

STATE OF THE CITY ADDRESS

MAYOR JUSTIN M. NICKELS

APRIL 16TH, 2012

“IT’S HAPPENING NOW”

Thank you to Tom McCarty and Federal-Mogul for hosting my State of the City Address at Federal-Mogul this year.

A special thanks to Kaylee Messman for the wonderful performance of our National Anthem. Just goes to show how talented us Lutheran High School graduates are.

I would like to introduce the Common Council; Alderman Collin Braunel (D-1), Scott McMeans (D-2), Chris Able (D-3 and Council President), Jim Brey (D-4), Matt Kadow (D-5), Alex Olson (D-6), Jill Hennessey (D-7), Dave Soeldner (D-8), Al Schema (D-9) and Jason Sladky (D-10). I want to thank Alderman Matt Kadow and Alex Olson for their service to the citizens of the City of Manitowoc over the last two years and welcome newly elected council members Tyler Martell (D-5) and Eric Sitkiewitz (D-6) to the Common Council. Additionally I would like to introduce Municipal Court Judge Steve Olson who was just re-elected to the bench. I’d also like to recognize one of the most mentioned groups over the past year, yet one of the least thanked. I want to thank every single city worker. These are the people who; patch potholes in our streets, pick up the trash in our beloved parks and clean public bathrooms, who literally put out fires, who make sure that every time you flip that switch your lights come on, who plan future development for this city, who are awake when you are asleep ensuring public safety or who simply collect your taxes. People may not know your name, but they see your work every single day. Thank you for your service to the citizens of the City of Manitowoc.

It is an honor to be here at Federal-Mogul today and I thank you for allowing me this opportunity to share with you the State of our City. To each and every one of you in this room and to those of you watching at work or at home; thank you for caring about this great City. It is an honor and privilege to serve as Mayor of the City of Manitowoc and to have the opportunity to deliver this annual message.

I hope this day has and will become an important tradition in the City of Manitowoc. It’s our opportunity to pause and reflect on our accomplishments and where we could have done better. It’s an opportunity to look to the future and consider where we’re going. It encourages us as it has for our city since 1870 - almost 150 years ago - to ask ourselves: “What is the State of our City?”

This city was built by you, the hardworking and persistent attitude, the blue collar working men and woman that build things for the world. Those same men and women who are working just 50 feet from us right now. Our history is rich in manufacturing and we are no different now than we were then. City government cannot end a national recession - nor can we control the business cycle - but we can shape our own destiny, and you have.

This past summer I had an opportunity to tour almost 50 of our esteemed businesses and speak with our entrepreneurs about the successes happening right now in their company. To say the least, I was amazed at what we are doing here in Manitowoc. It's what built this city and it's exactly what is bringing us out of these difficult times.

It's happening now. That is the State of our City.

Right here at Federal-Mogul sales are up 65% since 2010. This plant has existed in the City of Manitowoc for over 30 years and supplies world-class piston rings for small engines, automobiles and high horsepower diesel engines - engines that are sold all around the world. Not only does Federal-Mogul produce products for the world, they do business with over 60 entities within the City of Manitowoc. They are up to 800 employees today and have added 367 people since January of 2010. All this is to the credit of the management team and hardworking, committed employees. Those same employees who built Manitowoc into what it is today.

Federal-Mogul is also a community partner with an organization near and dear to my heart, Holiday House. They currently have two employees through Holiday House and it is my goal to bring those same opportunities to City Hall. In fact, just this morning we met as a management team to begin the process of hiring individuals through Holiday House throughout all our departments. Individuals with cognitive disabilities have a 70% unemployment rate. These are individuals who want to work, who are able to work, and we at City Hall are going to be leaders in our community, like Federal-Mogul currently is, in partnering with Holiday House to hire these individuals.

Federal-Mogul isn't alone either. Lakeside Foods is celebrating their 125th year in business in the City of Manitowoc this year. It is quite the achievement given business conditions over the years, not to mention a great depression. Headquartered in the City of Manitowoc, Lakeside Foods has 16 plants, 7 distribution centers and an average company-wide employment of 1,700 people. They currently have 310 employees at their Manitowoc facilities. The best thing about many of our local businesses, just like Federal-Mogul, is that they aren't in this just for themselves. Lakeside Foods is involved with Community Partners in Literacy, a program developed to provide one-on-one tutoring sessions for literacy needs within the community in conjunction with the Manitowoc Public Library. Lakeside Foods is committed to their employees and this program is designed to help adults learn to read, write and speak English.

Dermatology Associates has signed documents to open their 30th clinic this summer. They will now be serving a population of over 5,000,000 people. Their current employment is well over 300 employees and by the end of this summer they expect to exceed 350 employees.

Our signature company, The Manitowoc Company ended their fourth quarter 24.5% higher in 2011 than their 4th quarter earnings in 2010. The sales increase was driven by a 39.9% increase in their crane segment.

Exactly three years ago, almost one month after I was elected Mayor, Anheuser Busch said they would be ending production at their Manitowoc facility by the end of 2010. A complete shutdown would have left the plant vacant for years to come. In July of 2011, Riverland Ag purchased the facility for grain storage. This facility includes 4.5 million bushels of grain storage capacity with access to marine, rail and trucking. We are proud to welcome Riverland Ag to our community and look forward to continued partnerships in the future.

That same period in 2009 saw the departure of Koenig and Vits from our community, taking with it 70 jobs. Myself, along with State Senator Joe Leibham, worked closely to bring the aluminum rolling mill back into production. Skana Aluminum completed their first full year of operations in 2011 casting 56,000,000 pounds, shipping 36,000,000 pounds and ending 2011 with 106 full-time employees which is an additional 36 employees from when Koenig and Vits ended their business. Skana is another company that is committed to their employees, going 582 days without a lost time accident, providing health insurance, short and long-term disability, 401(k)'s and cash incentive bonuses.

Economic Development is our top priority within City Hall. We have a great working relationship with the Economic Development Corporation of Manitowoc County which is a public-private entity made up of local businesses and the cities of Manitowoc and Two Rivers (which is one of the many collaboration's we have with Two Rivers which Manitowoc County chooses to exclude themselves from). The EDC worked diligently just recently under the leadership of Connie Loden, their new Executive Director, to bring Bitter Newman into the old Aldi building in the Shopko mall.

Tonight, the City Council will be voting on resolutions prepared in conjunction with our City Planning Department to provide \$3,000,000 in Midwestern disaster area revenue bonds for financing for one of our esteemed businesses (Baileigh Industrial) within our industrial park as they look to expand their current facility. Also, this past year the City Council approved a resolution to provide free land to businesses that are interested in developing within our industrial park. The business needs to meet certain criteria including achieving taxable development of twenty-times the gross land sale price and when at least three full-time jobs have been created for each acre owned - jobs that must be new and not re-located, work at least 2,080 hours per year, pay at least \$15.00/hour and maintenance of that job for twelve consecutive months.

Economic Development is our top priority within City Hall and we are doing all we can to address it.

However, I think we can do more. I will be sending a job description and request to create a new position of economic development specialist to the City Council for their consideration. This position would be under the direction of the City Planner and work independently to establish, coordinate and manage all economic development efforts and programs for the City of Manitowoc. With the recent layoffs our planning department has been minimized and more duties have been assigned to the individuals that are left. This is the department that most of our economic development tasks have been assigned to. This position would be essential for; our loan programs, grants for business, redevelopment projects such as the mid-cities mall, development and maintenance of our TIF districts, promote real estate development, collaborate with neighboring cities, counties, state and regional development organizations on mutually beneficial development efforts in northeast Wisconsin. Most importantly, this position would be responsible for actively seeking businesses that are interested in moving to Manitowoc. We need to be competitive, we need to be ahead of the curve and we need to fight for job creation in the City of Manitowoc. All our neighboring communities have an in-house economic development specialist of some kind and we should be just as competitive, in fact our goal should be more when it comes to economic development.

Skana Aluminum, the Manitowoc Public School District, Gallery 3, Tramontina, Orion Energies and LVR Properties: What do all these have in common? They all occupy what used to be Mirro facilities. In fact, all the former Mirro facilities are currently occupied. Except for one. 1512 Washington Street, the Mirro Building.

This 1,000,000 sq. foot facility has been sitting idle and vacant since 2003, almost a decade ago. Five different private owners have occupied this building doing nothing more than stripping it for what it's worth. This is a public safety and health concern and it is time that we take corrective action. If anyone questions why government exists the Mirro Building is a perfect example. Government exists to provide that which the private sector can't - or won't. I'm not blaming the private sector at all. What businessman would spend upwards of \$5,000,000 plus to demolish the building and remove its contaminants not even knowing what's underneath the ground then turn around and spend another couple millions of dollars to build a business that is actually profitable? A private businessman can't risk that much money on a building that cannot be saved and as we have seen from all the past owners, no one won't. The City of Green Bay just spent millions of dollars cleaning up old properties along their river front and this should be no different. It is time that we stand up as a community and collectively do something about this eye sore. Over the next year you will see my administration pursue how we can work with the private sector, or not, to get rid of it. This is an economic development issue and it is time that we address it before the costs become too extreme, before our safety is at risk or before the health of the neighbors is in jeopardy.

Despite teenagers breaking into the Mirro building and somehow getting on the roof, Manitowoc remains an extremely safe community to live in. I'm pleased to announce that violent crime in Manitowoc dropped 2.3% from 2010 to 2011. That's a decrease from the previous year of a 17% drop from 2009 to 2010. Manitowoc law enforcement made 42 arrests for violent crime, of these aggravated assaults accounted for 81% and robbery was at 5%.

While we remain a very safe community and violent crime is down, there are a couple of trouble areas that we need to address, things that probably occur most often while we're asleep at night; that being the increase in alcohol and drug abuse. There were 2,198 society arrests which were up 28% over last year. Of these society arrests disorderly conduct accounted for 39%, liquor law violations were at 25% and driving while intoxicated at 24%. Half of society arrests related to alcohol and I can venture to guess that most of the 39% of disorderly conduct violations involved alcohol. This is a serious problem in the City of Manitowoc and we should treat it as such.

We have seen an increase in both of these areas and unfortunately most communities see this during economic downturns. Individuals often turn to these types of crimes as despair and uncertainty grow. I am proud that we have a police force whose main goal is education and getting into the classroom. We also have a great partnership with the crime prevention committee and the citizen's academy whose main focus is to educate the public on crime prevention efforts. Our police department also added another K-9 unit to our force. This effort was made possible through private dollars including a \$30,000 match from the West Foundation. Our K-9 unit will be a major force in bringing that drug arrest number down significantly. We cannot however simply rely on education. Our police department needs to have a presence in our community and a large portion needs to be focused on drugs and alcohol. We have received grants in the past to add officers to our force to specifically address these issues. Unfortunately with budget cuts some of these positions were eliminated. It should be our goal over the next year to reestablish these positions and continue aggressively fighting drug and alcohol abuse in our community.

While public safety always has and will be my top priority we cannot forget the other things that make our community a great place to raise a family.

I am proud and thankful of and to our City Council for approving funding to repair and upgrade Red Arrow Park. Everyone is well aware that parks are very important to me and Red Arrow has been on my radar for years. This year we are going to redo the driveway and parking lot which has been in desperate need of some tender loving care for quite some time. We are also going to groom the beach through a DNR permit. Yes, Manitowoc, we will finally have a park and beach like Two Rivers has! Not only that, we have been working with organizations and the school district on a long-range plan for the entire park. My goal is to someday make a sports complex for baseball, softball, soccer, tennis and much more.

Our public library in beautiful downtown Manitowoc hasn't been immune to budget cuts. However, just last Monday alone more than 1,000 people visited the library. In just seven days they presented 15 different programs for all ages for a total attendance of 308 people. They are utilizing the use of volunteers and they are currently busy inputting data from index cards created in the 1980's about Manitowoc's history and placing it into a searchable database. The goal of this program is to bring last century's information into the 21st century. More people are utilizing our Library every day both in person and online.

Along with the Maritime Museum, a staple of downtown Manitowoc is the Capitol Civic Centre. The Capitol is celebrating their 25th year as a non-profit performing arts center and the hub for performing arts in our community. The Capitol is home to many organizations such as; Masquers, the Manitowoc Symphony Orchestra, the Lakeshore Wind Ensemble, Peter Quince and many more.

The Capitol is planning some much needed building improvements in the near future and I am positive the community will step forward with support and funding to continue this wonderful asset in our community.

Speaking of downtown; this past year I created a committee of interested citizens in revitalizing our downtown. This committee has formed into the 'downtown streetscape committee' and is charged with pursuing grant funding for façade upgrades, improving the look to downtown, working with Mainly Manitowoc and MCCA collectively and addressing speed and parking issues along with finally addressing whether we should change from one-way to two-way streets.

Tourism remains a key priority to our community. The Manitowoc Area Visitor and Convention Bureau is made up of the cities of Manitowoc and Two Rivers. This past year the MAVCB hired a new president, Jason Ring, to head tourism operations. The MAVCB is currently working on a new brand and tagline for our two communities. Tourism and the dollars that flow to our community are very important. This is why I created a marketing committee made up of the Chamber of Manitowoc County, the Economic Development Corporation, the Maritime Museum, Mainly Manitowoc, the MAVCB and the cities of Manitowoc and Two Rivers.

This committee is charged with joint marketing and branding for these entities, how we can best utilize our marketing dollars and ultimately looking at the room tax dollars that come in and how they are spent. We need to collaborate on economic development and tourism and these entities joined together can be very powerful in promoting our community for future growth, development and tourism.

25 years ago, which may seem like a long time ago for some of us standing in this room, I don't think the Mayor of the City of Manitowoc and the City Manager of the City of Two Rivers would have been seen in the same room together. I am proud to say that Greg Buckley and I have an excellent working relationship and that the partnerships that have been built over the past few years are doing very well. I have already mentioned a few here today; the Economic Development Corporation, the Manitowoc Area Visitor and Convention Bureau - add to that joint dispatch, the chamber, marketing, the carferry and future partnerships with the humane society, shared services or even utilities. The cities of Manitowoc and Two Rivers work very well together and I promise you that we will continue to look – together - for any efficiencies, collaborations or partnerships that will be beneficial to both communities and that both communities can take pride in.

We have been collaborating with other government entities as well. The City is now in the process of developing a strategic plan. This is in part thanks to Lakeshore Technical College who assisted us with retaining a facilitator at a decent rate. The plan will be used as both a planning and budget tool to guide decisions for the city. We must be focused on what is really important and mission driven in every area of our city. This strategic plan will guide us over the next 3-5 years as challenges continue. Lakeshore Technical College is also aiding us in developing a personnel evaluation form. They applied for a professional development grant for one of their professors and were successful in that application. At no cost to the city, LTC will formulate a personnel evaluation form specific to our needs. We have also worked with the Manitowoc Public School District to cut costs and duplication of labor in various areas including grass cutting and snow plowing along with working towards a concrete agreement for maintenance of our ball diamonds.

When it comes to city governance the document that reflects our city's mission and focus is our city's budget. In the midst of the most difficult financial realities in a generation, in the midst of a global economic crisis affecting cities all over our state, we have worked hard on preparing a budget that will accomplish the mission of progressing our city through these tough times. This is what we have done the past two years. I was dealt, quite the hand, when I took office. Since 2000 the city increased its debt from \$30,000,000 to \$75,000,000 in 2010. We didn't increase taxes to adjust for the cost of living, we didn't cut back on many services we provided, we faced multi-millions of dollars' worth of unfunded mandates from the state and we stop gapped our budget with one-time fixes to the tune of \$12,000,000. We faced over a \$10,000,000 structural deficit between 2011 and 2012 - out of a \$26,000,000 general fund budget. Again, we had a structural deficit which was over 1/3 of our entire budget. This was a daunting task to solve, to say the least.

The budget this year is balanced with the least reliance on one-time revenue in years.

The budget this year incurs less debt than we've seen in decades while paying off more than \$10,000,000.

The budget this year includes revenue increases to bring us in line with our actual expenses.

This budget is no longer about smoke and mirrors, gimmicks and games. This is about hard work on the part of the employees and elected officials, innovative thinking, sacrifice, and facing up to sometimes inevitable pain.

While our initial audit of 2011 shows us in much better shape and it looks as if we have finally got our fiscal house in order; it came at a cost.

80 positions were eliminated which is 1/3 of our workforce. 40 actual individuals were laid off and lost their job. We are forced to discuss closing down buildings like Citizen Park or discontinue funding of crossing guards. We are faced with this financial reality and will need to live with it over the next 3-5 years.

We have several options before us when it comes to our budget. We can stop investing in the future and watch the gains we have made in infrastructure, quality of life, and every other area disappear before our eyes. That is one choice. And it would be a disastrous choice. We all know how it turned out after years of non-spending in the 80's and we paid for that fault for decades to come. Yes, the city is now far stronger than it was then. Yes, we are far more responsible in our spending habits than we were in the 90's and 2000's. Progress, however, is not inevitable. It's up to us to create it. And I guarantee you: we will not walk away from what we have built.

We will continue investing in this community every single day. We may be forced to slow down for a couple of years but we will work tirelessly to be able to once again invest in this community while being fiscally responsible.

We will have to reduce our capital spending. Some projects will have to be slowed down, others will have to be scaled back and some will not be done at all. However, we cannot forget the single most important lesson of the 1980's, when you stop investing in infrastructure and quality of life, the future hits the road. Jobs, people, capital - they all leave. We will not allow that to happen.

I am confident that moving forward as a city government we will be competitive, fiscally responsible and accountable and continue to grow. Over my seven years as an elected official I have never seen a City Council work as tirelessly as they do now. We have our disagreements which may seem like many at times, we have our public debates, but I am proud of the hard work and dedication they have put in during these challenging times. Also over these seven years I haven't seen a workforce where morale was as low as it is. Rightfully so, to lose 1/3 of the workforce, to have added duties and responsibilities, to not receive a raise in many years and get on average a 10% compensation decrease - it's tough. However I've now seen employees rise through the trials they faced and become better employees for it. They are resilient in ensuring the highest quality service for you the taxpayer and it is my hope that in the near future we can reward them for that.

Fiscal stability, public safety and improving our overall quality of life for Manitowoc remain my top priorities. I will continue to work, fight and to do whatever possible for this city to become everything you deserve.

The current investments we are making create more than infrastructure or quality of life, they go beyond City Hall and reach into our everyday lives. We see it here, at Federal-Mogul as we drive down Waldo Boulevard to be greeted with “Now Hiring”.

Government and business alike have been faced with many challenges over the past few years and both the city and businesses wondered if there was a light at the end of the tunnel. We dreamed, hoped and prayed for a better city or business.

We imagined it then, and it’s happening now.

It is with deepest humility that I serve this city, and I am honored to do so. Thank You and God Bless.