

**State of the City 2018:**  
**“Building a Better City,**  
**Building on our History of Innovation”**

Duluth, MN

Mayor Emily Larson

## **Building a Better City, Building on Our History of Innovation**

It is just so exciting to be speaking here tonight in the Norshor theater.

Just a few years ago this grand theater had fallen into complete disrepair. Despite its rich history, it had been cast aside. It would have been easy to just ignore its important historical significance and let it go.

But that didn't happen.

Because this community coalesced around a vision. One initiated by Former Mayor Don Ness but sustained by the hard work, grit and determination of countless others. Working together, we saved this place.

Right across the street is the Zeitgeist Arts Café, performance theater, and movie house.

At the time they were established, this part of town was known mostly for its strip club, head shop, decaying buildings and abandoned storefronts.

But the Zeppa Foundation – and Director Tony Cuneo – had a vision of investing foundation funds to build a business that could help revitalize a decaying neighborhood.

They risked everything to re-invent themselves as a social enterprise and non-profit arts and community development organization.

Together, these projects have catalyzed a growing and thriving downtown cultural community and reminded us of the importance of clear-eyed, bold, innovative vision.

They were uphill battles.

But in Duluth, we're familiar with winning against long odds.

**Two weeks ago we welcomed home our Olympic Gold Medal Curling champions.**

It felt so quintessentially Duluth.

Scrappy underdogs.

Never giving up.

Believing in something when no one else believes.

Dismissed and underestimated.

And THEY did what WE do best: they over delivered.

THAT is Duluth at its core. Measures of

Vision.

Risk.

Persistence.

Collaboration.

Drive and Determination.

And that's what I want to talk about tonight. Because together we ARE building a better city, and we're building on our history of bold, bright vision and innovation

Two years ago, in my first State of the City, I promised to build a more inclusive, collaborative, fair and transparent city.

That vision hasn't changed.

It remains my goal that we are a healthy – prosperous – sustainable – fair – and inclusive community ... for all neighbors and across all neighborhoods.

We still face deep challenges and divisions from racism, poverty, education and access to economic opportunity.

These are massive problems, and we can't solve them in a year. Or two years.

These challenges and divisions have generational impact. Progress is measured slowly, but steadily. A recent sold out NAACP Freedom Fund dinner gave me hope – 300 people from across the community working together to build a future of promise and opportunity.

The Indigenous First shop at AICHO –American Indian Community Housing Organization –gives me hope. A downtown store focused exclusively on selling the work of Native and Indigenous artists. They get a lot of business. But could always use more.

Our ongoing, and growing, relationship with the Fond du Lac Band. This gives me hope.

Last year I laid down a challenge that our task is not to fix the entire world all at once, but to mend the part within our reach.

Together, our reach is incredibly wide - the mending has begun.

**One year ago we named opioid addiction a crisis,**

and with our partners in St. Louis County and the Opioid Abuse Response Strategies Work Group we are applying innovative interventions, like the opioid withdrawal center, which can help break the cycle and provide safe medical supervision for withdrawal and recovery.

Last week we announced a major bust of 40 drug dealers peddling heroin, fentanyl and other drugs across our region. A truly incredible effort led by the investigative work of our Lake Superior Drug and Violent Crimes task force.

Our community's honesty about this crisis, and our courage to address it, have been noticed by state policy makers, the National League of Cities, the Federal Drug Enforcement Agency and the US Attorneys office.

**We named affordable housing for Duluth residents earning less than \$50,000 a year a priority.**

We adopted a housing framework, targeted two special investment areas to focus our resources, and are working with local partners to develop projects.

Last year I was named to the Governor's Task Force on Housing where I can advocate for Duluth's housing needs.

And in October we announced \$17 million to Duluth for the creation and rehabilitation of affordable rental housing and homeownership.

In the past two years, close to 700 new units of housing have come on line in Duluth – we have another 184 units pending. Still, affordable housing continues to be a challenge as we face dwindling state and federal housing resources. We have significant work to do in this area to make sure we're integrating affordability into as many housing projects as we can.

**We named climate change as a reality, and laid out a bold goal of reducing our greenhouse gas emissions 80% by 2050**

Last year we decreased emissions by 15% through changes in our steam plant. We are on pace to meet our goals even earlier than anticipated.

We've invested in Minnesota Power's solar garden, we're making energy efficiency upgrades in parks, lighting and building operations. We've added energy as a specific area of focus to our comprehensive plan.

In this area, we are just getting started.

Because although our United States Government has withdrawn from the Paris Accord, Duluth has not.

**We embraced the motto “decisions made about us, without us, will fail us.”**

Our comprehensive plan, Imagine Duluth 2035, lays out our collective vision and priorities for the city.

We said it would be inclusive and collaborative.

We asked for your help, and you responded with a resounding “Yes!”

We held over 100 meetings with community members, received thousands of comments and over 4,000 surveys.

Countless hours by staff and community members have brought us to a draft plan which we will finalize later this year.

**We’ve made funding streets a top priority.**

After years of struggling to find funding to fix our streets we put a dedicated half-percent sales tax before voters last fall.

Duluth voters once again said “Yes!” – winning every precinct and 77% of the vote. Your message is clear, and I’ve taken it to St. Paul.

Our next step is working with our amazing Duluth delegation, business community, and others to get this dedicated funding approved through the legislature and put it to work for the people of Duluth.

And as we’re putting public dollars to work, we’ll be working to ensure the dollars help support local jobs.

**In the coming weeks I’ll be introducing new business subsidy criteria** to create a clearer set of standards, and a more transparent and predictable process for our city’s economic development investments.

As Mayor, I promised to use every tool at my disposal to grow good, local jobs.

As part of our criteria we've clarified our project labor agreement standards, which protect our city investments and incentivize good, local job creation. We can do good with our investments while doing well by our people.

**The optimism we experience today in Duluth is built upon the bright ideas and bold thinking that IS the history of who we are.**

Naturally I have a few examples...

In the 1880s, skyscrapers were taking hold in cities across America. One of the biggest safety threats for elevators at that time was manually closing the elevator door. One passenger forgetting to close the door could result in others falling down the elevator shaft at the next floor.

Alexander Miles, an African American inventor living in Duluth, solved the problem in 1887 with his invention of the electric, automatic elevator door.

Seven decades before the Voting Rights Act would protect his right to vote, just 20 years after emancipation, here was a true leader, trailblazer and innovator. And the first African American member of the Duluth Chamber of Commerce.

Brave, bold thinking.

More recently, Duluth has led the state and nation in other areas.

- **In the 1980's Duluth pioneered a new response to domestic violence**, which is now the most practiced model of intervention in the country.
- **Duluth led the state and nation in banning mercury** and eliminating the hazards of secondhand smoke for workers by prohibiting smoking in bars and restaurants.
- **Duluth was the smallest and the first city to apply living wage requirements to business subsidies** to ensure that all jobs created with public tax money are good paying jobs.

In addition, Duluth businesses have paved the way with new ideas, products and approaches.

- **Cirrus** produces the first civilian single-engine jet to achieve certification with the FAA. A company that propelled Duluth into who we are now - a truly innovative aviation sector employing thousands of people at Cirrus, AAR, Northstar Aerospace, DIA, Monoco Air and more
- **Minnesota Power** is a leader nationally in energy efficiency programs and building out renewable energy and together we are working to democratize energy efficiency in ways that is getting noticed around the country.
- **Loll Manufacturing** makes beautiful durable outdoor furniture out of recycled materials. Each one of their Adirondack chairs is made out of 400 recycled milk jugs. Another example of Duluth doing well by doing good.

These companies are just a few who's innovations are leading Duluth into the future.

Many of these firsts I've listed were initially seen as risky or "out there" at the time.

But now, their strategies and values are considered just the normal part of how we do business.

Duluth leads. We dare to take the first step. And often, we find that others follow.

Being a mother is like getting a daily dose of honesty. Every day, my kids do something that grounds me and calls me back to what's important.

I came across a scrap of paper recently, describing rules for a game called "Rescue Helicopter" developed by my son Gabe when he was 5 years old.

You know how sweet kids are – living in the Hillside, we'd watch these hospital helicopters fly over us, and there Gabe would stand: eyes up, pointing, saying "Look, Mama. Someone's getting help!"



His rules for re-enacting Rescue Helicopter were simple but got to the heart of the issue.

Rule 1: Papa, Mama and Eli have white hats.

Rule 2: Gabe has an orange hat and swings on a rope. (he liked both orange and swinging)

And Rule 3: Everyone rescues everyone.

Around that same time, at the age of 3, our other son Eli had a Band-Aid collection.

Yep ... pretty much what you'd expect.

We'd would give him boxes of band aids for gifts. And Eli would put them all in a special drawer in his room.

And then, whenever anyone would got injured, Eli would rush to his collection to retrieve just the right Band-Aid for the job, and work to heal the person's hurt.

"I can help!" he would say.

I love those two incredibly simple statements:

Everyone rescues everyone. I can help.

So simple. Yet so profoundly challenging.

For at the heart of both of them is a deep value of taking action and taking care for one another.

Kids say it like it is.

They distill truth to its essence.

They intuitively know how we're supposed to treat one another as a family, a community, and as a City.

The rest of this speech is about looking ahead. Moving forward. As a city we're going to embrace our bold spirit of innovation, and we're going to do that while also focusing on what matters most: taking care of each other.

Duluth really is that underdog City. We are often underestimated. And we do really love to over deliver.

We rescue. We help.

As a favorite African proverb says "If you want to go quickly, go alone. If you want to go far, go together."

We can grow our economy, rebuild our infrastructure, support a thriving business culture and take care of each other. It is possible. And I've got a few ideas.

My first area of focus tonight is on workforce development. My second area of focus will be our spirit of innovation.

### **(Workforce Development)**

The candle that burns here is produced by Limitless Candles, a youth founded social enterprise business, which is part of the Legitimate Hustle program at Life House.

This youth led business is a key component of Opportunity Youth, an exciting and successful collaboration led by SOAR Career Solutions (SOAR) in partnership with Life House, Woodland Hills, Duluth Workforce Development, Lake Superior College, Duluth Public Schools, and Duluth Adult Basic Education.

Opportunity Youth range in age from 16-24 and are not working or engaged in school.

They experience significant challenges such as poverty, homelessness, mental illness, chemical dependency and/or involvement in foster care or the criminal justice system.

Life House staff guide and mentor each Legitimate Hustle cohort to start and operate their own social enterprise business.

Building a business gives these young entrepreneurs an opportunity to safely earn money while learning employment and business skills.

One recent young worker had relied on supportive services for much of his young life. He was connected through this collaboration to free carpentry training at the Carpenters Union.

The participant went through work readiness and carpentry training, graduated, and is now a union apprentice making over \$33,000 a year, while learning the skills of the trade.

He's on the path to a good job and a much more promising future.

The promise of his future is the promise of Duluth's future.

Opportunity Youth is one of many exciting workforce collaborations underway.

- The Carpenter's Preparatory Apprenticeship Training Program – which I just mentioned – has resulted already in 2/3 of participants finding jobs, with half in a registered apprenticeship program.

This program will be expanded this year with specific outreach to women to connect them with the trades.

- We have a partnership with Essentia, Lake Superior College, and Community Action Duluth to create career pathways in health care.

There is more we can do as a City to lead and partner to meet the growing demands for workforce.

**Over the next three years we will be engaged in rebuilding Superior Street.**

And WHEN the sales tax passes the legislature we will be rebuilding streets all across the city for the next 25 years.

Thinking innovatively, this is not just about patching pavement – although we do need to patch pavement.

I see this as a jobs and workforce development opportunity as well.

Over the next years, rebuilding our streets will require hundreds of workers.

Some portion of these jobs need to reach hard to employ and under-represented potential workers – workers like those who made this candle.

In collaboration with the Workforce Center we will be reaching out to work with community partners – the Building Trades, SOAR, Community Action Duluth, Northland Construction and others to ensure that our streets program also serves as a jobs program

There are some barriers we'll need to overcome. Currently our bidding process doesn't give us the flexibility we need to achieve additional community goals.

This year we'll work to incorporate workforce development and community benefit language in our bids for public projects.

These community benefits might include preference for locally owned businesses, hiring low-income, unemployed and hard-to-employ residents, or other benefits such as affordable housing construction, renewable energy, or locating jobs and projects in economically disadvantaged neighborhoods.

As a city, public dollars are one of the tools we have to ensure the public good.

**Most importantly, however, moving forward, we are going to look at how we integrate workforce development into everything we're doing.**

Three weeks ago we said goodbye to Paula Reed and thanked her for her years of great work as Duluth's Manager of Workforce Development. We were sorry to see her go.

Under her leadership, the Duluth Workforce Board's emphasis has evolved. And they're getting incredible results.

We're about to start searching for a replacement, and as we do we're making a big change:

I'll be elevating the position of Workforce Manager to the level of Director.

This will allow our economic development team to provide their full attention to the packed portfolio of development projects in our pipeline, including the potential for an enormously exciting set of projects within our medical district.

Our Economic Development also gets a colleague who's sole focus will be on pairing each development opportunity with a workforce element.

The city gets a key team member in the room for every single discussion we have cross departmentally.

A streets program? That's a jobs program.

Seasonal hiring for parks? Jobs program.

Emerging workforce need with a community employer? You got it: Jobs Program.

We'll have the full focus and staffing expertise to help our business community and our job seekers.

This elevated position will be tasked with forging community partnerships and driving the integration of workforce development throughout the city – from k-12 to higher ed. In a state that is struggling to meet our workforce needs, Duluth will once again lead.

**My second area of focus will prioritize and build on Duluth's spirit of innovation.**

Our draft Comprehensive Plan identifies 12 Core Investment areas, where the city will direct special focus and resources to strengthen neighborhood hubs across the city.

Next year we will build on last year's Housing Framework and our new Comprehensive plan to propose innovation zones, relatively small, targeted areas in specific neighborhoods where we can take ideas out for a test drive.

We need to try things, learn as we go, and adjust. If something works, we can expand it across the city. If not, we'll adjust course or stop altogether.

Tech and start-up businesses rely on this approach routinely. Cities can do the same.

Our first innovation zone will be Lincoln Park.

Stretching from Garfield Avenue to the ore docks, Lincoln Park's namesake is Duluth's oldest park, a gem that defines our long commitment to parks and preserving green space.

Lincoln Park has three waterfronts – Miller Creek and the other creeks that wind their way down the hill, the St Louis River and Lake Superior. It's home to Duluth's working waterfront, an engine driving our local economy, and defines Duluth as a vibrant international port.

Lincoln Park also faces many of the greatest disparities in health, poverty, and housing.

Lincoln Park's vitality is THE barometer of vitality in our city. It's one of the reasons it's been such an important neighborhood of focus for me.

Over the last two years we've helped build out the Craft District, invested in improvements to the neighborhood's iconic park, secured bus lines up to the

school, and identified a housing framework. We haven't done this alone. Thanks to the partnerships with Duluth LISC, Ecolibrium 3, LPBG, DTA and others, amazing things are underway.

Now the City will have a specific team to target innovations in Lincoln Park. Ecolibrium3 will act as the local anchor organization, to help pull together residents and community partners to generate ideas, and will work with the city's Lincoln Park Innovation team to define the boundaries and scope of the project.

One of the ideas we'll start with? Wait for it... potholes.

**Tonight we are launching a new innovative partnership with the Natural Resources Research Institute, or NRRI.**

For 35 years this local gem has been delivering its unique multi-disciplinary approach of “practical solutions where economic growth meets environmental protection.”

Created in 1983 in the wake of declining mining and forestry industries, NRRI was the realization of Judge Gerald Heaney's vision along with Representative Jim Oberstar, Governor Rudy Perpich and the University of Minnesota.

NRRI's mission is using applied research to deliver science-based solutions that meet economic needs, protect the environment, and create resilient communities.

Duluth's history is one of bold and visionary innovation.

NRRI's mission is to deliver innovative, real-world solutions.

We want to try new approaches. NRRI needs a place to demonstrate new solutions.

You see where I'm going with this. It kinda feels like tourism and the lift bridge – a winning combination.

An NRRI – City of Duluth collaboration taps into our spirit of innovation and our reputation as a leader.

Duluth has plenty of potholes. NRRI has a promising way to fix them.

NRRI has been trying out a new way of using taconite by-products to create better, harder, hopefully more durable pothole patches. It looks like this. An experimental material that uses byproduct from our taconite mining process, which absorbs the water that often erodes the pothole materials we currently use. It's ready for prime time, and we're ready to innovate.

Imagine: Duluth and the Iron Range. Working TOGETHER. Collaborating. Innovating. Employing. Repairing strained relationships while repairing our roads. So corny it just might work.

**I've got two more ways we'll be innovating as a City. The first is about power source. The second is about people power.**

Last year we started what I intend to be a long term commitment AWAY from coal. At our Steam Plant, we dropped coal usage dramatically – going from 12 months per year of operation to just 3. Running 3 boilers rather than 4. Decreasing green house gasses 15% in one year. The one downside: it increased our use of natural gas – a nonrenewable energy source.

We can do more. And this year, we will. Tonight I'm announcing our plan to purchase renewable fuel oil made from forested wood residuals that will decrease our current coal and natural gas usage by 50%. Further reducing our carbon profile and significantly increasing our reliance on renewables - all while delivering cost savings to customers.

See, we have innovative and creative solutions. We can meet the needs of our community while being out front in areas that matter. We don't have to look at outside experts to tell us what to do. Often the answers come from within.

At the City of Duluth, we have hundreds of amazing employees, with years of experience, a deep understanding of Duluth and a commitment to serve.



**We need to tap this incredible in-house resource of ideas and innovations.**

And we can draw on our history for ways to do it.

In 1905 a small company moved to Duluth from Two Harbors after they failed to find the minerals needed for making grinding wheels. After their initial failed venture, the company reimagined itself and they succeeded. They eventually left Duluth to become 3M.

This same company launched another innovation in 1948 –which allowed employees to use part of their paid time to follow up on things they were excited about and had discovered in the course of their work, but which they didn't have the time to pursue within their traditional projects.

In 1968 Art Fry and a colleague at 3M used this time to develop post-it notes from an otherwise failed adhesive.

There are countless other innovations that came from 3M employees being given encouragement to develop their ideas.

And many of the most innovative companies have since adopted similar concepts. Apple's "Blue Sky." Microsoft's "Garage." Google has...Fridays.

**I am proposing that we celebrate this entrepreneurial spirit of innovation within our own City workforce.**

Over the next year we will pull together Directors, Managers, and employees to figure out how best to make this happen.

And early next year we will hold our first ever Duluth Ideas Fair – like a science fair with posters, tables, video – whatever – where employees can present and discuss their ideas with me, other employees, department heads, and interested people from the community.

We'll pick the best ideas and try them out. Perhaps in an innovation zone near you.

**Earlier I talked about my sons, and their intuitive response to reach out. To pitch in and help others.**

Sometimes the daily noise of our loud world can drown out our simple truths.

But here, to me, is the best part of these stories. This kind of intuitive truth or faith in humanity isn't only available to kids.

It's something we all know. Here. We just have to let it out.

We're in an important time right now. Duluth is on the move, and we're being noticed.

We have the opportunity and responsibility to shape our future.

That future must build on what makes Duluth unique and strong. The beauty around us. Our history of innovation. And our people.

Because cities exist for people!

People who work, live, play. People who own businesses or punch a clock. People who volunteer, who shovel their neighbor's sidewalk. Or bring hotdishes in times of trouble.

Of all the diverse and amazing people I've met in this job, I've yet to find someone who doesn't care.

**We have challenges as a community. But we also have each other.**

We have the determination, compassion and vision to move us forward.

Right here. Right now.

In this room.

We are the dreamers and the workers.

The poets and the drummers.

The entrepreneurs and the risk takers.

The leaders. And the innovators.

It is you. And it is me. It is us.

We've got a lot of ground to cover.

Let's get to work.

Thank you.