

2018 State of the City The Way We Are Building is Why We Are Succeeding

The state of the City of Carmel is excellent! We have a thriving, growing community and the opportunity to continue to build a dynamic city, to rival the best places on earth. This is an exciting time to be in Carmel.

I am sharing this update about Carmel on behalf of the city employees and elected officials that help make it all happen. I am grateful for the support and collaborative spirit you have demonstrated as you help our city grow.

I want to recognize some of the elected officials, department directors and city staff who help us shape our city.

Will the City Council members please stand? I want to thank:

- Current Council president, Kevin Rider
- Ron Carter
- Sue Finkam
- Jeff Worrell
- Bruce Kimball
- Laura Campbell and
- Tony Green

After being here for a number of years I have found that there are some people who will always complain and be very vocal about things regardless of what is done. I know the city council members hear from the same people. While the city council listens to the concerns of their constituents, the council also stays firm and keeps their eyes on the goals and the best long-term outcomes for the city. I want to thank them for their diligence in researching the issues and having the courage to seek the conclusions that best serve the city as a whole.

Carmel was named the Best Suburb in the U.S. a few weeks ago - City Department Directors and employees make that happen. Please stand and be recognized?

Thank you for all you do each day to make Carmel one of the best cities anywhere to live, work and enjoy life.

In addition to their regular on-duty assignments, many of our employees go above and beyond by volunteering in the community, but I want to mention a few of our public safety employees who have made us very proud. With us today are some of the members of **Carmel Fire Department** that serve on Indiana Task Force One, those elite units that are sent to disaster areas across our country to help communities get back on their feet after a disaster. Recently, 10 members of CFD joined Task Force One when it deployed to help with the devastation left behind by Hurricane Florence on the east coast and at least one member has already deployed to help areas that will be impacted by Hurricane Michael.

Would those members who are with us today please stand so we can show our appreciation? (PAUSE FOR APPLAUSE)

I am proud that many of our departments and employees are recognized as industry leaders with accredited status in their industries, such as our police, fire, urban forestry and parks departments. Our City Engineer, Jeremy Kashman, was named the **PUBLIC WORKS LEADER of THE YEAR**, for 2017 by the Indiana Chapter of the American Public Works Association. This June, Michael Klitzing, our Chief Operating Officer for Carmel Clay Parks and Recreation Department received the **NATIONAL DISTINGUISHED PROFESSIONAL AWARD** by the National Recreation and Park Association.

There is one final person I would like to mention, he has been one of our key staff members throughout my terms in office, but one that you seldom get to meet in person because he works for us from his offices of Len Simon & Associates in Washington, D.C. He has helped us over the years with our relationships in Washington, numerous issues and federal grants or funding. This has translated into getting millions of your tax dollars back to work here in Carmel Indiana. He is retiring this year. **Len Simon**, will you please stand so we may show our appreciation for your years of dedicated service to Carmel?

CARMEL FUND

I wanted to share an exciting announcement with you today.

I am pleased to announce that a newly-created fund has been made possible by a major gift from the Estridge family Trust Foundation to establish the Carmel Fund. This will be an endowment fund to benefit the City of Carmel in perpetuity.

This community fund will be managed through the Legacy Fund, the community foundation serving Hamilton County. We are extremely grateful to the Estridge family for this support that will help non-profits in Carmel or that benefit Carmel residents. Beyond that, because of the long-term aspect of this fund, there are no specific stipulations on how the earnings are to be used because we cannot predict future needs.

In addition to the leading gift, I am proposing the city match additional donations to the Carmel Fund up to \$50,000. This will create \$150,000 that can positively impact our local community. Terry Anker is over here and I'm sure he will be giving you a call.

INTRODUCTION and GOALS STATEMENT

Our main goal in the city of Carmel has always been and will continue to be creating the best quality of life anywhere. This is best for residents, best for businesses and it will be better in the long run for our children and grandchildren.

We must remember as we make decisions that guide our city, that we only have one opportunity to build our city the right way and we don't want to strive for mediocre or just good; not the easiest nor cheapest. We must strive for the best when we have the opportunity to do so. I will not make apologies for disrupting the status quo of building strip malls and sprawl.... We want to create the best and highest quality of life through building the most ambitious and glorious city we can build.

Having the highest quality roads, city services, trails, bridges, parks and other amenities in place, will ensure quality long-term growth. Everything we do is focused on that.

Setting ambitious goals encourages people to pull together and dig deep to find creative solutions to the challenges presented. I am very proud, and you should be too, of all the city staff, contractors, developers and other city partners that contribute to the success of this city.

Many of you have heard me, somewhat jokingly, talk about the similarities between Carmel and Paris. My point has always been that we have some things in common, lousy weather, no oceans and no mountains. Yet, in spite of

that, Parisians have built one of the most beautiful cities on earth and WE CAN TOO.

The way we're building is why we are succeeding.

We have attracted about 120 corporate headquarters and the taxes they pay help keep our residential taxes low. In addition, they provide some of the best professional jobs and fulfilling work anywhere.

AWARDS AND RECOGNITION

The positive results of how we are building our city are evident. Carmel continues to be recognized across the globe for our innovative approach to creating the kind of community that attracts people, connects them in a variety of ways and makes them want to stay.

I used to think these lists were of little value, but have found that they have a definite impact on how often Carmel gets noticed. We have had TV reporters, designers and professionals from various fields tell us that they moved to Carmel because they kept seeing Carmel's high rankings while deciding where to live, work or raise a family ... and wanted to check it out. Once they experienced Carmel, they knew it was the place for them.

This past year, we have been recognized by **MONEY magazine** as:

- **No. 1 Place to Launch a Career** and
- **NO. 3 BEST PLACE TO LIVE IN AMERICA**. *This is the same survey that named Carmel No. 1 in 2012 and No. 3 in 2014*

We have also been given top honors in 2018 by **Niche.com** as:

- **NO. 1 BEST PLACE TO LIVE IN AMERICA** – and
- **NO. 1 BEST SUBURB TO LIVE IN AMERICA** -

We love that some of these awards focus on our built spaces such as ...

- Fodor's, publisher of travel guides, **naming Carmel one of "America's 25 Cutest Main Streets"** in smaller cities – noting our art galleries, interior design shops and our life-size statues by J. Seward Johnson.

POSITIVE RESULTS OF CHANGE

One thing I have learned during in my time in office is that while some people say they don't like change, most love the results of change. Many of the most dramatic changes we have made in our community are the reasons we are getting noticed. When we first began to make decisions that seemed too big for Carmel, I know many were skeptical.

Slide of Palladium/roundabout/Christkindlmarkt will come up

Some questioned the wisdom of creating a landmark iconic structure that is now the **Palladium**; many questioned the practicality of replacing almost all of our traffic signals with **roundabouts**. Finally, there were those who doubted the wisdom of creating the **Christkindlmarkt** and the **Ice at Center Green** last year.

But when you take a closer look at the numbers, it becomes apparent that these projects and amenities benefit the community long-term.

PALLADIUM

Let's consider the Palladium ... I know many of you have told me how much you enjoy having outstanding, world-class performers at our doorstep, but it is important to remember that we share that love of the experiences we have at the Center for the Performing Arts with visitors from across the globe.

Did you know that since the Palladium opened in 2011, our Center for the Performing Arts has become a leader in the Central Indiana arts community hosting more than 1,800 performances, welcoming more than 840,000 patrons from all 92 counties in Indiana, all 50 states and 24 nations?

That is something that would not have happened without our investment in The Center.

When patrons secure their tickets, if they are from out of town, the very next questions are often... Where is a good place to stay? What's your favorite place to eat? Are there any good shops we should check out?

For example, just last week, a gentleman from Peoria, IL called The Center and asked about tickets to a performance. He mentioned that he and his wife were researching our area for something to do and they saw the information about Christkindlmarkt.

They thought since they were going to come for the outdoor festivities, they would come and hear a concert at the Palladium while they were here! The staff member there sent them a list of hotels and some of her favorite restaurants. The caller said they are excited to make a weekend out of it!

We hear many similar stories from the Palladium Box Office, stories about people calling from all over the Midwest to purchase tickets for a show, like Harry Connick Jr. (who is coming back again this year), Yo Yo Ma, Itzhak Perlman and others.

When they come ... they spend money ... they spend time ... and they fall in love with Carmel, Indiana.

Who knows what CEOs and young entrepreneurs we have attracted to Carmel? Who knows how many of them are already looking to move their companies or build their futures right here in our city and it might have all started with a show at the Palladium.

The Center also provides so much more than just the wonderful shows through its educational offerings and the Great American Songbook and museum space on the third floor of the Palladium. If you haven't stopped in for a visit, you really should. The changing exhibits are always fascinating. We look forward to creating a future home where more interactive educational displays can be accessible to the public.

We are also proud of the variety of experiences available at the Center through the resident companies that include:

- Actors Theatre of Indiana
- Carmel Symphony Orchestra
- Central Indiana Dance Ensemble
- Civic Theatre
- Gregory Hancock Dance Theatre

- Indiana Wind Symphony

ROUNDABOUTS:

I talked earlier about building the city in the best way possible. I appreciate the fact that our directors and staff don't assume that just because we have always built something one way or done something one way that that is the *only* way to do something. Instead, we look around the world to find the best way to build something and follow that example.

That is how I came across an element that now makes Carmel unique ... you knew this was coming... our roundabouts!

Every now and then, we hear from motorists who are still a little confused by our roundabouts.

Even with their safety record, the fact that they move traffic more efficiently, save taxpayers and motorists money and are cleaner for the environment, some still try to deny the benefits of roundabouts.

Throughout my time as Mayor, I have shared all the good things roundabouts can do for cities of all shapes and sizes. It's nice to see many of our neighboring cities and towns starting to build more and we see that cities across the nation are also taking notice of our successful roundabout program.

By now, many of you can recite along with me the benefits of roundabouts, the main benefit being their safety.

When roundabouts replace traditional signalized intersections:

- there is a reduction of fatalities by 90 percent
- a reduction of injury accidents by 80 percent and
- a reduction of accidents overall by 40 percent.

There is so much more I can say about roundabouts and I know you have heard it before, but sometimes, it is more effective to hear what others are saying about them.

Our roundabouts have been reported on in media near and far, most recently by a Bloomberg reporter. In his article, he wrote about the frustration he felt

in a “nearby community.” My staff advised me that I probably should not identify it ... but it was Fishers.

The reporter said,

“The traffic was starting to get irritating. There were long waits at lights. At one intersection, the line of cars waiting to turn left blocked the main traffic lane.

Then I crossed over into Carmel, another affluent suburb with lots of offices and retail as well as houses, and everything changed. Instead of traffic lights, there was roundabout after roundabout after roundabout. There also weren’t any long waits or backups at intersections.

I can’t say that I breezed through all of the roundabouts — the signage at the bigger ones was a little confusing for a first-timer — but all the other drivers seemed to know what they were doing. Traffic flowed, but it didn’t flow too fast. When a couple of pedestrians showed up at one roundabout, cars had no trouble stopping for them.”

CHRISTKINDLMARKT AND THE ICE AT CENTER GREEN

Slide for Christkindlmarkt

As much as I love our roundabouts, my attention has turned lately to our newest attraction, the Carmel Christkindlmarkt and The Ice at Center Green, which is once again under construction at Center Green. We thank you for your patience as we complete its construction.

I am happy to report that the first year of our new winter attractions were a big success.

This brings an economic boom to the most challenging time of year for retail and restaurants in our climate during the holiday season. We drew more than 150,000 people to our City Center for a day of ice skating, Gluhwein and shopping.

- How much shopping? Total Gross Sales for last year's Market were \$1.4 million (1,389,000)

We were thrilled to have a dozen Hamilton County businesses participate in last year's Market and look forward to even more local involvement this year.

As an added benefit to the community as a whole, the success of the Christkindlmarkt and the Ice at Center Green was not limited to City Center.

Throughout the holiday season, we heard from several businesses who told us that HANDS DOWN ... they had their most successful winter season ever and they gave credit to the thousands of visitors who came to the Market and stayed to have dinner or do some shopping in our City.

Once again, to help people get around the city on these busy days, we plan to have the **Carmel Holiday Trolley** circulating from the Market to City Center and the Arts District and back on the first four Saturdays in December. Plenty of nearby free parking in the Veterans Way garage makes this an easy event to enjoy for the whole family.

Other events throughout the year and our other venues and recreational options have continued to bring visitors – and their wallets - to Carmel and Hamilton County. Our partners at Visit Hamilton County have told us that:

- **Visitors to Hamilton County spend \$738.2 million annually**
- **Visitor spending supports 14,000 jobs**
- **Visitor spending generates \$105.4 million in state and local taxes, which saves local residents \$850/year in taxes they would otherwise need to pay for the same services.**

We also know that here in Carmel ...

- Visitors that stay in our hotels spend about \$332 million annually in lodging, food and beverage, transportation and attractions purchases and contribute significantly to the overall county tourism impact.

CREATING MEMORABLE PLACES

For anyone that has spent time in Carmel, you know that we put a high priority on creating spaces where people can gather for events, enjoy dining together or just hang out and watch people; Places where people of different backgrounds and cultures can come together and get to know each other; Places for intergenerational as well as intercultural interactions.

There is a lot of science and thought behind making these places comfortable for us to be in and there are also many people studying the positive health benefits of a lifestyle that encourages activity and community.

Others are studying the way “shared experiences” can benefit the local economy. We are programming a wide variety of shared experiences for our residents, businesses and visitors to provide them a way to connect and network. These are connections that can fuel commerce.

We have also asked the Indiana University Public Policy Institute to study the economic impact of our redevelopment efforts, updating their findings since its report that covered the years up to 2013. The new study encompasses 2014 up to the end of 2017.

We are excited to report that their findings support our belief that the way we are building is fueling our success.

The investment the city has made, has attracted roughly half a billion dollars of private investment within a few miles of City Center. *Business Insider* listed Carmel’s City Center as one of three American neighborhoods that are emerging as economic powerhouses.

PUBLIC PRIVATE PARTNERSHIPS

Slides for Midtown Plaza

We use public-private partnerships in our redevelopment efforts in order to make sure we get the best quality projects. The way these work is that we take the increase in taxes on a certain parcel of property and reinvest that in public infrastructure for that area for the project to get done. This is money that would not have been coming in but for these projects so it makes perfect sense to use the public money for the public purposes on these projects.

This is how we've been able to create parking structures, require better architecture, have better streetscapes, have public sculptures, flowers and

other amenities such as public plazas and meeting spaces that enhance our overall quality of life. Having places for people to gather in an impromptu fashion adds to feeling of well-being and creates better connections with our community.

This is a good opportunity to thank our private development partners for the faith and confidence they have in our long-range plans. Without their investments in our community, we would not be seeing the success we are experiencing now.

We know that they have many choices when it comes to where they decide to build their projects and we appreciate the fact that they have chosen to locate here.

The early partners set the stage for high quality architecture and fun public spaces such as **AMLI, Pedcor, and Keystone Construction**. Our early successes showed the private sector that we were a solid investment, so others followed including **Old Town Design Group and Anderson Birkla**.

DEBT AND FINANCING

Much has been said about our City's debt and the way we finance many of the infrastructure projects that are needed in this growing community.

I would like to make a few points that people sometimes forget. Carmel is still a growing city. New homes are still being built, existing homes for sale do not spend much time on the market. Corporate headquarters continue investing millions of dollars in moving or expanding here, such as the KAR's expansion project rising just west of Meridian at 111th Street. Small businesses and entrepreneurs continue to kick start their dreams in Carmel.

While that is a good thing to be so attractive to such a strong, diverse economy, it comes with challenges. Thousands of people now commute into Carmel, adding cars to our roads, mixing in with the growing residential population that is probably already more than 100,000 people.

Most of the debt that the City carries is for projects that make our transportation network more efficient, our network of storm and sewer drainage systems better and our utilities more capable of handling additional demand.

We always balance our annual budget. We never borrow money for operating expenses ... and our debt is reasonable when one considers the level of revenue the City receives from this ever-growing, vibrant commercial and residential population. We have a multi-year fiscal plan and model all major decisions and their future impacts.

Carmel was recently honored for financial excellence in reporting with a Certificate of Achievement from the Government Finance Officers Association for the City's Comprehensive Annual Financial Report. This speaks to the quality of our financial staff. Congratulations to our treasurer's office and staff.

Carmel continues to enjoy very strong bond ratings ... they change from one bond issue to the next, but we most recently earned a AA rating ... if we had too much debt, that would not have happened. We have shown that we can manage our debt wisely so that we could build a transportation network that is truly second to none.

When it comes to the conversation of debt and taxes, some people forget that Carmel has another advantage over other communities .. our utility bills.

While many of the surrounding communities made the decision during hard times to sell off their utilities for a one-time large payment, we chose to go in a different direction and maintain control of our own.

Here is why: We are able to control our costs better, keeping your monthly bills lower than other cities and towns. While those other communities that no longer own their utilities may not show as much debt on their books, they are learning that at some point, the bills need to be paid. In those cases, that debt is paid for through user fees and shows up on the form of higher utility rates.

In Carmel, we control our own destiny and can ensure that we have the highest quality services and have the needed capacity available for the lowest possible cost.

TIF

Here is another thing to remember: Our use of TIF (Tax Increment Financing) is truly a gift to our future generations.

When we pay off our debts in 20-some years, we will have built better roads and infrastructure and our children and grandchildren will be in great shape compared to others who have not invested strongly and will not be able to ever catch up to the demand, much less maintain the infrastructure they already have.

Additionally, we are paying down principal each year. In 2018, more than \$24 million was paid toward principal. And finally, here is the icing on the cake. Those tax revenues that we captured in order to make improvements? They don't go away. Once the bonds are paid, that tax revenue comes back to the City's budget to be distributed wherever needed.

In a recent blog, a Senior Fellow at the Manhattan Institute for Policy Research wrote in support of the practice of building and maintaining quality infrastructure, noting that the majority of Carmel's bonds have been spent on basic infrastructure, such as streets, storm water and water systems and sidewalks.

Here is what he wrote:

"All the infrastructure needed to support a new [city] – streets, sewers, schools, parks, libraries, water, ...– is expensive...The traditional approach to this was to simply not build it. But as we discovered, in those places, as soon as the growth era is over and the houses, strip malls, etc. get old, the place quickly loses its attractiveness and abandonment and blight set in...

"The cities that make the right moves are the ones that will differentiate themselves and perform over the longer term."

RECENT DEVELOPMENTS

Slide of Proscenium

During the past 20 years, we have engaged in many public private partnerships that have rebuilt our old town into the vibrant, thriving Arts & Design District and created a new downtown for Carmel at City Center. We are still building the heart of our city and visitors to Carmel remark about how unusual it is to see a city our size with so many construction cranes in the air.

Some of our notable additions recently include **Anthony's Chophouse** and the rooftop restaurant, **3UP** on Main Street, MJ Insurance in Midtown and the Baldwin and Chambers building at City Center.

Take a walk through Midtown on the Monon and you will see ongoing work on Merchant's Bank of Indiana's headquarters, Barrett & Stokley Apartments and Midtown Flats, a mix of projects bringing both daytime and nighttime activity to this area.

Additional garages have also been added to provide public parking for residents, workers and visitors.

Projects like these continue to allow us to attract development and jobs that provide a wonderful way of life, one that is challenging enough to keep our interest and rewarding in its results.

Slide of Option A and Option B building for best tax revenue

Many cities that have allowed excessive sprawl are insolvent and struggling to keep their roads passable as well as their police and firefighters paid. One of the primary reasons for this is a failure to fiscally analyze zoning decisions and that's why we're building what I call low urban density in our downtown areas.

Look at the chart on the screen; Option A and Option B show the differences in revenues on the same 40,000 square foot parcel. Option A allows surface parking on 3/4 of the site and parking requirements then only allow a 10,000 square foot single-story building to be built. Assuming \$2 a square foot in property taxes provides revenue of roughly \$20,000 a year. Option B shows the entire 40,000 square foot site being developed with a five-story building for a total of 200,000 square feet. That scenario will provide \$400,000 in property taxes to the city, which is 20 times the revenue of the one-story surface-parked building in Option A. Plus, do you know anyone who has gone for a romantic walk past the Wal-Mart parking lot lately? And, this is just the revenue side.

This low urban density also allows huge savings in capital investments and ongoing operating expenses because the more intense development pattern requires fewer fire stations and police officers. Electric, gas, water and sewer lines do not need to be extended further and further out in green fields. So, we

take a portion of the increase in tax revenues to support a loan for the cost of a public parking structure. The math makes sense. Even after the loan payments, the city is better off today and will be tremendously better off in the future as we pay off those. Because of these public private partnerships, we are creating a solid reliable tax base for today and particularly for our children and grandchildren

We constantly are asked to host tours for visiting government and economic development representatives from cities across the country who want to see first-hand what Carmel has done to create an appealing place to live. Just last week, we had visitors from Holland, Michigan and the Michigan West Coast Chamber and next week, representatives from a city in Arkansas will be in Carmel to learn from our success.

DEPARTMENT UPDATES:

One of our challenges on the horizon is trying to not outprice young families and empty nesters from Carmel. We remain competitive when compared to the east or west coast where the cost of living causes many to work more than one job just to make ends meet.

While we will work with developers to create many points of entry into the housing market in Carmel, we also need to remind those looking for a place to live that there is more to the cost of living than mortgage or rent payments. Those who live in Carmel pay less in taxes, use less fuel due to roundabouts, have more than 50 free events throughout the year along with outdoor recreational options for entertainment as well as substantially lower utility bills than our neighbors. That is thanks to the excellence management and staff at these facilities.

Look for a minute at our combined utility fees contrasted to our neighbors.

Utility rate chart comparison slide

In addition, our water treatment facility is the only one in the area that softens its water 95 percent to 5 grains hardness, which is the recommended amount to avoid corroding pipes. This means that customers don't need to have the extra expense of a water softener or salt and don't have the extra task of filling it up every month saving several hundred.

The city has had an ambitious road project agenda adding 10 roundabouts since this time last year, two of those being along 96th Street east of Keystone.

The Engineering Department also completed 10 storm water projects and received a Certificate of Recognition from the Indiana Department of Environmental Management for the Pervious Alley Project in the Arts & Design District.

The Parks Department continues to make improvements to our Gold Medal park system. The success of their continued improvements is evident as they report that the West Commons Playground had 634,204 visits during the past year. Among their many upcoming projects will be:

- A new trailhead with restrooms just north of the Monon Community Center to provide convenient access to restrooms for the trail users;
- New and expanded playground equipment at Inlow Park
- West Park will be expanding into previously undeveloped 40 acres west of the existing park.

In order to streamline processes and provide better customer service, the Department of Community Services, which handles planning and zoning, implemented a new electronic filing system. That department tracks permits and reports that overall building permits are up 14.3 percent with 173 more permits issued than last year at this same time.

So far in 2018, we have issued 328 new single family home permits, which is a 13.8 percent increase over the same period last year. The demand for housing is clearly there.

As a point of reference regarding our growth, the number of building inspections performed in August 2018 (741) was the highest recorded total since June 2006 (774)

CONCLUSION

Slide of Hotel Carmichael

As you can tell, we spend a lot of our time at City Hall focused on building a great city.

But it's important to remember that what makes a city truly great are its people and the fact that despite our differences, we come together as neighbors, co-workers and friends to embrace life in Carmel.

Look around you ... we are not all the same. We come from different cultures and backgrounds, we are of different races and religions.

We are fortunate in Carmel to be home to an increasingly diverse population and that is what I believe makes us a strong city. We know that for continued economic development, our community needs to welcome everyone, regardless of where they are from, their faith or racial background.

A few days ago, I was at an event that began with the singing of the national anthem. As I sang the words describing Baltimore's defense of its city just hours after the British had burned the White House and sacked our Capital, our symbols of representative government, I reflected on their meaning. Francis Scott Key, the author and a prisoner of war on one of the attacking British ships, tells of looking to see if our flag still flew over Baltimore by the light from the bursting of the bombs and in morning light when the sun first appeared the next morning.

It made me think, today that our challenge is whether the values and system of self-government that our flag stands for still works in this terribly politicized toxic nation conversation which we read about every day. But in Carmel, ordinary people from the volunteers on our boards and commissions to our part-time city council and the myriad of not-for-profit and faith groups that all work together, that self-government does work.

Carmel is a model of civility, inclusion and respect for new and different ideas.

As we move forward, I am confident that the people and institutions of Carmel, Indiana, will continue to be a shining light – a beacon of hope – for others to see and to emulate.