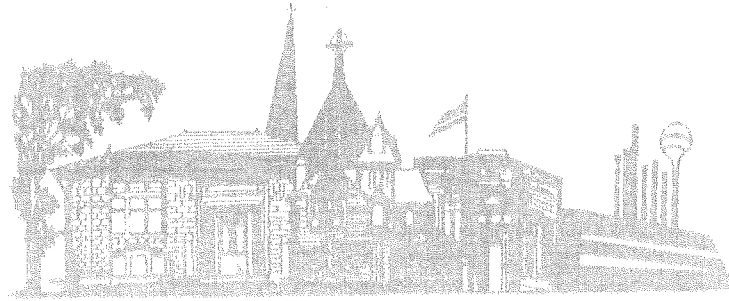


FRED BRERETON, MAYOR
401 WHITNEY BLVD. SUITE 100
BELVIDERE, ILLINOIS
61008-3710



PHONE: 815/544-2612
FAX: 815/544-3060

BELVIDERE, ILLINOIS

Established 1881

STATE OF THE CITY ADDRESS 2010

**Mayor Frederic C. Brereton
Monday, February 15, 2010**

Madame Clerk, City Attorney, Members of the Belvidere City Council, Department Heads, those in the audience – here tonight, or listening on the internet, or watching on cable television - this will be my thirteenth State of the City Address. This is by far, the most difficult State of the City Address to prepare and present, primarily because of the financial condition of our nation, state, and community.

Belvidere's unemployment was most recently reported to be 19.8%. Current year General Fund tax revenue is expected to drop by more than \$470,000 (nearly 4%) when compared to last years actual income, and more than \$700,000 less than budgeted for the current fiscal year.

In the current budget year ending April 30th, Income Tax Revenues are down nearly \$250,000, and Sales Tax Revenues are down more than \$500,000. These conditions are not unique to Belvidere, as they are being reported by municipalities throughout the State of Illinois and the nation.

We find ourselves in an environment where we are “treading water” to keep municipal services in tact. The good news is, the Corporate Authorities cannot and are not facing this dilemma alone. The understanding and cooperative attitude adopted and expressed by non-bargaining unit employees, members of the International Association of Firefighters, the International Union of Operating Engineers, and the Firefighter Supervisors to negotiate wage freezes, and the ability of the Fraternal Order of Police to provide contract concessions, all go a long way in

giving us the ability to present a balanced 2011 fiscal year budget for the City Council's consideration.

While we are grateful for that spirit of cooperation, at the same time, the city workforce understands what is going on, and they too are appreciative of the City Council's intent to manage employment with wage freezes and a continued hiring freeze. Getting "people back to work" is more effectively handled by state and federal government. Keeping people at work has been, and will continue to be, a goal for this unit of local government. Yet, we find ourselves trying to run a 2011 government on 2006 revenues.

The continuing challenges we face, and the decisions we will be required to make will not be easy. Presidents and governors can talk about tax credits and other initiatives to bring down a deficit, while at the local level; we have the responsibility of adopting a balanced budget.

The City's General Fund Reserve balance continues to be strained. The City's Reserve Fund balance will be lower at the end of this fiscal year than it was at the end of 2004.

While we continue to wrestle with public finances, our constituents continue to look for ways to meet their business and personal obligations too. Our ability to

maximize the use of tax dollars today is of greater significance to more people today than it has been in previous budgets.

We have friends whose adult life dream has been to employ their children, and one day pass the family business to their next generation. Instead, they find themselves having to close the doors of their business, and risk losing their home too because of the downturn in the economy. We have record home foreclosures occurring, and with nearly 20% unemployment, we all know friends and neighbors who have lost a job.

So, when the City Council comes together this Saturday for a Council Retreat, we can sit around and blame the economy, try to identify other units of government to bail us out, take political pot shots at one another, or we can roll up our sleeves and identify specific action steps, that may not eliminate the burdens we all face, but action steps that will move us in the right direction to ease the burdens we all face.

A lesson learned, or maybe reminded of, while I was visiting Auburn Hills, Michigan to hear Chrysler's five year plan for recovery, was that we are not the first generation to face these problems. Chrysler's history has survived two world wars and a depression, and is preparing to rebound into a thriving automobile company. Belvidere has survived two world wars and a depression, and is prepared to rebound into a thriving community.

Even during tough economic times, local government has the responsibility to provide for the fundamental services for which it was created. Fire & Rescue, Police Powers, Public Works, Economic Development & the fiscal responsibility to make it all work.

We won't be able to do it alone, and it won't come without a lot of hard work and sacrifice. Once we have adopted a balanced budget, we need to live within that budget to the best of our ability. It won't be easy, but it will be worthwhile.

Our continued support for corporate citizens General Mills/Green Giant, Dean Foods, Chrysler, prayers for NDK's recovery activities, and support for all employers, big & small, will enhance our community's and region's ability to reverse the unemployment trend of recent months and support the president's call for the #1 priority to be job creation.

Brownfield redevelopment, specifically through proper promotion and assembly of a redevelopment team will advance the riverfront property on South Main Street and Meadow Street. Waterfront properties with good access to rail and highways are said to be the first to be redeveloped when the market rebounds. The City's recent acquisition of the former Leath Company warehouse, along with Tax Increment Financing, support for historic designation, and a "developer-friendly" approach will enhance the City's downtown redevelopment efforts.

Not to be overlooked in the Brownfield redevelopment description is “good access to rail”. Governor Quinn has re-opened the door for Belvidere and Boone County to present the facts. Facts which will indicate the best route for Amtrak service from Chicago to Rockford and Dubuque will be the Union Pacific route through Belvidere. This is the only route which will advance the region’s ability to one day have commuter rail service as well.

These economic development strategies cannot be looked at as independent projects. The investment in Amtrak service, commuter rail service, and freight rail service all compliment each other, and are outlined in great detail in our region’s transportation grant application to the US Department of Transportation. Once the concept of co-locating multiple services is understood, it’s a pretty simple decision. This is the greatest economic development opportunity Belvidere can pursue at this time.

Continuing our partnership with Boone County Government, Flora Township, and the Illinois Tollway Authority, for the successful construction of a full interchange at Irene Road would open the path to additional job creation and economic recovery. The current economic impact analysis being conducted should also help advance this goal.

We have more than enough to do at the local level to improve the City’s economic ills, but we do not live in a vacuum. Our unemployment is driven by loss of job

opportunities in Winnebago and McHenry Counties, as much, if not more than it is with the loss of job opportunities in Boone County. Equally as important to the region's loss of job opportunities is the resulting loss of buying power, which helps us explain the loss in sales tax revenue to help fund local government.

This is one of the driving forces behind the regional effort to create an Economic Development District. Following the visit to Belvidere last August, by a team of officials from the U.S. Department of Commerce, Economic Development Administration, our region finalized its Comprehensive Economic Development Strategy. It is that strategy and the opportunity for becoming part of an economic development district, which will make us eligible for financial assistance to improve employment opportunities in Belvidere.

Another area where regional support is required is in the on-going effort to demand pension reform in Springfield. This is not a new issue. Belvidere joined the Municipal League's coalition for pension reform in 2007. Our efforts to "urge" the General Assembly to stop making costly benefit improvements, must now be an effort to "demand" reforms that protect police and fire pensions, while making pension funding affordable for employing units of local government.

Fire and Police pension pressures continue to grow at an exorbitant rate, in spite of, and because of, the downturn in the economy. Responsible employers recognize the value of sound retirement planning and the need to help fund that plan. But

municipal employers, at least in the State of Illinois, are required to continue to fund a very generous defined benefit plan.

The current defined benefit plan established by the State of Illinois enables a firefighter or police officer to collect 50% of their ending year salary after 20 years of service, or 75% of the ending salary after 30 years.

Fully funding these benefits have become virtually impossible, while even adequately funding them is placing increased pressure upon the City's General Fund. And while the city taxpayers bear all the risk, the city's representation on both the fire and police pension boards is a minority status. Municipalities will only be able to correct the long-term liabilities caused by these soaring retirement cost, with a change in state law.

Most of the City's funding from Springfield is calculated on a per capita basis, meaning a greater population will result in greater revenue. On average, Belvidere receives \$133 per person per year. During the 2000 census nearly 37% of households did not respond, thereby jeopardizing state funding for which we are due.

An accurate population count also impacts representation in Congressional districts, and demographic information used when businesses are looking to expand or relocate.

Because of its importance, we are pleased with the efforts of the Belvidere – Boone County Planning Department, and its oversight of the Census 2010 Complete Count Committee. Their efforts should help us improve upon the 37% non response percentage we experienced 10 years ago.

Simple things can also help improve financial conditions in Belvidere. A concentrated effort to keep our citizens informed on the impact of local spending should be initiated by the Chamber of Commerce, Growth Dimensions, or both. Local dollars multiply in the local economy. For every \$100 spent at a locally owned business, \$45 stays in the local economy. Simple things, like filling your car up with gas before you leave town, or upon your return, can result in increased revenue to help fund Belvidere's fire, police, and public works departments.

While we acknowledge and accept the responsibility for local government to address its own challenges, we still need to improve our ability to have our voice heard in Springfield and Washington. You, as aldermen, have been given a unique sphere of influence. As aldermen, you are provided a platform where you can have a beneficial effect on others. You are challenged to use it to a greater extent than ever before.

Don't view your alderman pay as a salary, but rather use it as an expense account. Join me in trips to Springfield or Chicago. Use your pay to join a leadership

program through the University of Illinois, Northern Illinois University, or be an active participant at the Illinois Municipal League conference next fall. A team approach, utilizing the advantage of "strength in numbers", will make a difference and strengthen our voice.

Our continued pledge to work in an open and unobstructed manner, with committee and city council meetings being aired on cable TV, has been enhanced with our ability to broadcast live, or replayed over the internet on demand. This has been made possible by working with Bill Villont and the newly established BNNS internet radio.

It is with a heavy but grateful heart we welcome Joanne Riley to the position of City Treasurer. We lost our good friend Del Knutson this year after his long and courageous battle with cancer. Del always performed his duties in a cheerful and responsible manner and we are fortunate Joanne has accepted the challenge to complete Del's term. Welcome Joanne.

My generation, our generation, received this community in okay shape. Most of us would not have stayed here, or moved here, had we not seen Belvidere as a good place to live. It is my hope that when the next generation assumes the leadership roles within our community, they too will be pleased with what they receive.

They are doing their part to be prepared, as was evident last year when the City hosted Youth In Government Day. We must continue to do our part and maintain our commitment to build a better Belvidere. With your help, and God's continued guidance and protection, if it is His will, we will be pleased with the community we pass on to the next generation.

Thank you and God bless the City of Belvidere.