of their service. Following the election, City Attorney, Larry Meteiver, left the City to return home to his native City of Elkhart where he accepted a position in the new Mayor Neese administration. While Larry will be missed, Councilman John Roggeman accepted my offer to become Mishawaka City Attorney. John resigned from the Council to work for the Princess City fulltime. I would also like to congratulate Ross Deal and Joe Canarecci on their election and look forward to working with all of the Council and Clerk Block over the next four years.

I would like to publicly acknowledge the dedicated public service of John Roggeman to the City as a Councilman over the past 12 years. Having served with John both as a Councilman and now as Mayor, I can tell you firsthand of his exemplary service. Fortunately for the City and my administration, John accepted the position of City Attorney in January of 2016 following his election to a fourth term to the Mishawaka City Council. I look forward to serving the City with John in this new role and am honored that he considered and accepted the position.

On February 10, 2016, the Democrat Party held a caucus election to fill the vacancy left by John Roggeman's resignation. Bryan Tanner, being the only candidate to file for the open seat, was unanimously selected by the Democrat Precinct Committee persons to fill the seat and serve out the remainder of John's term. We congratulate him and know that he will be an effective representative.

As I have said on many occasions but I think bears repeating here; I believe that one of the reasons that Mishawaka stands apart from most other communities (or levels of government for that matter) is the quality of our elected officials. Mishawaka elected officials by and large place the best interests of the City above their own motivations or party politics. In fact, over the past four years, I can't recall one vote out of the hundreds made by our Council that fell down party lines. That is extraordinary, and I think a direct reflection of the community we represent and the wisdom of the voters that put us in office.

The People of Mishawaka

Every year I like to highlight a few notable achievements by current or former citizens. 2015 was interesting because I don't think many cities in the world can say that they had constituents star in the mega-blockbuster movie the "The Force Awakens" and have another be on the cover of GQ Magazine in the same year. Those honors went to Adam Driver and Clint Morrow in 2015 respectively. Insert your own "*come to the dark side*" joke here. That being said we are very proud of them both and look forward to following their careers.

Mishawaka is home to many state champions, championship teams, and world-class athletes such as this year's State Championship High School Men's Soccer team, the Mishawaka Marian Knights, Anna Rohrer and Demetrius Jackson. Nonetheless, I continue to believe that academic accomplishments are as important, if not more important, than athletic accomplishments. There too, Mishawaka is richly blessed with citizens who achieve at the highest levels.

Just as important as those with talent who leave to show those abilities off to the world, are those who chose to stay and use those talents to make Mishawaka a better place to live, work, and raise a family. Pete DeKeever is one of those individuals. A long-time Penn High School educator and noted Mishawaka historian and author, Pete coached and brought home a State Spell Bowl championship for Penn High School in 2015. We recognize and honor his commitment to both his students and our city.

FINANCES

Budget

Working with the Common Council in 2015, Mishawaka passed another honestly balanced budget for 2016 that provides investment in public safety, streets, and parks, while including a modest 1% cost of living increases for our employees. Budgets are about making choices and setting priorities. Mishawaka's success continues to be based on being fiscally conservative, and not incurring long-term legacy costs that could jeopardize our stability in times of uncertainty.

As indicated last year, with further revenue tax cap reductions looming in 2019, we must prepare now and continue to seek the most efficient government possible. Over the past four years we

have reduced staff while also improving services. We will leave no stone unturned in our efforts to become more efficient and optimize our services.

In 2019, state law stipulates that all of St. Joseph County's caps be reduced to 1, 2, & 3%. Good news for property owners' wallets, but a burden to schools and municipalities who must find a replacement for this funding. H.J. Umbaugh & Associates prepared a long-term analysis of future revenue and the effects of these new caps in 2015 for the City. As we continue to update the forecasted numbers we stay proactive instead of reactive in analyzing how best to increase revenue and reduce expenses and weather this fiscal cliff.

The cash balance in the General Fund increased \$802,412 from \$2,075,521 to \$2,877,933. Lower fuel costs, the dispatchers changing to county employees, and conservative spending contributed to this increase. Unfortunately, a 14% increase in health insurance costs eroded what would have been an even better outcome.

Assessed Valuation

As I reported last year, in 2007 the City's assessed valuation reached a peak of \$1.750 billion. Since then, as part of the Great Recession, the Princess City has weathered an overall 25.6% decrease in assessed valuation up to 2015. In comparison, South Bend's assessed valuation dropped 28.3% and St. Joseph County's dropped 26.0% during that same time. In 2015, the City's assessed valuation increased 5.28% from \$1.303 billion to \$1.372 billion.

Now, starting 2016, the City's assessed valuation dropped again by 30.4 million dollars. This decrease is significant considering the full impact of the tax caps that will reduce funding again in 2019. On top of that, based on changes from the state, multiple big box stores are in the process of appealing current assessments. This could reduce current funding levels by millions of dollars. The City will be very proactive in dealing with these big box reassessments (known as "dark store" reassessments). We have joined forces with St. Joseph County and the City of South Bend to form a Dark Store Task Force to aggressively fight reassessment attempts. This is also why the City needs to be so vigilant regarding our budget, and better manage costs wherever possible. Although we had been hopeful for a continued increase, we have for the moment anyway, taken a step back.

Health Care Costs - City Health Clinic

After four consecutive years of health insurance increases totaling 50.5% the City changed our insurance and once again became self-insured in 2014. This move left the employee's payments and benefits unchanged and resulted in a savings of \$1.9 million dollars or a 16.9% reduction from the previous year. In 2015, we weren't so lucky and had a 14% increase, bringing the cost to the City back up to pre-2014 levels. Rising insurance costs and employee wellness are two factors that significantly impact the City's financial health.

As I stated last year, one of the ways we aim to control costs was the launch of an employee health and wellness clinic which opened in late summer of 2015. Since that time, employees have been able to schedule appointments conveniently during clinic hours, even when coinciding with the employee's work shift. Appointments require no co-pay and the clinic is also able to prescribe and dispense some basic medications directly to patients at no charge. This benefit to our employees is intended to pay off over the long-term by creating a healthier workforce which

ultimately is a benefit to our taxpayers. With the costs of advanced care, one prevented heart attack or other serious illness caught early could cover a significant portion of the costs associated with the clinic in any given year. Although the financial benefit will take years to determine, the new clinic has been well received and we have seen some early successes.

Extension of Tax Increment Financing

Tax Incremental Financing is very important to the City as we use it to fund major projects and to reduce wastewater user fees. Due to changes in state legislation, TIF areas were scheduled to expire in 2025 unless there was debt backed by TIF funds. As a result of state action, the City had to create debt to preserve TIF as a viable revenue source for years to come. In 2015 we borrowed \$1 million from our own Mishawaka Bond Bank for the Battell Center Improvement project with a payback term of 25 years. This bond insures that we will have this very valuable source of funding until 2040.

Excellence in Financial Reporting

For the 29th consecutive year the City of Mishawaka has been recognized with the Certificate of Achievement for Excellence in Financial Reporting (2014). The Certificate of Achievement is “the highest form of recognition in government accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.” This wouldn’t be possible without the ongoing efforts of our Controller, Rebecca Miller and her staff!

PUBLIC SAFETY

Overall Crime Rate Down By 2%

As Mayor, one of the accomplishments that I am most proud of is the fact that overall crime reporting numbers have decreased consistently in my tenure, including again, in 2015. Although there are many factors that can contribute to this, the most important factor contributing to this is the everyday work and accomplishments of our Mishawaka Police Department. Our Police Department has always had a plain, old-fashioned hard work ethic. Mishawaka is strong because the men and women of the Mishawaka Police Department keep her safe.

The Mishawaka Police Department continues to do an outstanding job evolving along with the ever-changing technologies and criminal mindset of today’s world. Our drop in the crime rate is even more impressive when you think of our City’s continued expansion and the constant influx of daily visitors to the largest retail shopping area in the region.

Of the significant crimes tracked, even though there were increases in certain categories, the overall the number of crimes per year dropped by 55 instances. This represents a 2% decrease in crime from the previous year. It is unrealistic to think that we can eliminate crime, but being proactive in our enforcement clearly provides for long-term reductions. There is no stopping the actions of individuals who are intent on doing bad things, and to that end, sadly we had two murders occur in 2015. They were unrelated to each other, and as far as we can tell, they weren’t a result of other underlying problems that could have been prevented. In the prior two years, there were no murders in the City.

Uniform Crime Report

Offenses	2014 Year End	2015 Year End	Increase or Decrease	Increase or Decrease %
Homicide	0	2	+2	200%
Rape	24	21	-3	-14%
Robbery	40	45	+5	11%
Assault	898	872	-26	-3%
Burglary	244	302	+58	19%
Larceny-Theft	1,983	1,878	-105	-6%
Auto Theft	125	132	+7	5%
Arson	5	12	+7	58%
TOTALS:	3,319	3,264	-55	-2%

High Profile Arrest

One of the highlights for 2015 was the successful apprehension of six suspects involved in a robbery of the Jared's Galleria of Jewelry located at University Park Mall. The total value of the recovered jewelry from the robbery was more than \$249,000. The individuals arrested in the robbery were also allegedly responsible for several similar Jared store robberies throughout the Midwest. The FBI issued a federal indictment for all six suspects involved. The two officers responsible for the apprehension were recognized for their efforts at the Board of Public Works and Safety meeting and honored as "Officers of the Second Quarter."

Fire Services

The Mishawaka Fire Department responded to a record 6,715 calls for service. Of that number, only 177 were for calls involving some type of fire, either commercial, residential, apartment, trash or other type of fire. Once again the largest number of calls for service were medically-related, comprising 5,191 runs.

Call volume for emergency medical services increased by 7% from the previous year. In addition, collections were up for ambulance billing. 2015 was our largest year in terms of revenue collecting \$1,242,518 dollars. Having a third ambulance staffed has contributed greatly to this collection total.

The Department has also modified operations by using portable scanners for data collection, as well as patient records being captured and relayed to the admitting hospitals electronically in the field. Both of these practices have decrease turnaround times for ambulances, potentially making them available for additional calls.

One of our challenges moving forward will be how to move staffing resources from the suppression side of the department to emergency medical as the medical demand increases over time. The addition of new personnel is unlikely given that the overall City budget is facing long-term reductions with the full implementation of the property tax caps.

We have been upgrading our equipment and purchasing new heavy-duty ambulances at an aggressive pace to meet this demand. This year, we will begin planning and discussions to get a 4th ambulance in service on a full-time basis.

Bids were received in 2015 for one new Pumper/Engine combination truck, and one new Medium Duty Ambulance to upgrade our fleet. With the increase in call volume it is critical we replace the trucks on a regularly planned schedule. Delivery for both units is expected late spring of 2016. We have also budgeted for another Pumper/Engine in the 2016 budget.

UTILITIES

Long-Term Control Improvements

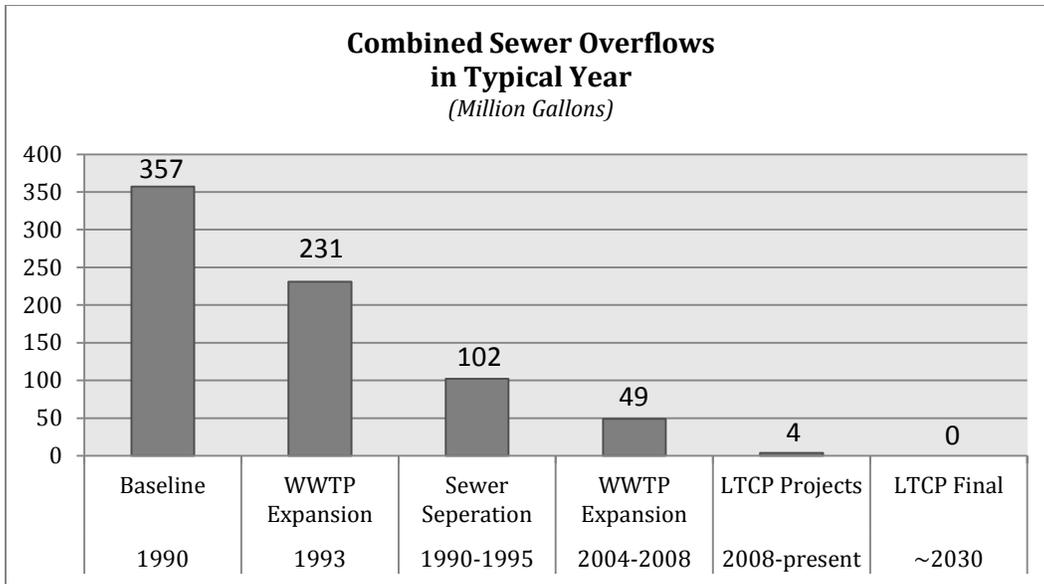
As mentioned last year, after almost 10 years of negotiation the City finalized a Consent Decree with US EPA in May of 2014 requiring the City to construct improvements to our sewer system. As a result, the City continues to implement a Combined Sewer Overflow Long-Term Control Plan (CSO LTCP) to reduce the amount of combined sewage that is discharged to the Saint Joseph River during excessive rain events and snow melts. This has been an ongoing process, even well before the completion of the Consent Decree.

From 1990 through 2005, sewer separation projects in formerly combined sewer areas in the older, central part of Mishawaka have significantly reduced CSO volume. Of the City's 11,400 acres, only 3,000 or so acres remain served by combined sewers. Over 100 million gallons of CSO were eliminated by these early sewer separation projects.

The 1992 Wastewater Plant expansion reduced annual CSO by another 100 million gallons. The 2008 Wastewater Plant expansion and upgrade, along with increasing capacity of sewers discharging to the treatment plant, reduced the annual volume of CSO discharge to well below 50 million gallons per year.

Continued sewer separation, and other Long-Term Control Plan projects from 2005 through today have reduced CSO volume model to less than 5 million gallons per year. Although this has been a monumental reduction, our LTCP requires that Mishawaka have zero combined sewer overflows in years with average rainfall. Our future efforts will be directed at eliminating the remaining combined sewer overflow.

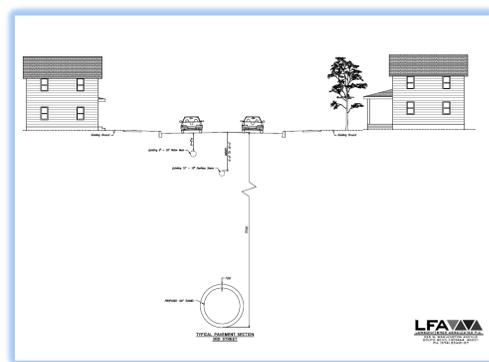
In 2015 Mishawaka marked a quarter century of efforts to reduce combined sewer overflows into the Saint Joseph River. Our achievements are impressive! The actual combined sewer overflow volume discharged to the river in 2015 was just over 2 million gallons. This is very significant considering that our base line combined sewer overflow discharge was over 350 million gallons per year in 1990. Eliminating the remaining CSO discharges, although small relative to where we have come from, represent the most expensive portion of the City's federally mandated Combined Sewer Overflow Long-Term Control Plan (LTCP). Our ongoing challenge is to balance being a steward of both the environment and the ratepayers of the City of Mishawaka.



Combined Storage Tunnel - Largest Public Works Project Ever Undertaken by the City

Following completion of the Consent Decree, late in 2014 the City began planning for the major element of the Long-Term Control Plan, a 7,000 foot long, 10-foot diameter storage and conveyance tunnel to be located under either Third Street or Fourth Street approximately 30 feet deep extending from the wastewater treatment plant (WWTP) to Merrifield Avenue. Following a review of subsurface soils investigations along both proposed alignments, engineers suggested lowering the depth of the tunnel from 30 feet to an average of 70 feet to provide clearance from underground utilities, glacial boulders, and to overall be less invasive at the surface.

In addition to the tunnel being lowered to 70 feet deep, engineers recommended the Third Street alignment instead of Fourth Street and that the tunnel be completed in one phase instead of two. All of these recommendations result in a reduction in construction costs, but the overall project costs continue to grow. Due to the lowering of the tunnel, it is necessary to add a lift station at the WWTP as a control structure to convey flows into the treatment plant. Although an additional expense, this also provides additional control which is a significant benefit to the ongoing operations of the plant.



The left picture is what the “drill bit” and shaft excavation will look like. The picture on the right shows conceptually how the tunnel will be located well below existing utilities and homes.

In the fall of 2015, the City selected two design engineering teams to develop construction documents for the Tunnel and Lift Station/Control Structure Construction; these plans are expected to be completed in spring of 2017. Our plan right now is to bid the projects in June of 2017 with actual tunnel construction anticipated to start in fall of 2017. The project has an estimated two-year construction schedule. Construction of the Control Structure is anticipated to be bid as a separate project and that it will begin mid-2018 with both contracts estimated to be completed late in 2020.

Tunnel designers are also evaluating the next element of the LTCP, which is the micro-tunneling of a large diameter north interceptor sewer within Merrifield Avenue from the Third Street tunnel to Merrifield Park. They are analyzing options to minimize costs and disruption from construction of a 40-foot diameter exit shaft, 70 feet deep, at the intersection of Third Street and Merrifield Avenue. This connection, approximately 30 to 40 feet deep, is being coordinated with the tunnel construction to eliminate the need to excavate into Third Street at a later date. The north interceptor is high on the list of LTCP projects as it will convey major storm flows into the tunnel minimizing the flooding of the south end of Crawford Park. Construction is likely to start for the micro-tunnel prior to the Storage and Conveyance Tunnel completion in 2020.



These three projects together: the Third Street tunnel, the lift station/control structure at the wastewater treatment plant, and the micro-tunnel connection to Merrifield Park have a current estimated construction cost of over 80 million dollars and represent just under half the total construction costs committed as part of the consent decree.

Funding these improvements will be challenging and will require rate increases which we knew were a necessity as part of the consent decree mandated by the federal government. In addition, the plan is to use a significant amount of tax increment finance district dollars to help offset the size and timing of the rate increases.

Water Needs Assessment - Planning For Future Growth

As Mishawaka Utilities Water Division's system grows, we have needed to assess the current infrastructure along with needs for the future. As mentioned last year, in 2014 we began conducting a needs assessment with our consulting engineer DLZ. This assessment was completed in 2015 and represents a comprehensive look at our needs over the next 20 years. This assessment included growth projections, an evaluation of the existing distribution system and treatment facilities and a plan for meeting these needs.

As part of the plan our water model was updated for the first time in ten years. The model helps locate areas of need both for improvement of our system and future development requirements. The updated plan gives a timeline for construction of recommended improvements for our planning period to the year 2035. This plan will define the capital resources needed to fund the recommendations to keep our water system strong as we direct our resources where they are needed.

In accordance with the plan and performing the needs assessment, we have simultaneously done extensive searching, testing, and researching the hydrology to find a location for a new wellfield and treatment plant to serve the City's long-term water needs.

At this time, I am pleased to announce that an acceptable site has been found and that we have started the process to acquire the necessary properties. The site of a new wellfield and treatment plant will be a large portion of the existing Juday Creek Golf Course, and part of the adjoining Penn family farm property. The new site can be designed to support an 11.5 million gallon a day wellfield and treatment plant that will not only support the University Park Pressure District, but it will also give another redundant feed to the rest of our distribution system.

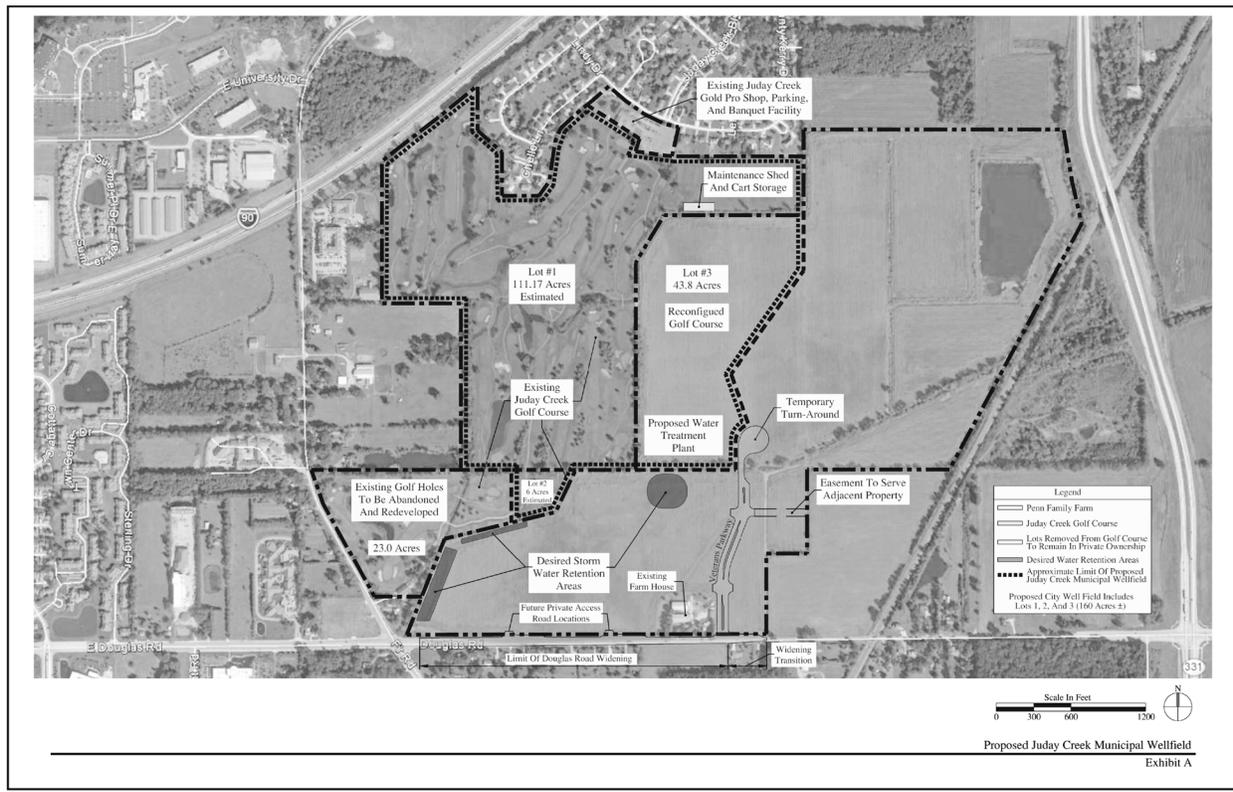
At this point in time, the City has no plans to manage another golf course. The proposed plan would be for the City to purchase then lease back the course to the current owners and they will continue to run the golf course under terms of a long-term lease. In order to best protect the asset, the City will own the bulk of the current course. As you can imagine, between appraisals, testing and working with multiple property owners, the process has been a challenge. To complete the plan as currently envisioned, three holes on the current course will have to be relocated and infrastructure improvements will have to be made along Douglas Road and on the Penn Farm property to provide an access road to the proposed wellfield.

These modifications and improvements are required to insure that the highest value property is reserved for future development, and that the City's investment is appropriately placed into the water resource and infrastructure, rather than buying what is very expensive land in our current real estate market. Land frontage on major roadways like Fir and Douglas Roads with commercial potential can appraise for close to \$200,000 an acre at this time. At this price, acquiring the amount of land needed for a wellfield would be cost prohibitive. As currently envisioned, the City is assembling approximately 160 acres of property for the wellfield and

water treatment facility. The land acquisition costs are estimated to be approximately 3 million dollars. The pending sale of a small portion of the Gumwood wellfield will help pay for acquisition of the new wellfield.

Integral to this expense is also the widening of Douglas Road, providing a north-south collector Road, to be called Veterans Parkway, on the Penn Farm, and installing the associated utilities at a cost of approximately 7 million dollars. The City plans to use tax increment financing funds, any proceeds from the potential sale of the existing Gumwood wellfield, and some Water Division utility funds for these immediate costs which will be incurred over the next four years for this long-term project. The actual construction of the replacement wellfield and water treatment facility as currently planned will not happen until after 2020 when the existing water utility debt for the Division Street wellfield is retired. Our consulting engineer estimates that the total cost of a new municipal wellfield and connecting distribution improvements could be as high as 45 million dollars. Given this significant cost, it is very important that long-term and strategic decisions be made relative to both value and long-term sustainability.

As we work to enter into this development and purchase agreement over the next few months, the City of Mishawaka and Mishawaka Utilities would like to personally thank the Rogers Family and Penn Family for working with the City to make this possible. As with our wellfield at Eberhart Golf Course, this proposed acquisition represents a good productive use of land that will allow for the protection of the aquifer while providing the citizens of Mishawaka another reliable source of high quality drinking water.



Breaking Records

Over the past few years the City has increased the amount of resources provided for evaluating and maintaining sewer and storm lines in the City. In 2015, the Mishawaka Sewer Department smashed the cleaning and televising records of 2014 and now has high aspirations for 2016 to investigate the sewer lines and determine what needs replaced or repaired during the course of the year. In 2015 The Mishawaka Sewer Department, operating with two camera systems and two combination jetter trucks, cleaned 199,150 feet (37.7 miles) of sewer lines and televised a total of 233,195 feet (44.2 miles).

Electric Division Personnel

In 2015, the Electric Division underwent an extensive change in management. With the retirement of Division Manager Tim Erickson, Gordon Allen and Tim Cobb, the entire upper management structure had to be rebuilt. The promotion of Rick Springman to Division Manager, Kevin McGann to Superintendent and Kevin Wasmer to System Reliability Supervisor put in place a seasoned team dedicated to a proactive approach in providing the safest most reliable electric service in Indiana.

2015 also gave us the first apprentice class in over four years. This new class appears to be one of the best and brightest we have ever had. Their enthusiasm and commitment to learning promises a very bright future for the line department.

INFRASTRUCTURE

Church/Union Street Improvements Phase II

This project started construction in 2014, was shut down for winter, and resumed construction in March of 2015. The contractor began the site work associated with the new Watson Central Services Facility, which included a new stormwater retention basin, sanitary sewer, storm sewer and asphalt pavement. Construction along the west side of the underpass included two new modular block walls, refacing the existing retaining wall, sidewalk, and decorative fencing. After construction along the underpass was completed, new landscape plantings, pavement markings, and street lighting were installed throughout the project. A ribbon cutting for the project was held on June 24, and the roadway was opened to unrestricted traffic. Site work at the new Watson Central Services Facility continued after the ribbon cutting, and was not completed until November of 2015. The project was substantially complete in November with an estimated investment of \$5.1 million.

As a follow up to these improvements, in 2016 we plan on implementing wayfinding signs and branding the *Bremen Highway / Union Street / Church Street / Main Street / Gumwood Road* corridor as “Princess City Parkway”. As we continue to expand and develop as a destination and regional center for commerce, the need for branding and wayfinding signs is increasing. Communicating how to get around is increasingly important. The specifications for these wayfinding projects are complete. We will bid the project this winter for installation when the weather breaks in the spring of 2016.

Beacon Parkway (Fir-Capital Connector)

Construction of Beacon Parkway (Fir-Capital Connector) was substantially completed in spring 2015 with final installation of the landscape features in the center islands, as well as the trees and plantings along both sides of the road. The new signal at Fir Road and Beacon Parkway was operational just prior to the ribbon cutting ceremony on April 16, 2015. Final project completion occurred in early June 2015 with a final City investment of almost \$3.6 million.

Mishawaka Avenue, Phase I (Main St. to Division St.) & Phase II (Cedar St. to Willow St.)

This complete project includes Mishawaka Avenue from Main Street to the St. Joseph River Bridge, Pine Street, Ell Street, and Cedar Street from Grove Street to Park Avenue. Phase I of this project began in the fall of 2014 and includes Mishawaka Avenue from Main Street to Cedar Street, Pine Street, and Ell Street. Project highlights include the upgrade of the street pavement and sidewalks, installation of new storm sewer, and rehabilitation of the sanitary sewer system. Many significant aesthetic improvements are included in this corridor; specifically, relocating the overhead electric and communication lines carried by power poles to underground conduit with transformers, the widening of the Central Park entrance off Mishawaka Avenue, converting the ornamental street lighting to LED lights, and replacing concrete with brick pavers adjacent to the curbs in the commercial blocks. Phase I was completed in 2015 with a total investment of approximately \$4.2 million. Phase II of this project was bid in Spring of 2015 and continues the elements of Phase I further east on Mishawaka Avenue from Cedar Street to the St. Joseph River bridge and Cedar Street from Mishawaka Avenue to Grove Street. This phase also included replacement of the traffic signal and equipment at the Cedar Street and Mishawaka Avenue intersection. This work was completed in fall of 2015 with an investment of approximately \$1.4 million. Phase III of this project is programmed for construction in 2016 and will include improvements to Cedar Street from Mishawaka Avenue south to Park Avenue with an estimated investment of \$1.2 million.

Grove-Elizabeth-Mishawaka Avenue Improvements

This project consisted of sewer separation and full road reconstruction on Grove Street from Ann Street to Main Street as well as Elizabeth Street from Grove Street to Mishawaka Avenue. Also included was the milling and repaving of Mishawaka Avenue from Main Street to Liberty Drive. Additionally the project included construction of a new municipal parking lot, sewer lateral replacements, water service replacements, cured-in-place-pipe sewer main rehabilitation, manhole rehabilitation, new signage, street lighting, and overall beautification of the adjacent areas including landscaping and trees. The project began in summer of 2015 and is anticipated to conclude in 2016. The estimated project investment is \$1.6 million.

Fir Road and University Drive Intersection Expansion

University Drive and Fir Road Intersection improvements were completed in the fall of 2015. Additional turn lanes were added the eastbound University Drive approach onto Fir Road. Improvements included new concrete curb and gutter, full depth asphalt pavement, and a resurface course from the Costco store to the east. Traffic signal conduit, handholes, and fiber were installed to the Beacon Parkway signal system. Metronet communication conduit and handholes were installed and connected to the existing Metronet line on Fir Road south of

Cleveland Road. Other construction consisted of storm sewer, new guardrail, traffic signal upgrades, pavement markings, and traffic signs. The total investment was approximately \$1.4 million.

DOWNTOWN MISHAWAKA

Transformational Development

Since imploding the remnants of the Uniroyal complex in the year 2000, the City has been actively seeking developments to rebuild the heart of our historic downtown. We now have three projects that will go a long way toward completing this vision which started more than a decade ago.

River Rock

Although we thought the project was going to start earlier, at the end of 2014, a significant project began named "River Rock" conceived by the Barak Group for the west $\frac{3}{4}$ of the block bordered by Mishawaka Avenue, Main Street, Elizabeth Street, and Grove Street started construction. The project will contain 72 apartments and first floor commercial space fronting on Mishawaka Avenue. Recent reports from the developer indicate that units could be ready for occupancy as soon as June of 2016. Significant construction occurred in 2015, and the shell of the building has already dramatically changed the downtown architectural landscape. More good news from the developer is that they already have some of the most expensive units leased and are looking for other similar development opportunities in the City.



Barak River Rock Construction progress as of November 2015

Barak Iron Rock/River Forge

When the River Rock development agreement was approved through the Redevelopment Commission, the Barak Group was given an option to develop a number of the remaining former Uniroyal properties on the south side of the river. Within the development agreement, a specific amount of time was given for the Barak group to bring forward a proposal for the properties. In June of 2015, the Barak Group brought forward proposals for the properties they had requested

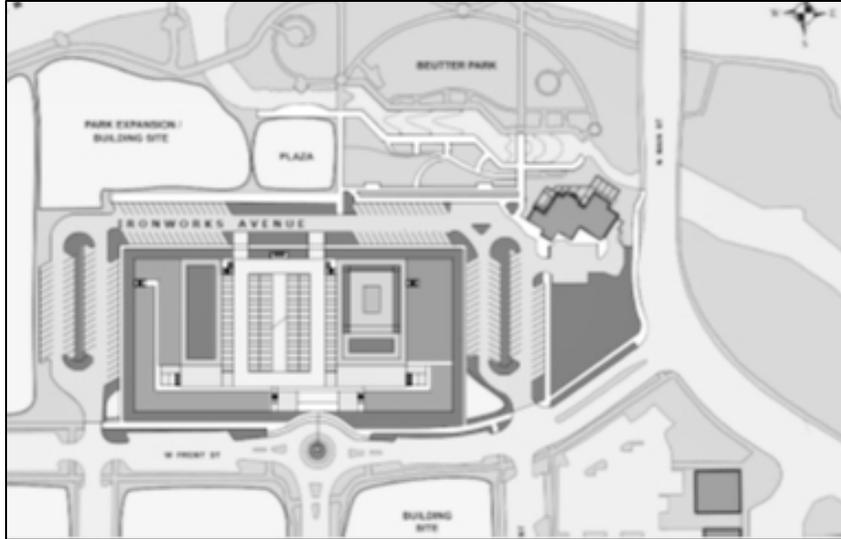
options on. The proposals include two residential condominium towers, a small stand-alone café, a mixed use apartment building with lower level commercial, and a boutique hotel/conference center. The proposed first phase of the development includes one residential condominium tower and the small café immediately adjacent to Beutter Park to the west. The developer hopes to break ground on the project in the summer of 2016.



Barak Iron Rock/River Forge Concept Rendering, from June 2015

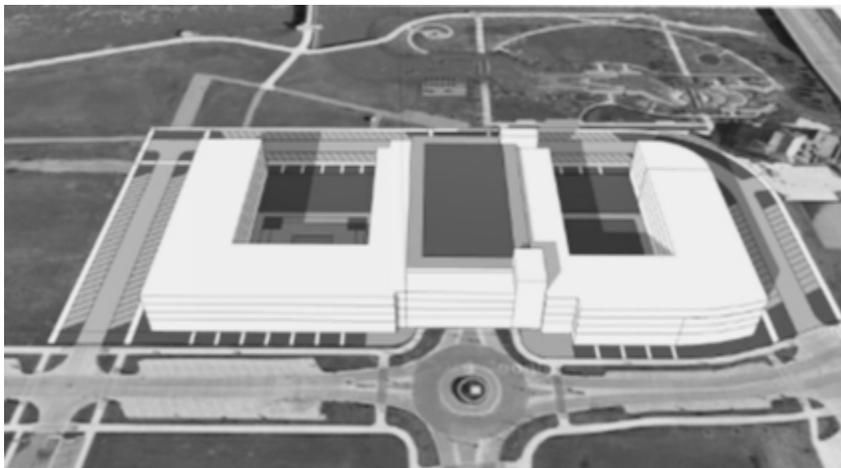
Regional Cities Initiative / Flaherty and Collins

In 2015, the State of Indiana, led by Governor Pence, proposed an initiative to help thwart the ongoing brain drain occurring in the State of Indiana. Specifically, the trend has been that a disproportionate number of Indiana's college graduates end up leaving the state to find work or pursue a career in cities such as Chicago and other large metropolitan areas. They are leaving not just to find work matching their education; they are also leaving seeking a specific quality of life. In the Regional Cities Initiative, the state program formed a competition for regions of the state to develop plans to fund projects that will help combat this trend. Ultimately, the North Central Region, which includes the City of Mishawaka, was selected to receive one of the three \$42 million awards.



*Flaherty and Collins proposed mixed use building concept - site plan.
Project filed as part of the North Central Indiana Regional Cities application*

The City of Mishawaka submitted only one project rather than several; the thought being that we would put forward a project with a high probability of receiving funding rather than multiple projects for the initiative, working with Indianapolis developer Flaherty and Collins. We began working with Flaherty and Collins in January of 2015. As we refined the project, we felt this would be an ideal fit with the Regional Cities initiative. Part of the formula for funding projects in the Regional Cities Initiative required that a minimum of 60% of the funds come from private investment, 20% from local government, to receive up to a 20% match in state funding. Flaherty and Collins proposed building a new, 233-unit high amenity mixed use apartment building on the site of the former Uniroyal Complex south of Beutter Park. The development would include 150 public parking spaces in a garage located in the building.



*Flaherty and Collins proposed mixed use building concept - block rendering.
Project filed as part of the North Central Indiana Regional Cities application*

Since the project is entirely dependent on Regional Cities funding to make it happen, the City is working diligently with Flaherty and Collins to finalize plans and funding options in the spring of 2016 in order to then make an application for Regional Cities funds before the Regional Development Authority. To fund the City-match portion of the project, we are considering creating a separate tax increment finance district that would allow the tax dollars generated from the project to be invested back into the project. The City of Mishawaka has not done this type of financing before, but with the state money included in Regional Cities, this project warrants the consideration, particularly if it helps the City maintain funding for other needed infrastructure projects.

Overall, these three development proposals represent over a half million square feet of new construction in the historic downtown. Over 330 residential units are expected to be built in the next few years, with another few hundred planned as the market permits. When complete, the redevelopment effort may bring over 550 new residential units and over one hundred million dollars in new construction.

QUALITY OF LIFE

R. Mike Watson Central Services Facility

There is no more tangible measurement of a city's impact on the quality of life on its citizens as how the roads are maintained, how snow is plowed, how the parks are maintained, as well as how all vehicles owned and operated by the City are cared for. 2015 was a good year for the future of the City because the work on this facility was completed.

The renovations were originally started in 2012 following the purchase of the former Scott Brass Building on Union Street. The final construction phase was bid out in March of 2015. This final phase included the interior cleaning, painting, and ventilation system along with a new car wash and fueling site. The timetable for completion was aggressive and finally, after many common construction pitfalls, on December 2, 2015 a ribbon cutting ceremony was held to introduce the public to the facility. After 52 years of residing at our former Cedar Street site, the new facility is intended to meet the needs of the City for the foreseeable future.

Protecting Neighborhoods - Code Enforcement

Mishawaka has always been known for its clean and well-kept neighborhoods and neighborhood stability remains a priority. Vacant or blighted structures can become a haven for criminal activity and other undesirable issues that can have a very negative impact on a neighborhood. As a City, the quick and remedial action taken on a daily basis for these types of properties helps prevent the deterioration of neighborhoods.

Code addressed a total of 398 substandard structures in 2015. The continued implementation of our Top 100 program is a reason why you won't see many substandard buildings in Mishawaka. This yearly initiative begins in the winter months of the previous year where code officers drive their areas in search of the houses, garages, or commercial buildings that need the most attention. In the following spring when the weather begins to warm up Code begins contacting the respective property owners to point out the issues to them. In 2015 we were able to bring 73% of

these structures into compliance. The Top 100 program has played a huge roll in the great overall appearance of Mishawaka.

Camp LaSalle at Merrifield Park

In May of 2015, the City opened a new playground in Merrifield Park called Camp LaSalle.

This \$300,000 construction project was completed by HRP Construction of South Bend and managed by the Planning Department. The project included a large fort play structure that was designed to accommodate more than 100 children at a time, swings, poured rubber surfacing, benches, fencing, and plantings. For a whimsical touch, the City contracted with South Bend wood sculptor Victor Riley to carve three ash tree trunks into animals.

The playground was named after Robert de LaSalle, the French explorer who is credited as the first white man to explore the northern Indiana territory.



View of completed Camp LaSalle at Merrifield Park, May 2015

Central Park Renovation

The single largest quality of life project completed in my tenure as Mayor was the renovation of Central Park, which was opened in July of 2015. Ziolkowski Construction was the general contractor and through major effort was able to substantially complete the project by the intended July 4th opening date. The park includes a 28-foot tall rope climbing tower and a variety of standard play equipment including swings, slides, and climbers that overall can accommodate over 100 kids at a time. The centerpiece of the park is a programmable fountain that provides relief from the summer heat.

The project includes five rentable pavilions. Four smaller pavilions are intended to accommodate a typical birthday party or family picnic for up to 30 people. The larger shelter can accommodate 70, and includes a decorative fireplace. The park includes a new restroom building and an open event lawn surrounded by a multipurpose walk.



Central Park playground



Central Park bridge lights

What impressed me the most about this improvement is how successful it has been. Being the proud Mayor that I am, I have counted license plates from 25 different states during my many visits to the Park. Although undoubtedly this number was helped by the visits to Notre Dame, it also underscores how our citizens and the public in general are looking for quality things to do with their families. We estimate that the park has had over 100,000 visits since reopening. The usage has been so high that it has been a challenge to keep up with simple needs such as keeping toilet paper in the bathroom and emptying trash following the many birthday parties that occur there over the course of a day. Our Central Services and Park Department staffs have really stepped up their efforts to keep pace, and we are looking forward to a great first full year in 2016.

First Annual Mishawaka Heritage Festival

Today our city is more ethnically diverse than ever and is still welcoming immigrant populations that have brought their unique heritage to the Princess City. Over Labor Day in 2015, the City, in partnership with a committee of citizens held the first annual Mishawaka Heritage Festival at the newly renovated Central Park. This new festival, made *by* the people of Mishawaka *for* the people of Mishawaka, celebrated the ethnic, religious, and industrial heritage of the Mishawaka community. It included music, dance, food, drink and history focusing on where our city has been and the core of what makes our city unique today.

Dot Wiekamp, local centenarian and philanthropist, was the Honorary Chair for the Mishawaka Heritage Festival. The festival was put together by the volunteer-based Mishawaka Heritage Festival Committee in conjunction with the Mishawaka Department of Parks and Recreation. As with any event, the hope is that the first annual event is successful enough to bring about a second. I'm happy to report that the Heritage Festival Committee is planning the second annual Mishawaka Heritage Festival for Sunday, September 4, 2016.

Building and Development Activity

In 2015, the construction industry continued to gain momentum over the previous few years. In 2015, there were 47 new housing starts, a modest increase of 4 homes over 2014. Although this is a modest increase in number, it is still roughly a 10% increase over the previous year. This is still significantly lower than the number of starts that occurred prior to 2007. The current limited

population growth combined with a greater demand for apartments continue to be the largest influences on new single family residential construction.

New commercial building activity remained strong. In 2015, commercial permits were issued with an estimated construction cost of \$57.0 million. This is \$0.9 million more than the \$56.1 million reported in 2014. By the numbers, 12 new commercial building permits were pulled for new freestanding buildings in 2015 compared to 9 in 2014. The single largest permit was for the Beacon Health System's Health and Wellness facility being constructed on the southwest corner of Capital Avenue and Beacon Parkway with a \$13.4 million estimated construction cost.

The City of Mishawaka continued to grow and in 2015 the City issued permits with a total estimated construction cost of \$85.2 million. By comparison, in 2014 the City issued permits with an estimated construction value of \$67.8 million. This represents a 20% increase in estimated value from 2014 to 2015. Between 2013 and 2014 the City experienced a \$14.4 million increase in estimated construction value which represented a 27% increase. Since 2013, the City has had back-to-back growth in estimated new construction values of greater than 20%. The City continues to show significant improvement over the years that followed the great recession. The market appears to be stable and growing again.

Although the City continues to reap the benefits of long-term strategic decision making such as the relocation of the hospital; the long-term forecast in construction is difficult to project given the continued soft single family housing market and the limited population growth in the region. Fortunately for the City, a few significant projects have already been announced for 2016 construction starts.

New VA Clinic - Trinity Place Realignment

The first and most significant development is the new 38-million dollar Veterans Clinic to be constructed off of Trinity place, just east of the St. Joseph Regional Medical Center. In the summer of 2015, the US Department of Veterans Affairs chose a 14-acre site on Trinity Place for the location of a new 60,000 square foot VA Clinic. After many years of investigating sites in the region, the independent board appointed by the US Department of Veteran Affairs made a decision that this location would be the best place to serve the veterans of the greater Michiana region. As part of the project, the City is relocating a portion of Trinity Place to allow for the extensive building footprint.

The site was appealing due to its proximity to the St. Joseph Regional Medical Center and the many amenities the City of Mishawaka has to offer guests. In order to provide sufficient space for an optimal site layout, the Ambrose Development Group and City of Mishawaka agreed to relocate a 1,400 foot section of Trinity Place to the south. Doing this will not only accommodate the new VA Clinic, but will also provide developable land for future projects. The relocation was completed in several phases in order to expedite the process due to winter limitations and work within the VA schedule.

Grandview Mixed Use Planned Unit Development

Another significant development that moved forward in 2015 that has promise for additional activity in 2016 is the Grandview Planned Unit Development. The project was conceived and is being built by local developer, Great Lakes Capital. The first phase of apartments began in 2015

on the north end of the site which is located at the northwest corner of Gumwood Road and State Road 23. The overall plans could include a combination of denser apartments and senior living, combined with a lifestyle commercial center. The developer has also contacted the City regarding a potential purchase of a portion of the City's Gumwood wellfield. The City began the legal process of potentially selling 5.75 acres of the wellfield in early 2016. We expect that there will be a public auction of the property in the spring that would provide the developer an opportunity to bid on the public property.

Bayer Healthcare

In 2015 the City approved plans for and made financial commitments including 10-year tax abatement for Bayer Healthcare to headquarter their North American Distribution Logistics Center in Mishawaka. The proposed site is located off of the recently completed Beacon Parkway. Construction is anticipated to occur in 2016. The project retained hundreds of white-collar jobs while allowing room for expansion of the operations over time.

Beacon Health and Wellness

In 2015, Beacon Health Systems began construction on a new 67,000 square foot health and fitness facility on Beacon Parkway just southwest of the entrance to the Indiana Toll Road off of Capital Avenue/SR 331. The facility will house typical fitness classes, activities and programs. It will also be cutting edge for the area offering onsite physical therapy, sports medicine and an agility training area with a field turf surface and indoor running track.

Mishawaka Manufacturing

Another important characteristic that makes me optimistic moving through 2016 and beyond is how our local manufacturers continue to grow and evolve. AM General continues to thrive making new Mercedes Benz to ship to China as well as receiving sizable military contracts in the last few years. Medium-sized manufacturers continue to thrive. Locally, Janco Products moved from their Logan Street facility to the former Power Gear site by the 5th Street Recycling Facility. Lastly, early in 2016 the City approved a tax abatement for Patrick Industries to assist in their proposed occupation of the former Affinia manufacturing sites on 12th Street. The new woodworking and counter-making facility will be new for Patrick Industries and will bring approximately 85 new jobs to the City that will pay an above average \$16 per hour.

CONCLUSION

Summary

Although my summary highlights a handful of items and ongoing efforts, I would encourage all interested to read the full reports provided by each City Department for a much more complete perspective. Yearly, I am pleasantly surprised by what our Departments are able to accomplish and think you will be as well.

2016 is a special year - Indiana Bicentennial

In December 2011, former Governor Mitch Daniels appointed a fifteen-member commission, chaired by Lt. Governor Becky Skillman and former Congressman Lee Hamilton, to oversee the planning and execution of a statewide celebration for Indiana's 200th birthday which will occur in 2016.

In Mishawaka, I would encourage you to view the state's website for signature projects and activities that are planned. Although no huge projects are proposed in Mishawaka, you only turn 200 once, and there will be pomp and circumstance aplenty. If we can afford it and gather enough contributions, we may even purchase an official fiberglass "Bison" to paint and display at signature City events such as the Memorial Day parade. The Bicentennial torch will also be traveling through Mishawaka, keep an eye out for these special once in a lifetime activities.

Thank you

Once again, I want to thank all of Mishawaka for providing me the opportunity to serve. I continue to be humbled by the trust that has been placed in me. My service as Mayor continues to be the honor of my lifetime. I love Mishawaka and look at its citizens as part of an extended family. It is also my privilege to work shoulder-to-shoulder with the finest public servants anywhere. Together, we will continue to work to make decisions today with an eye toward future generations. I believe greatness lies ahead of us! May the Princess always look over your shoulder and may God continue to bless you, our citizens and our great City of Mishawaka.