

THE STATE OF THE CITY

Presented to the New Castle City Council

February 16, 2010



*Jim Small, Mayor
City of New Castle*

STATE OF THE CITY

Presented to the New Castle City Council

February 16, 2010

The past two years have been remarkably good years for the City of New Castle considering the devastating financial roadblocks that have been thrown at it. We are:

- Working closely with potential new industry for the former Metaldyne plant
- Bringing life back to the downtown
- Making major improvements toward cleaning up the city
- Improving the efficiency of the City government, and
- Maintaining services to the public in spite of the major loss of tax income

Industrial Development



The most encouraging industrial news is that, although we lost the *Metaldyne Corporation* and have hundreds of laid off workers for whom we must get jobs, there are two industries seriously vying for the plant. Either one will greatly increase employment over what has been the far too small norm for that property for too many years. Each potential industry has settled on the New Castle

plant for its operation upon acquiring the necessary financing and each has signed a letter of intent to purchase the facility. Whichever one gets its finances in place first will acquire this fine property. But, as is still the case with the *Think* auto project in Elkhart (which considered our Metaldyne plant at one time) and the *Carbon Motors* project in Connersville, the actual purchase and commencement of operations is contingent upon yet-to-be-acquired funds.

Grede, now back up to 260 employees, has successfully emerged from bankruptcy, having been purchased by another corporation. Laid off employees have been brought back and a number of new employees will be hired, as some production work from other plants is being consolidated to the New Castle foundry.



Two new green industries will be up and running this year and will complement other environmentally friendly industries that are planning to come to New Castle:



KVK Plastic, a German company, has received contracts to produce small engine gas tanks that will not release hydrocarbons and other undesirable chemicals into the atmosphere. The need for these types of fuel tanks is because of EPA requirements recently placed on small engine production companies. Production will begin this fall on the east side of the city.

A neighboring industry to KVK Plastics is *OrganiGro*, which will produce organic plant foods. It is in the marketing stage now and expects to begin production this spring upon receiving organic certification.

Also, the near-by Trojan Industrial Park will be doubled in size within several years upon completion of the first phase of the Eastside Bypass.



A new industry in the New Castle/Henry County Industrial Park that will have 40 well-paid employees, *Midwest Logistics*, is nearing construction of its facility, and other industries in the park are calling back laid off employees.

While these latter industries are small, we cannot forget that Draper, Inc., with over 500 employees in Spiceland, started out with one

man, Luther Draper, in his barn with a dream 108 years ago! Small businesses and industries are just as important to economic development as are large ones!

Business Development

Just as important to the success of a city is business development. The City's economic development team is working or has worked closely with these new businesses to facilitate their successful opening.

- Aaron's
- Goody's
- Early Bird Diner
- Cyber Deli
- All About Business
- Café Royal

Downtown

Nothing is more important to a progressive city than the appearance and vitality of its downtown. Life is coming to the downtown! We are getting the heart of the city beating again, and a strong heartbeat it will be!

Maxwell Commons



Next month will see the beginning of construction of the *Maxwell Commons* project as the result of the City having been awarded \$2.7 million dollars specifically to acquire and restore life to four derelict buildings downtown. These buildings are shown here from left to right: the former Hooks, Penny's, Courier, and Boston buildings just east of *Mainsource Bank* in the 1400 block of Broad Street; as well as to acquire and improve four vacant houses north of Broad Street.

In the *Maxwell Commons* project, the facades of the four commercial buildings will be completely restored to their original appearances.

Six future condominium business spaces on the ground floor will be gutted, stabilized, and relieved of all environmental issues. New utilities and energy-efficient heating and air conditioning will be installed in each business space. The new owners will purchase their space at a minimal price and will complete the remodeling to suit their specific needs. Successful buyers must have a qualified business plan and have proof of being able to finance the improvements needed to finish out and to operate the desired business.

Five modern, energy-efficient condominiums will be constructed on the second floors of the Hooks, Courier, and Boston buildings and sold at affordable prices. Income restrictions have been established by the HUD grant for buyers. Four of the units will be sold to persons or families with no more than the 120% AMI (Average Median Income) level. This means that a family of two, for example, cannot earn more than \$59,040 to qualify. The fifth unit is to be sold to a family or person with an income no higher than

50% AMI, so that, for example, a single person with an income no higher than \$19,450 would qualify.

Successful buyers must have a satisfactory credit rating and must obtain conventional financing.

The proceeds of the sales of the six businesses and five condominium residences will be used to convert the second and third floors of the Penny's Building into two additional residences.

Three houses to the northeast of *Maxwell Commons* across the railroad tracks will be remodeled and a fourth house will be demolished and a new one built anew as the second part of the HUD Grant. Income requirements for these four residences cannot exceed the 50% AMI level. Proceeds from the sales will be rolled over into further remodeling and improvements in that neighborhood.

Jennings Building



The downtown was about to lose the derelict historic *Jennings Building* to deterioration and inevitable demolition as a result of the owner's refusal to make the necessary repairs. The City, after having been unsuccessful in resolving the problem in City Court, sued the property in 2008 into receivership to Historic Landmarks of Indiana, which remediated the structural and environmental problems with \$500K loaned by the New Castle Redevelopment Commission. In this picture, the new windows are evident. Less obvious is the removal of inches of pigeon droppings on the inside, the repair of the brickwork and the installation of a new roof. It is anticipated that the *Jennings Building* will be purchased out of receivership soon, with renovations to begin by a private developer, so we should then see a second influx of new businesses, and perhaps residences, into the downtown.

Façade Restorations

The *New Castle Historic Preservation Commission* continues to award grants to downtown businesses to assist in the restoration of historic building facades. At present, restoration work is being performed



on the *Union Block Building* east of the *Courier-Times*, *Atlas Collections*, and the far building east of *The Computer Shoppe* and the *A-1 Driving School* at the top of the



Broad Street hill. Earlier restorations with the assistance of the façade grants were



performed on The *Computer Shoppe* and *A-1 Driving School* building itself, *Amazing Grace*, *Durham's Ristorante* and *Industrial Loss Consulting*, and the *Pfenninger Agency*. These are 50/50 grants that match the costs of the renovation up to a

maximum of \$50,000. Work has been performed on the facades of several other buildings in this manner in the past two years.

New Downtown Eating Places

In addition to *Durham's Ristorante* pictured earlier, the downtown has seen the opening of the *Early Bird Diner* on 15th Street and the *Cyber Deli* at Broad and Main.



Downtown Festivals

Four times a year hundreds of residents of New Castle share the fun at the Spring Fling, Halloween, Christmas Walk, and, just last Friday, the Chocolate Fest, with over 15 downtown businesses participating.

Cleaning Up the City

Automated Trash Collection

Considerable improvements are being made to the appearance of the city by greatly reducing the amount of loose trash on collection day. Because of the need to significantly reduce the cost of trash collection, two automated "Toter" trucks were purchased to continue providing trash collection service to individual residences and to improve the cleanliness of the city at the same time. Some areas of town, however, will continue to be served by the older, worn out "Packer" trucks until a third automated truck can be purchased to accommodate an unanticipated requirement to collect trash from other than single or duplex residences.

Other significant changes to the appearance of the city have already been made during the past two years in addition to the reductions of loose trash at collection sites, and the façade grants mentioned previously. These are: the more frequent sweeping of streets using the two new street sweepers purchased by this administration at the beginning of 2008; the use of a "scaffie" to maintain the cleanliness of the downtown

historic district; and an increased use of flower pots and hanging baskets on Broad Street.

Operation “Clean Sweep”

The City will soon be launching a major effort to complement the improvements that have already been made in the area of cleanliness during the past two years:

This next phase will be the implementation of *Operation “Clean Sweep”*, an enforcement of already-existing City Ordinances. This will involve:

- Elimination of illegal signage
- Elimination of loose trash
- Enforcement of Nuisance Ordinances
- Continued demolition of derelict homes and businesses
- Flowers and Landscaping
- Instilling a sense of pride

Illegal Signage

Elimination of illegal signage will involve removing all unapproved signs within highway and street rights of way and on utility poles throughout the city, removal of abandoned billboards and signs, and enforcement of the ordinances regarding movable signs.

Loose Trash

The amount of loose trash at collection sites has been greatly reduced by the use of “Toters” as part of the automated trash collection. A system is also being instituted that will allow residents to call the City to arrange a time for the collection of bulk items.

Nuisance Ordinances

Nuisance Ordinance restrictions involving litter; weeds or tall grass; abandoned, unlicensed, or inoperable vehicles; and vehicles parked on city streets without moving for an extended period of time will be strictly enforced.

Derelict Homes and Businesses

The renovation or demolition of derelict homes and businesses will be performed within the limits of available funds. (The work on “*Maxwell Commons*” and the four near-by houses is a prime example of the work that can be performed through grants, which we will continue to apply for.)

Flowers and Landscaping

Residents, businesses and organizations will be encouraged to plant and maintain flowers, and to plant and properly prune trees throughout the city without the unsightly and harmful practice of “stubbing” or “topping” them.

Sense of Pride

There still remain pockets of despair, disenchantment, and a lack of self esteem resulting from the drastic loss of industry over the years and the current high unemployment rate. Obviously, full employment will be the principal key to success and the reduction of poverty, but even now the above clean-up actions should start us on our way to achieve that sense of pride that we need. We already have the finest residents and workforce in East Central Indiana. Once we have full employment and have accomplished the above goals, we will be well on the way to becoming the most attractive and finest city in all of East Central Indiana.

Grants

With the drastic loss of income from reduced property taxes, the awarding of grants to the city has taken on a serious role. Through a lot of hard effort, the years 2008 and 2009 have been very successful years for the awarding of a total of almost \$6 million in competitive grants:

Eastside Bypass Phase 1	\$2,071,200
Sanitary Sewer Grant	\$ 500,000
2008 CDBG Housing Rehab	\$ 250,000
Maxwell Commons	\$2,821,200
Transportation Dept.	\$ 188,800
Drug Task Force	\$ 5,669
Disaster Relief – 1	\$ 75,000
Disaster Relief Suppl.	\$ 25,005
2009 CDBG Housing Rehab	\$ 125,000
Bullet-Proof Vests	\$ 3,000

Operation Pullover (DUI)	\$ 5,250
NCFD Training Module	<u>\$ 5,600</u>
	\$5,987,449

It is only six weeks into 2010 and we have already applied for these grants which, if successfully awarded to the City, will provide an additional \$1 million:

Energy Grant	\$ 200,000
Downtown Planning	\$ 50,000
NCFD SAFER Grant	\$ 408,000
NCFD Prevention	\$ 85,000
Housing Rehab	<u>\$ 250,000</u>
	\$ 993,000

We just learned this morning that we were awarded the \$50,000 downtown planning grant which is the forerunner for applying for a half-a-million dollar grant to finished the restoration of most of the downtown.

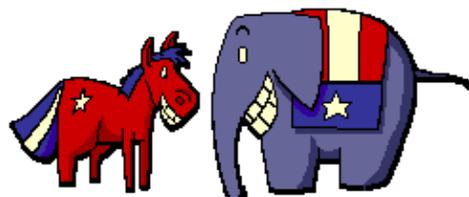
Other grants will be pursued as they become available.

Garner Street Extension

Bids are expected to be received this Spring for the construction of the long-awaited extension of Garner Street, which will provide quicker access to the Hospital from State Road 3 and open up the northern part of the city to development. All but one parcel of land needed for the road construction has been acquired, and that parcel is now in the courts for an eminent domain decision that is not expected to delay construction. By this time next year, significant construction progress should be obvious.

Bi-partisan Cooperation

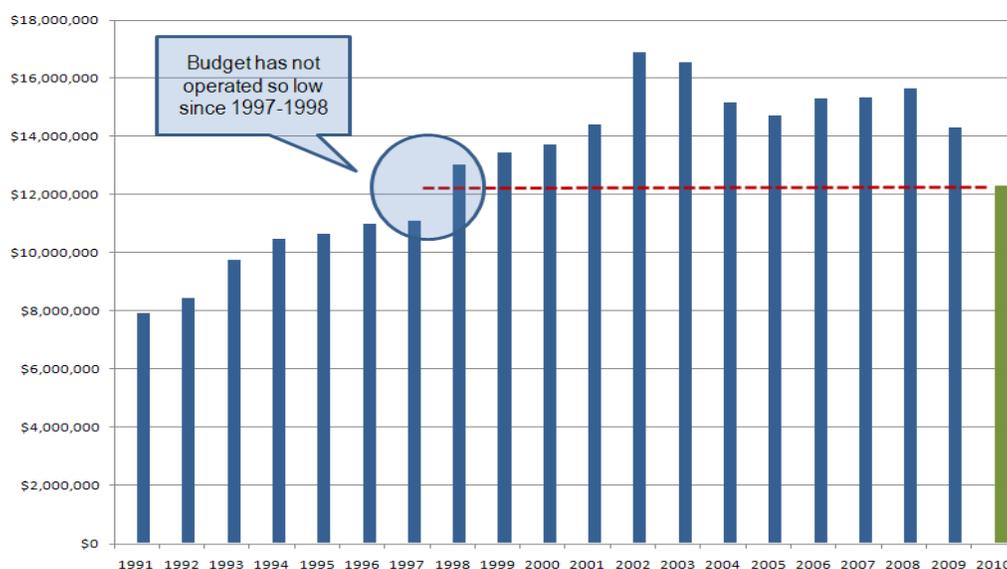
One only has to read the Muncie Star-Press to be thankful for the productive, civic-minded cooperation between New Castle's elected officials. Even though there are occasionally disagreements between the Executive and Legislative Branches, as should be expected, we still continue to work together professionally for the common good of the city.



Loss of Property Tax Funds

What is undoubtedly the most serious threat to the finances of the City of New Castle began to unfold in 2008 when the City had to reduce its budget by \$800 K because of a shortage in property tax collections. In July of 2009, the City was advised that it would be receiving \$1.7 million less money in 2010 than had been expected. And if that wasn't bad enough, at the end of the year the City lost an additional \$1 million than was expected, attributed primarily to a shortfall in the expected property tax collection.

NEW CASTLE'S BUDGET HISTORY



The chart on the screen depicts the City's budget history, spanning four administrations. It is expected that the 2010 budget will settle in at \$12.3 million if additional income is not secured. That amount is almost half of what Mayor Bole's 2002 budget would be today if adjusted for inflation. Yet, we are still expected to maintain the same services!

Saturday before last, city officials from both the Executive and Legislative Branches had an informative meeting in the form of a Budget Workshop to discuss the impact of the property tax reduction on the City budget and operability, and to identify means of reducing the \$2.7 million shortfall for 2010. Already, the City has made changes to the retiree health plan. We are confident that we will once again achieve a balanced budget without impacting the quality of the services to the public that they and we have come to expect.

The City government is responsibly meeting this financial challenge by quietly changing the formerly over-staffed government into one that is “lean and efficient.” As we go into the second phase of the budget reduction process, user fees will be needed, but will be applied as sparingly as possible.

Economic Development

The City already has a “seasoned economic development professional” in the form of Jeana Davis, who was responsible for attracting TSTech to New Castle when she worked at the Economic Development Corporation for five years. She is responsible for a significant part of the renaissance of the downtown that is occurring; has actively worked with over half-dozen new businesses that have started up in New Castle this past year; and will be responsible for the attraction of major industry to the former Metaldyne facility.

The completion of the Garner Street extension and the Eastside Bypass will open up additional land for business and industrial development.

Industry doesn’t just move into a vacant factory the next day. It took Delaware County two years of quiet, behind-the-scenes work with *Brevini* before they made their public announcement. Just because we often read in the news that other counties may be getting major industry, that doesn’t mean that those industries will obtain the necessary funding to do so.

We in New Castle have chosen to do our work quietly and without fanfare.

The Future

The foundation for the city’s return to prosperity is being successfully laid right now against unprecedented odds:

- Bringing life back to the symbol of a city’s health – the downtown
- Cleaning up the city and the gateway to the community
- Enlarging the city’s industrial parks to allow for new industry
- Being on the short list for two industries competing to acquire the former Metaldyne facility
- Ensuring that all required services continue to be maintained for residents
- Supporting programs to improve the quality of life of disadvantaged citizens

New Castle continues to move in a new direction – **Forward!** Do we have further to go? **Certainly!** Will we make mistakes? **Perhaps!** But by continuing to work together with the County and, hopefully, the EDC during these tough times, New Castle will indeed become that shining city on a hill that we all wish it to be!

Jim Small, Mayor
City of New Castle, Indiana