

2011 State of the City Address
Duluth Mayor Don Ness

Thank you for joining us this evening.

Let's get right to the heart of the matter – we'll skip all the pretenses and niceties and talk about what's really on your mind. Potholes. That's right, forget the flowery rhetoric, we're starting the night talking about potholes.

The December rain which saturated the ground, followed quickly by a deep freeze has punished our road surfaces. Anyone traveling our streets this winter can attest, they're in rough shape.

The fact is that a winter like we have had this year can inflict permanent damage to the streets, widening cracks, deepening potholes, and impacting the roadbed beneath the surface. The question before us today is do we manage the problem or do we attempt to fix it?

With our typical program we will be able to manage the problem; we can fill potholes throughout the entire summer as we do every year.

Or we could choose to fix the problem by repairing the damage from this past winter AND taking action to prevent the potholes in the first place. Let's give it a fancy name, how about we call it "The Pothole Reduction Act of 2011"? The effort will feature many more miles of street caps of our worst neighborhood streets, tripling the number of miles of crack sealing, paying for better quality materials, and taking the time to tamp down pothole patches.

In city government, we have adopted "Own it, Solve it, Take Pride" as our theme which requires us to take ownership of some pretty ugly and difficult problems. For example, right now I own several thousand potholes. Believe me, nobody wants to own potholes!

I don't think it is a surprise to anyone here that in our country there's been an alarming lack of ownership for the condition of our country's infrastructure. As a nation and as a community, we have bought into a convenient lie which promotes the idea that infrastructure does not require ongoing maintenance and investment.

Sure, we've all benefited from lower rates, but after decades of neglect, we are now paying the price. We've seen it in Duluth, in recent years we've had to make massive investments in our streets and our sanitary sewer system.

Unfortunately the infrastructure that has seen the greatest neglect is also our most important service, our water system. It's true, no politician wants to pay for infrastructure that you can't see and most people don't think about it until they reach for the tap and nothing comes out.

This sort of short term political thinking has led to under-investment in capital improvements for our water system. I know, I know, I can hear the collective yawn approaching – but here’s why this is important.

Instead of making incremental improvements to this system over time, we are now approaching a crisis point that is highlighted by a spike in water main breaks.

Water main breaks are disruptive and they are very expensive. To fix these breaks we have city employees climb out of bed at 2 am on a bitter January morning so that you can take your morning shower. Decades of pinching pennies on infrastructure now forces us to spend massive amounts of tax dollars to do nothing more than provide an emergency patch so that water service can be restored.

Consider this, in the early 90s, Duluth averaged 48 water main breaks a year. Now, just a few years later, we’re averaging 140 water main breaks a year. Not including the value of the water lost, the average cost of fixing a water main break is around \$6000. If you include the value of the water lost, the city is spending almost a million dollars a year on patching a system with emergency fixes.

Our engineers estimate that if nothing is done to address this problem the number of breaks will exceed 300 a year in the next decade and exceed \$2 million a year just to fix the breaks.

This is an issue that must be fixed. The trend of increasing breaks is unsustainable and unacceptable.

In my mind, the equation is simple. We can either spend tax dollars on band-aid fixes or we can spend those dollars on permanent improvements that will prevent those breaks in the first place. The question before our city is how best to accomplish this goal.

I am calling for a year-long community study and establishment of community goals regarding the future of our water system to ensure the long term quality and reliability of this vital service.

I had a friend of mine read this speech last week; she said “are you crazy? you can’t spend the first half your speech talking about potholes and water main breaks!”

Well, she’s probably right – but what’s done is done. But hey, fortunately, you’re still here.

The choice to start this way is a reflection of the focus of this administration. We don’t want to dwell upon our successes, we want to prioritize our energy and focus on those problems that we have not yet been fixed.

You can’t get much less glamorous than potholes and water mains, but our team takes pride in fixing these fundamental problems. Whether Retiree Health Care, a structurally imbalanced budget, or sewer overflows into Lake Superior – our success started with a willingness to acknowledge the scope of the problem in the first place.

But don't worry, we'll balance this out with a little good news about accomplishments of our city over the past year.

In September, Duluth became the only city of the first class in Minnesota to earn the recognition as a Yellow Ribbon City for our commitment to those Duluthians who serve in the military and their families, especially during deployment. I want to thank all of the members of the Mayor's Yellow Ribbon task force for their leadership in earning this important designation.

In City Hall, we are committed to innovation and the modernization of city operations. Over the past year, we have invested in new technology with an eye to accountability and customer service. Tonight, we launch online bill pay for Comfort Systems. Not only an important option for our customers, this new tool will also reduce our bill processing costs.

In the Director's video that will immediately follow this speech, you'll hear more about many of the new innovations in City Government including a one-stop software suite for construction services to further speed our permit processing, a waterfront security system that will greatly enhance our prosecution of crimes in the core city, and a GPS tracking system in city vehicles providing for greater accountability and more effective remote management of our fleet.

The Police Department has also been working with representatives from the community to develop a Citizen Review Board which promises to strengthen the relationship between the police and the community.

One of the roadblocks we often run up against in city hall is the sentiment that "we've tried that before, it doesn't work". Our response is – well, let's try to do it better this time around. A good example of this is the scheduling of the Aerial Lift Bridge.

A common refrain of Park Point residents and those stuck at a bridge while a solitary sailboat glides through the canal has been, can't they lift on a schedule? Well, for many years the answer was "we've tried that before, it doesn't work". Until last summer...

Park Point resident Dennis Hoelscher brought the issue to the forefront and was a tireless advocate for the change. I asked Bridge manager Ryan Beemer to take the lead in implementing this policy change. After many logistical details and with support of the Council, a new lift schedule was implemented resulting in a 23% percent reduction of the number of lifts and a corresponding reduction in grumbling. Join me in thanking Dennis, Ryan, and everyone who had a hand in changing the refrain to "we tried that last summer, it worked great!"

On December 19, 2010, Firefighter Brad Bushey was off duty watching his nephew play hockey when referee Pat Milinovich collapsed from a heart attack. Brad jumped to action and immediately began administering CPR to re-establish a heartbeat from 50-plus chest compressions. Brad's quick thinking and life saving skills saved this man's life and

we're proud to report that Pat returned to work in January. Brad Bushey, please rise to be recognized as a true Duluth hero!

Brad's heroism, is just one example of the outstanding work done by our city employees and the type of person we have working for the City. City employees are often faced with difficult and often dangerous jobs in service of our city. I am continually impressed with the dedication, hard-work, and commitment that these women and men bring to their jobs every day. Especially in light of the unfair attacks directed at public employees across the nation, I ask you all to join me in thanking our dedicated employees for their service to our city.

OK, enough of that happy stuff, let's get back to the problems!

Despite the progress we have made, we can and must do better. There are still many unsolved problems, still many areas where we can and must improve as a City.

Here's an example of how we must do better to meet the expectations of city residents. Today, our general fund budget is over \$6 million less than it was just 3 years ago. Unfortunately, that revenue reduction has come at a cost to services that are important to our residents. No place is the gap between expectations and available resources wider than with Parks and Libraries.

Due to cuts in state aid, park and library services have been cut and it has negatively impacted our quality of life. Not only for Duluthians, but for the thousands of residents outside of Duluth who also use these services.

I am calling for a referendum on the creation of a dedicated Parks Fund. This question will give the voters of Duluth the choice of whether or not they want to create dedicated funding to invest in the quality of our parks, trails, and youth services. Over the next three months we will seek input from citizens, neighborhood groups, councilors, youth organizations, and many others to develop the question that will be brought to the voters this fall.

In addition, it's my hope that with the establishment of the Parks Fund, we will also be able to reprioritize existing general fund dollars to library operations with the goal of opening our very popular branch libraries five days a week.

As you know, I believe Duluth should strive to become a city of 90,000 residents by 2020 as a first step to the ultimate goal of once again eclipsing 100,000.

There are tangible benefits to the population growth of the city – stronger housing market, a broader tax base, and a healthier economy.

We all know the most important factor in reaching this goal is job creation and investment in our city.

I'm optimistic of our ability to reach 90 by 20 in large part because of the exciting job creation opportunities that lay before us. Here are just a couple examples:

The tradition of excellence and progress continues to define the 148th Fighter Wing of the Air National Guard. After winning the prestigious Raytheon Award and extending the viability of their mission with the upgrade to block 50 F-16s, the focus now shifts to achieving an active association mission at the base. By leveraging the experience, resources, and legacy of excellence at the 148th, we would provide tremendous value and cost savings to the Air Force, while strengthening our city's connection to our nation's armed forces and creating new full-time employment in Duluth. Col. Stokes is with us tonight, please join me in thanking him for his forward-thinking leadership.

Local tech company GeaCom stands poised to be one of the great entrepreneurial success stories in Duluth's history.

They are now in final production of their medical translation device which will be introduced into 76 countries this year. Their product, the Phrazer has already won a number of awards including the Minnesota Cup, a Life Science Alley Showcase Award, and Phrazer was selected as a winner in the internationally renowned Edison Best New Product Awards™ competition. Finalists in previous years have included products from 3M, General Mills and Motorola, so this award is truly an affirmation of Phrazer and GeaCom's sales potential.

GeaCom already employs nearly 60 full time and contract employees and they are ramping up quickly. What is especially exciting is that GeaCom is committed to Duluth. Not only do they want to grow their company here in Duluth, but that based on their success the world will know that Life Science Alley extends north to Duluth.

After a full year, we are still waiting to hear what communities will be selected for Google Fiber. I'm proud of our community's effort, not only were we first in the nation in digital syndication of our Google Fiber efforts, more importantly we have continued the effort to strengthen our business case and our IT capacity. We are proving to Google our commitment to building a 21st century economy and we know they are watching us closely. And if we do get that call from Google, I guarantee a successful deployment and an unqualified success for that initiative.

With a stable geological profile, a cool climate, and competitive power rates, national data-center leaders are looking to Duluth to expand, bringing quality jobs and important infrastructure to our region. Combined with \$232 million in new fiber optic projects announced for our region (all of which terminate in the Duluth area), we are seeing a massive investment in 21st century infrastructure that will help make Duluth competitive on the world marketplace.

And it's not just new technology companies that will help propel Duluth forward. ME ElecMetal in Gary – New Duluth recently announced a \$10 million expansion to their foundry operations which will result in 30 new jobs.

I feel incredibly optimistic about our St. Louis River communities. It is in those neighborhoods that we will see the greatest growth in jobs, in tax base, and in property values in the coming decade. We're already seeing progress. The City has been investing aggressively in brownfield redevelopment working with private developers and the State of Minnesota, we are transforming blighted property into new development and shovel ready lots. DEDA will soon invest in three thriving West Duluth manufacturing companies creating new jobs for neighborhood residents. Between the efforts of DEDA and the Port Authority, we are making real progress towards creating a vibrant business park at the old Atlas Cement and US Steel Plant sites. When that happens, we'll be well on our way to 100,000 residents.

There are so many positive stories and projects happening in Duluth and unfortunately, we are only able to touch on a few tonight. And I am so proud to be Mayor of a city in which so many positive things are happening. It's hard not to feel optimistic about Duluth and our future.

I'm not talking about the sort of optimism is used as a way to ignore reality in favor of feel-good rhetoric – which can be a serious distraction from the work of addressing real problems and creating true progress. Duluthians have no patience for this sort of optimism.

We're interested in the opposite kind. You know the feeling that you get after engaging in a long, difficult struggle with something that has been nagging at you for years? You know that feeling of accomplishment when you finally achieve that goal? There is pride, there is relief, and you feel that sense that the world is anew. That's the sort of optimism that I feel growing in our city.

It's an authentic brand of optimism. A quiet, but persistent sense that things are improving and that even better days are on the near horizon. We don't even feel comfortable talking about it, but it's there and it's real.

It's an optimism based on a growing number of quiet successes, exciting community initiatives, dynamic businesses like Maurice's succeeding in the world market, problems that are being solved, and important long-term investments being made.

It's an optimism based on a growing appreciation of our strengths and a willingness to keep our challenges in proper perspective. Instead of being defined by our problems, we will be recognized for our solutions.

It's the sort of optimism that takes a good city and makes it a great city.

And that is our goal for Duluth.

Thank you for being here, thank you for your efforts to make Duluth a great city.