

STATE OF THE CITY ADDRESS, DETROIT LAKES, MINNESOTA, JANUARY 11, 2022

To the City Council, City Staff and to the Citizens of Detroit Lakes, Minnesota, it is an honor to deliver this evening, the annual State of the City Address for the year 2021.

Reflecting on my remarks last year, because of the pandemic, 2020 was a “trying and stressful time”. While we are still coping with the challenges that we all face, I think we can all agree that thankfully 2021 had a different, more positive feel than 2020. Locally we saw many traditional events return to the city including the Northwest Water Carnival which drew record crowds, the Independence Day fireworks on the beach returned with a spectacular show, and the We Fest country music festival returned in August to name a few. Our schools are open, restaurants and stores are open, City services have returned mostly to normal and thankfully for us all, Detroit Lakes has had very few business closures since the beginning of the pandemic. Our local economy has rebounded in a big way, still facing challenges with material shortages and workforce issues, but overall, throughout the past two years, we have managed to persevere. The resiliency, creativity and dedication of our area businesses and manufacturers, our citizens and our city’s staff, is certainly inspiring as we reflect on the year 2021.

Adding to the positive energy we felt this past year, 2021 could also be called the year of “Ribbon Cutting and Groundbreaking”. The Becker County Museum project broke ground in May of last year, and various significant projects were completed in 2021 with ribbon cutting ceremonies and open houses conducted at the new Detroit Lakes Police Department, the new Wastewater Treatment facility, the Detroit Lakes – Becker County Airport project, the new South Shore Park and the Heartland Trail. And 2021 was also our city’s 150th anniversary with many great events taking place throughout the year.

2021 presented many challenges to the construction industry including supply chain issues and record high cost of materials. But, in spite of this, Detroit Lakes continued to see steady, solid growth with 33 new homes built this past year. And, overall construction valuation, which includes residential, commercial and remodeling projects totaled approximately \$39 million, the second highest total in the past 12 years. Remarkably, in that same period, 445 new homes have been constructed in the City of Detroit Lakes.

Despite Covid and drastic cuts to Local Government Aid, Detroit Lakes continues to be fiscally sound. Reflecting the trend toward normalcy, our enterprise funds and sales tax revenues showed strong growth this past year.

The Covid pandemic has had a tremendous negative impact on the world in which we live. Fortunately, Detroit Lakes has managed to thrive and prosper. As I conclude these opening remarks, I think it is fair to say that Detroit Lakes continues to be a destination place and a vibrant City to live, work and recreate.

Here are some highlights from our various City departments, advisory boards and commissions:

City Administration had a busy year with the various issues caused by the continued pandemic. In addition, our administrative staff took on the responsibility for much of the planning and follow through for the City’s 150th anniversary year events. Adding to the normal workload, the city currently has numerous significant capital projects planned for the next few years including a new public works

facility, renovation of City Hall, improvements to the Washington Ballpark, the Pavilion and a new Becker County Food pantry facility.

The Finance Department once again was awarded the Certificate of Achievement for Excellence in Financial Reporting and the City received a clean audit of our overall finances. Adding to the workload of both the Finance Department and Administration, is the ongoing interpretation and planning for disposition of the over \$1 million funding from the American Rescue Plan Act. The Finance Department and the City Council Finance Committee, along with additional Council members, completed a lengthy budgeting process this past summer resulting in a preliminary budget and levy which was adopted in September and ratified in December. The final budget and levy included a new 1.97% levy for the Housing and Redevelopment Authority, making the overall levy increase at 10.19%. The HRA levy will generate approximately \$120,000 annually and will help upgrade and retrofit 10 to 12 older homes in the city each year, helping citizens stay in their homes and preserving much needed housing stock. The balance of the levy increase accounted for a new full time parks department employee and contingencies for additional decreases in Local Government Aid funding. The good news is that our tax base continues to grow and expand in the City, spreading that levy increase over a broader amount of property and value. A quick example is that a median valued home with the same assessed value as the past year will see an increase in their property taxes of just \$24 per year. We are certainly fortunate to live in a city with such tremendous amenities and quality of life while enjoying an overall tax rate is one of the lowest compared to our peer cities in the region and in the state of Minnesota. And finally, as I mentioned, our enterprise funds and special sales taxes continue to be an important factor in reducing property taxes to our citizens, the impact of which without them would represent an increase of over 25% in our tax levy.

The Development Department representing the Development Authority and the Planning Commission had a busy 2021. The Development Authority engaged in several new business and housing projects this past year including working on property acquisition for industrial park expansion, marketing 5 lots in our industrial parks for business expansion and job creation. Importantly, the Authority is working with the Becker County Food Pantry board on the possible acquisition of land for a new facility. The Planning Commission activities also reflected our gradual return to some normalcy dealing with numerous rezoning requests, conditional use permits, nonconforming use permits, subdivisions and annexations.

The Public Works Department continues to plan for construction of a needed new Public Works Facility planned for North Tower Road. Site grading was completed this past fall for the new facility and the adjacent new County Highway Department facility with construction of the city's facility scheduled for 2023. This past year the City Council approved hiring an additional full time park department employee. As mentioned, a major project in 2021 was the development of the South Shore Park which is now significantly complete. The roundabout intersection at Washington Avenue/North Shore Drive was completed with a new welcoming plaza and entrance to our city beach area. Of all our city departments, the Public Works Department is out front and center to our citizens and visitors, maintaining our parks, city beach, recreational and athletic facilities, trails, streets, parking lots, street sweeping and many other functions that enhance our quality of life and present our visitors with an appealing place to visit. In 2007 the department had 20 employees and that same number continued through 2020. However, in those 13 years the city expanded in almost every function that falls under the department workload. The geographical size of the city increased by over 2,400 acres, 42 miles of streets and alleyways were added, 5 new parking lots, and 55 acres of mowed park land to name a few.

On behalf of the City Council, thanks to the Public Works and Parks employees for maintaining all our facilities so that our citizens and visitors continue to enjoy our great city.

2021 was an exciting year for the Detroit Lakes Fire Department with all firefighters thankfully remaining safe throughout the pandemic and active duty. Membership has stayed consistent over the past year, adding two members but losing two, leaving the department at a roster of 25 fire fighters. With no retirements on the horizon, the department hopes to get back to a 30-member full roster moving into 2022. There were 305 calls for service this past year with 87 cancelled before a truck had left the fire station. Of the 218 calls that were not cancelled, the department logged over 3000 hours including two significant business fires, one in the central downtown district. Major improvements made to the fire station included a new roof, fascia and soffit and new energy efficient windows. The department also had an unexpected equipment purchase, replacing the 1987 ladder truck with a 2012 Smear ladder truck.

Our new Police Department facility dominated activities of the department in 2021. In May the facility was completed, and the transition was made within 3 days when the new facility became completely operational. This is truly a state-of-the-art facility with the latest technology including audio/video advancements, safety and security measures and evidence and storage processing. The Detroit Lakes Police Department has certainly moved into the modern era with the facility designed for growth well into the future. Notably the project received a Silver Award in Officer Magazine, a national publication, for the design. Finally, the local option sales tax that was approved and implemented by our citizens to fund the facility has far exceeded projections and the project will be paid off several years early.

The City's municipal liquor store continues to be well managed and an attractive retail facility to the public. Location, customer friendly design and large product selection attracted approximately 270,000 customers in 2021. Gross sales of \$8.5 million dollars last year placed our store as the 6th largest municipal operation in Minnesota. A transfer to the General Fund of over \$500,00 annually continues to buy down our local property taxes by more than 10% per year. In addition, liquor store profits have provided funds for numerous community and civic projects in Detroit Lakes throughout the years.

2021 was a good year for the city owned Public Utility with sales rebounding in all the utilities after the downturn in 2020. The electric utility remained busy with many projects including new services to homes, developments and commercial expansions. Overall, the electric utility increased customers adding over 300 new meters this past year. The electric meter changeout program was completed also in the spring of 2021 allowing staff to read all electric meters through our automated meter reading infrastructure and providing enhanced service to our customers. As mentioned earlier, the new wastewater treatment facility was put into operation last year, functioning as designed and meeting the State's strict discharge standards. Planning has begun for possible 2023 construction of a new water tower in the city. Finally, thanks to our Public Utility for spearheading fundraising and the replacement of the holiday decorations in our downtown corridor.

Overall, 2021 was a pretty good year in Detroit Lakes considering the challenges faced by us all. We didn't know what to expect but we accomplished much.

Thank you to our volunteers who serve on the many city boards and commissions that assist the City Council in making vital decisions for the city's future. To our city staff and employees, thank you for

going above and beyond, coping with pandemic issues and extra duties yet keeping Detroit Lakes the place that we all love, and that people want to visit.

On behalf of myself and the citizens of Detroit Lakes, thank you to the City Council and to Vice Mayor Zeman for your service, leadership and accomplishments in 2021. Let us all collectively look forward to an even better 2022 in this great city.

As always, I look forward to working with you and for you in 2022.

Matt Brenk, Mayor

City of Detroit Lakes, Minnesota