

2012 State of the City – Mayor James Brainard
October 10, 2012 at noon
Ritz Charles, Carmel, IN

INTRO:

I want to thank the Carmel Chamber of Commerce for hosting this event again this year. I appreciate the work the Chamber does to help grow and better connect our business community.

I am honored to serve as your mayor and I am very pleased to be able to report that the State of the City of Carmel is first rate...and...we are not the only ones who feel that way ...

This year, we were honored with the prestigious designation of being named the #1 Place to Live in America by *Money* magazine for cities with populations between 50,000 and 300,000. I can't think of a better anniversary present for Carmel's 175th year!

Before I go into detail about our #1 ranking, I would like to mention some other awards Carmel and its partners have received since my last State of the City address and recognize and thank the employees of the City of Carmel for achieving excellence in their respective fields:

- Carmel received the Green Community Award from the Indiana Association of Cities and Towns
- Carmel received "Best Adoption Friendly Workplace" award from the Dave Thomas Foundation for Adoption.
- The Arbor Day Foundation named Carmel a Tree City USA
- Carmel Police Department won the 2012 Model Agency Award from the National Association of School Resource Officers.
- Our cable channel programs won several national awards for quality and our producers won the award for Overall Excellence in Government Access.
- Keystone Parkway continues to win national recognition; this year being named one of the Top 10 Roads in the Nation by Roads & Bridges Magazine and Project of the Year by the American Public Works Association. The City also accepted the Transportation Achievement Award from the Institute of Transportation Engineers in Atlanta, Georgia.

These awards reflect the level of expertise as well as hard work of our city's department heads and the high regard for their innovation and dedication to excellence.

Money Magazine ranking:

Now let me tell you about how our #1 ranking was calculated by *Money* magazine. It ranked the 740 cities with populations between 50,000 and 300,000 and analyzed them using 50 data points including housing prices, median income and jobs. Writers were then sent to finalists' cities to interview the mayor, eat in local restaurants, visit with residents and learn about the character of the community. They weighed ease of living, commute times and how much people say they like living in their city.

The senior editor from *Money* magazine said that Carmel had everything they were looking for... a vibrant economy, great schools, safe streets, affordability and that the people in Carmel were happy and enjoyed living in their community.

When asked if the completion of the Center for the Performing Arts played a role in raising Carmel from its #14 ranking in 2010 to its #1 spot this year, she said "Yes." She pointed out that Carmel was able to weather the recession very well when many other cities were faltering. She said the amount of arts and leisure activities in the community factored into their decision. She also noted that families told *Money* that they kept coming to Carmel to take part in what was going on so, they decided to move here.

Needless to say, we are very pleased with the ranking and you should be too. This honor comes as the result of the whole community caring about what happens here every day, and being passionately involved in making Carmel one of the best places anywhere to conduct business, raise one's family and enjoy life, including the residents who volunteer to maintain their neighborhood entrances, those who work with youth through the Carmel Dad's Club or volunteer to play with the Carmel Symphony, work at the library or their church or synagogue.

It is also the **combination** of amenities we have built in Carmel that had a large impact on *Money* magazine's ranking. Imagine if we had The Center for the Performing Arts without the Arts & Design District or without the Indiana Design Center... or imagine great schools for our children without the Monon Trail, Central Park or our other recreational options. While any one of these things is great on their own, having them all in the same community is part of what makes Carmel exceptional.

So, let me officially thank you and the rest of the community, for the part you played in making Carmel #1 in the entire United States Give yourselves a hand

Earlier, I mentioned that *Money's* senior editor said Carmel had a vibrant economy, great schools, safe streets, affordability and what she called the "happiness factor." Let's take a closer look at those elements:

- **First, let's talk about our vibrant economy**
 - Richard Florida wrote a book called *The Rise of The Creative Class* in which he suggests that for cities to be successful in the future, they need to attract young people who create things – scientists, doctors, business entrepreneurs and architects - by providing more lifestyle advantages such as vibrant arts, culture and entertainment, recreational options and a more pedestrian friendly city where they can gather. Carmel is attracting that creative class.
 - Our new master-planned downtown, The City Center, is a perfect example of drawing technology firms such as Software Engineering Professionals, Data Processing Services, Keller Interactive and Polleo Systems all locating there to offer a dynamic work environment for their young creative workforce.
 - Being able to attract the best employees has allowed us to attract the best companies with the best jobs. This benefits our residents and businesses by providing a substantial and stable tax base, which allows Carmel to keep our

property taxes among the lowest in the State and provides challenging careers for our residents.

- Having a wide variety of residential options helps us attract a work force from around the globe. That is why our redevelopment projects include housing types not normally built in suburban communities such as townhomes, condominiums and downtown apartments in the Arts & Design District and City Center.
- **Next, let's discuss our great schools –**
 - While city government can't take direct credit for the wonderful things happening at our Carmel schools, I appreciate the fact that our school board and the school administration understand the important role they play in our economic development efforts.
 - Our excellent public school system attracts many families to Carmel. Our schools excel academically, athletically **and** in the arts.
 - The high school campus is enhanced by having an award winning public library right across the street with an adjacent facility offering undergrad and graduate courses.
 - We are also home to many private schools offering wonderful options for education.
- **The third topic mentioned by *Money* magazine's editor was our Safe Streets –**
 - Our hard working Police, Fire, Engineering and Street Departments ensure we have the luxury of living in a city where we are safe.
 - Our low crime rate is half that of the average city on *Money's* Top One Hundred Cities list
 - Our Police Department is one of the very few accredited police departments in Indiana.
 - The fire department is also currently engaged in the accreditation process
 - Our Engineering department continues to receive national acclaim for its innovations.
 - The Street Department keeps the roads well maintained and clear of snow and ice.
 - And, of course, I have to mention our 75 roundabouts and how they reduce injury accidents by about 80 percent when contrasted to stop light intersections with the same traffic volumes.
- **Another characteristic *Money* magazine noted was that we were affordable and that people with normal incomes could live here.**
 - It is important that we continue to have economic diversity in the community and one way to accomplish that is to continue providing one of the best values in the country. When one considers the overall cost of living, our amenities, taxes and water and sewer charges among the lowest in the state, there is no better value.
 - This summer also provided an example of the exceptional value Carmel offers. Neighboring water utilities banned water usage, not because of a shortage of water, but because of an inability to pump and treat enough of central Indiana's plentiful underground water, Carmel continued to have clean, fresh, softened water in abundant supply because we built a system of wells and treatment plants to meet the demand of our rapidly growing population. Our new water treatment facility came on line this summer in the

midst of the drought. The facility is LEED registered and was partially built by city employees, saving the ratepayers about a quarter of a million dollars. It is also the first water plant in Indiana to use geothermal heating and cooling from treated water.

- **Now, we are on to the topic of Happiness** – while you might think it is strange for *Money* magazine to emphasize “The Happiness Factor,” don’t underestimate it’s fundamental importance
 - Our founding fathers found it important enough to include in the Declaration of Independence. They were seeking a better life, one that would allow all people to enjoy certain “unalienable rights” endowed by their Creator and among those were “...Life, Liberty and the pursuit of Happiness...” They felt that the freedom to enjoy life was essential.
 - Some people find happiness through spending time with family and friends, a fulfilling career, attending or participating in the arts, attending city festivals and events, recreational pursuits or outdoor leisure activities. We are trying to build for our citizens a city that reduces the stress of traffic jams, crime and a hectic lifestyle; a city that fulfills the promise laid out by the drafters of the Declaration of Independence.

Explaining benefits of TIF and redevelopment

Much of our economic success is the result of our redevelopment projects.

I would like to take a moment to clarify some points about the detailed planning involved in our redevelopment efforts and better explain the role tax increment financing plays in it.

The primary tool **provided by state law** to encourage redevelopment is tax incremental financing, referred to as TIF. It is also important to note that Carmel is one of many cities in Indiana using TIF for redevelopment.

This is how TIF works: An economic redevelopment area is designated with specific boundaries and a base tax year is established. Then, for a period of up to 25 years, all increases in commercial tax income above the base year’s amount, goes into a fund that is to be used for redevelopment. This money is used generally for parking structures and garages, streetscapes, environmental remediation and purchasing land.

Carmel is aggressively using the tools provided by state law to redevelop our older areas where we already have multimillion dollar roads, police and fire protection and expensive underground utilities in place. The funds to build The Center for the Performing Arts, the Center Green and the parking garages, came from TIF revenue.

I believe and continue to advocate that our redevelopment efforts are the best long-term strategy for keeping our taxes low. **Redeveloping** is not nearly as expensive compared to the long term costs of green field development, where the true costs are not always readily identified. For instance, replacing a county road with a city street can cost as much as \$7 million per mile. Many cities with too much sprawl can’t maintain their infrastructure, which limits their ability to provide the funds needed for good schools and other important amenities.

Our TIF bonds are carefully timed to be paid in full when the TIF districts expire. The taxes

that were going toward TIF bond payments will then come directly back to the community in the form of city, county, township, library and school tax income. Based on today's results, that additional income would lower our already low tax rate by over 17 percent, while future generations inherit beautiful amenities, architecturally significant structures, increased property values, commerce, culture and sustainable development in the central core of the city. That is why TIF is not a burden, but a gift to future generations.

The facts about Risk

There are some in the community that would try to have you believe that we have put too much at risk. They paint a doomsday scenario, saying that we have jeopardized the future financial integrity of the city by borrowing and investing so much in redevelopment projects. Here are some facts:

- The private sector investment in City Center and the Arts & Design District to date is approximately \$263 million
- I am working with the City Council to refinance the redevelopment commissions' obligations. By placing a general property tax back up behind our TIF revenues, we will be able to take full advantage of our current low interest rates. The bottom line is that in 2013, our revenues will be \$18.1 million and the payments will be \$17 million. Additionally, to be conservative, our proposal also calls establishing a reserve fund of more than \$10 million.

While the recent deep recession has required careful and constant fiscal management, Carmel will emerge unscathed and well poised for the future. It appears that the City will have about \$20 million in the bank as of the end of this calendar year.

Private Investment- a measure of success

Since the start of the recession, in 2008, Carmel has seen \$1 billion of private sector investment. During the past 16 years, more than \$5 billion dollars have been invested by the private sector in the Carmel community in construction costs alone.

We have established many public private partnerships that have helped us achieve great things together that neither entity could have achieved alone. That shows a true measure of trust and commitment.

One of the reasons we have seen this huge private sector investment is because we are way ahead of other cities in getting our roads, bridges and other infrastructures, critical to business development, in place. You will undoubtedly hear that as a result of these investments, Carmel has too much debt. However, it is important to recognize that the key ratio of debt payments to income is reasonable, which is why Standard & Poor's raised our property tax bond rating during the height of the recession to AA+

Other measure of Proven Success

Another key measure of success is determined by who are we attracting to Carmel?

- Sales in local restaurants increase 30 percent on nights when there is a show at The Center for the Performing Arts.
- Gallery Walks in the Arts & Design District increase crowds by 28 percent compared to regular Saturday nights there. Other special events hosted in the District have attracted up to 10,000 people
- The BMW Championship sold over 100,000 tickets.

- Center for the Performing Arts has sold 250,000 tickets and added almost \$7.5 million to the local economy through the additional spending of patrons.

Competing on a Global Market

Carmel is working hard to get our name out globally to increase economic development in our community. We have been featured in the *London Financial Times*, on the BBC, on German radio that is syndicated on over 150 stations, *The Economist* magazine, Belgium TV, Anderson Cooper's 360, Fox and Friends and John King's State of the Union and I have delivered lectures as far away as Qatar on the Saudi peninsula.

We **can** compete in a global market. You have heard me say many times that we don't have seashores or mountain ranges, but we can focus on the built environment like other great cities that don't have outstanding geography have done. There is no reason we can't build the kind of city that people want to see with architecturally significant structures that will last for centuries.

Embrace Change as a Chance to Start Anew

It is important to stay focused on the overall goal of our projects and the long term benefits to the community as a whole. One must adopt a certain attitude to be able to embrace change for all that it can offer.

It is helpful to remember the doubts some had about our earlier projects that have proven successful...

Monon Trail - Roundabouts in General - Our Keystone Parkway design- Building Palladium and Center for the Performing Arts - City Center - building a downtown for Carmel - Monon Community Center and projects from a decade ago, such as Hazel Dell Parkway

Now that the projects are complete, it is easy to see the benefits. I understand the hesitancy some have to attempt new things, but we must continue to challenge ourselves to achieve greatness.

Relevant and Accurate Info

We must also challenge ourselves to give careful analysis to so much of what we hear, read and view. We live in a time when our technology allows anyone to share their message to a wide audience with almost manic frequency. It does not mean that the message is accurate or relevant. It is a challenge to determine how best to filter those messages so that we can better assess the true value and meaning of the information we see pass by us each minute of the day.

No Time to Rest on Our Laurels

Even though we have achieved the #1 designation from *Money* magazine, and we understand that this is a tremendous honor, it is not a time to sit back and rest on our laurels, but rather a time to take advantage of this rare opportunity to capitalize on this great story and use it to our advantage in our economic development efforts to attract top level employees and businesses.

New Initiatives

I want to share with you now some of the ways we plan to move forward:

- We have new buildings going into City Center- this includes:
 - Anderson Birkla's corporate offices called "The Mezz on Third" to be located along third Avenue SW on the southwest side of the theater building at City Center;
 - Anderson Birkla is also building apartments on the east end of the parking garage at the Center for the Performing Arts and that structure will be called "The Mezz on the Monon;"
 - Pedcor is starting the first building in Phase Two of City Center and it will be located along Range Line Road and called "The Nash;"
 - Pedcor is also in the final planning stages of the City Center Hotel.

While these structures will take some time to complete, a more immediate improvement to the area will be stairs leading up to the plaza level of City Center, which will allow easier access back and forth between City Center shops and restaurants and The Center for the Performing Arts, Center Green and offices in City Center west of the Monon Trail.

- In addition to moving forward on City Center projects, we plan to continue fine tuning our plans for Midtown- that area between the Arts & Design District and City Center Just as city officials in the 1970s and 1980s put together a plan for the U.S 31 office corridor **and** just as we put together a plan in the late 1990s for the Arts & Design District and City Center, it is important to always be planning for the future.
- We are currently working on a better design for the Merchants Square area to open up new roads and add more mixed uses to the development.
- It is important that we consistently look for unique events that will bring people from all over the United States to Carmel, which will help support the local hotel industry and help get our name out there. One example of this is ACTFEST, the national association of community theaters that is bringing their national conference to Carmel next year, with the possibility of permanently holding the annual national conference at The Center for the Performing Arts. That would mean hundreds of people coming to our city annually, spending money staying our hotels, eating in our restaurants and shopping in our stores.
- I will share with you one more of our upcoming projects before I close and that deals with 96th & Keystone Parkway. While this project has been put on hold until the U.S. 31 corridor is completed, I have some very exciting news to share that will make the wait more tolerable. We have a signed agreement between the City of Carmel and the State of Indiana for \$11.7 million from the state. The agreement includes a \$5 million cash payment to Carmel and another \$6.7 million committed for upgrades and improvements to INDOT's current plan for U.S.31 through Carmel. As a result of a very good partnership with the Indiana Department of Transportation, our Governor and over a year of negotiations, the State has agreed to revise their plans for U.S. 31 and:
 - add a roundabout interchange instead of a diamond interchange with stop lights at 116th and U.S. 31
 - Just east of that, add a roundabout intersection at 116th and Pennsylvania Street

- The State and Federal Highway Department have agreed to modify their original plans and build a roundabout interchange at U.S. 31 and 106th Street.
- In addition to those three additional roundabouts, INDOT will revise their plan to include \$6.7 million in upgrades and enhancements including ornamental lighting at interchanges, pedestrian lighting under bridges, on bridges and along retaining walls adjacent to walkways, lengthening and widening of certain bridges, upgraded and additional railing and a walkway joining the Monon Trail and Clay Terrace Boulevard.

I am pleased that we were able to reach an agreement that brought many elements to the road plan that will be in the best interests of the taxpayers long term.

CONCLUSION

I appreciate being given the opportunity to talk with you today and share the City's accomplishments and plans for the future. We are able to do **so** many wonderful things in our community because we have dedicated employees, active community partners and elected and appointed officials who are all focused on **keeping** Carmel one of the best cities anywhere.

The City of Carmel remains a strong, viable city. While some of the issues we deal with, may at times, seem complicated and difficult, we have demonstrated that it is **not** beyond our power and abilities to accomplish our goals. It is important to keep these challenges in perspective... to pause and reflect on the fact that while every city and business in our nation is dealing with the difficulties caused by the recession, our City continues to thrive. And, I need you **all** to stay engaged to ensure that Carmel **remains** the kind of city we want to leave to our future generations.