

# MAYOR'S REPORT

## STATE OF THE CITY ADDRESS

### JANUARY 20, 2014

I first want to welcome you to Berlin's Inauguration Ceremony of 2014. Serving in any capacity in municipal government today is both challenging and rewarding. In the past two years, Berlin and the surrounding communities have been tested in many areas. First of all, the business climate in the paper industry continues to be very challenging. The industry is still right sizing and mills are struggling to enter into different markets with grade mixes that allow for positive cash flow. Locally, Gorham Paper and Tissue continues to face difficult markets and winter energy prices that is straining the competitive edge that was developed only two years ago. GPT remains the largest private manufacturing employer here in the Androscoggin Valley and their continued success is of the utmost importance to the rebirth of our area. All of us in government must do everything in our control to address the energy issues that are exerting enormous pressure to their continued viability. I am in contact almost daily with DRED officials who are committed to making this mill a long term employer here into the future.

Money for continued city operations remains very difficult to raise. When I ran for Mayor four years ago, I pledged to Berlin's voters that I would be a fiscally responsible mayor. Our tax rate here in Berlin is very stable, with increases that have averaged about 45 cents per year since you elected me as your mayor and the dedicated members of our present City Council. Because of significantly lower property values than are found statewide, Berlin's tax rate must be firmly in control to attract outside investment here. My pledge for the next two years is to continue the very focused and disciplined spending environment that has been a priority of this City Council. Having made my commitment to be frugal with public money, I still very much support the efforts to beautify the downtown business district and make it a favorable place to attract and do business. Main Street is the heartbeat of our community, it needs attention and participation from everyone, stakeholders and residents alike. It took a number of years for some of the properties to appear aged, but if we can fix one building or attract one new business this year, it will demonstrate to the outside world that Berlin is very much willing to do its own heavy lifting.

There have been quite a few bright spots in Berlin as well! The City Council hired Jim Wheeler to be Berlin's ninth City Manager on June 1<sup>st</sup>. Jim brings to the job an enormous wealth of managerial experience, a keen sense of Berlin's

internal operational structure, limitless energy and a low key but focused approach to his new job. I've known Jim Wheeler professionally for 15 years and I most admire his uncompromising integrity and loyalty to his hometown. It is supremely gratifying for me to know that Berlin's promising future is in the hands of such skilled leadership. The Federal Bureau of Prisons operations continue to ramp up to full occupancy. In the last 100 days, dozens of Berlin area people have been hired to take full time positions. Because of age restrictions, these folks are mostly made up of young people who can stay in Berlin/Gorham now instead of leaving. More needs to be done to keep folks in Berlin, but just maybe we're stemming the tide of the mass exodus of our best and brightest young people. Burgess Biopower, despite a difficult startup, is nearly ready to start commercial production. There are nearly 40 full time employees on payroll and will be a multi-million dollar annual purchaser of goods, services and raw materials here in Coos County. From the time the project was purchased from the original developer, the folks of Cate Street Capital have been excellent corporate citizens here in Berlin. Together, partnering with the City of Berlin, Cate Street Capital will play a major role in the re-development of Berlin's employment and tax base.

I will ask the Berlin City Council to take an active role in supporting the Northern Pass project. Yes, there is stiff opposition to the project, not unlike what Berlin witnessed with Burgess Biopower and the Federal Bureau of Prisons. The developers of Northern Pass, in my view, got miserably failing grades for how they introduced the project to the affected communities and their continued resistance to engaging the public for solutions. Make no mistake, however, the power is needed to wean ourselves off of power produced by natural gas. The tax benefits and the hundreds of jobs that the construction will create will be a huge boon to all of Coos County. Our support of NP, however, should be conditional to the developer taking real measurable steps to help mitigate sensitive viewshed issues. An honest dialogue among all stakeholders is what is needed if this project has a chance of surviving an ugly, lengthy and expensive court challenge. The stakes are very high, both immediate and long term.

Finally, I want to take a moment to thank each and every Berlin municipal employee in all departments for what you do, day in and day out. Your efforts do not go unnoticed, from working in poor weather, fighting fires in subzero temperatures, keeping our streets safe, helping a child through tough school assignments on personal time, to being a lifeline to our housebound elderly residents. You make Berlin proud, and for that, "Thank you for a job well done".

Paul Grenier, Mayor

A handwritten signature in black ink, appearing to read "Paul Grenier", with a long horizontal flourish extending to the right.