

**Rochester City Council - Annual Meeting
Comments from the Council President – Randy Staver
January 4, 2016**

I'd like to start by expressing greetings and best wishes for a happy, healthy and prosperous new year to everyone in our community.

As many people do, I've reflected over the past several weeks on all that has happened in our city in 2015 and several topics easily came to mind. As the Mayor touched on, there are many positive examples that should all give us a measure of pride and I hope we take them to heart.

From another, perhaps more city business perspective, we've also experienced multiple challenges which, at times, can leave us confused, uncomfortable and searching for solutions. Tonight I would like to take a few minutes to see if I can shed some light on changes affecting the City of Rochester and hopefully show that, despite how chaotic things may seem at times, we have incredible opportunities and much to be grateful for. Let me start by providing some information that outlines the context for my remarks.

Demographic Review

During the fall of 2015, I had a chance to attend a presentation by Susan Brower who is the Minnesota state demographer. Susan highlighted her talk by stating that there will be three big trends to take note of as we look toward the next few decades.

Post-recession Growth (1)

She first spoke about changes in growth that will occur in the post-recession years. Population growth continues but unevenly. Growth rates are converging for greater MN, metro, and suburban areas and follows the national trends too of emerging and maturing of suburbs and more dense cities.

Population Aging (2)

Ms. Brower then spoke about our aging population and reduced birth rates. Demographic data shows that the number of Minnesotans turning 65 in this decade, about 285,000, will be greater than the past four decades combined. By around the year 2020, Minnesota's 65 and older population is expected to eclipse the 5-17 year old "K-12" population for the first time in history. With the total number of older adults (65+) anticipated to double between 2010 and 2030, by then more than 1 in 5 Minnesotans will be an older adult, including all the Baby Boomers. She noted that with an aging population and reduced birth rates, by 2040 MN will need migration to grow at all.

Diversity (3)

Finally, Ms. Brower talked about increasing diversity. While different, the trends are not new. In 2010, approximately 36% of the population nationwide reported as being a person of color. In Minnesota that number was 17%. Black, Latino and Asian populations are growing rapidly which is a change from earlier decades. In the early 1900's the largest foreign born groups in Minnesota were associated with Sweden, Norway and Germany. The largest foreign born groups in Minnesota today come from Mexico, Somalia, India and Laos. We are also seeing a greater influx of refugee groups. Clearly, Minnesota is becoming more diverse but, similar to population, unevenly across the state.

Economy

We can't talk about the trends noted by Ms. Brower without also wondering about impact to our economy and workforce. The unemployment rate in this area of the state continues to hover at around 2.5% and Minnesota's rate continues to be lower than many other parts of the country. Data from about a year ago indicates that there were about 2.1 unemployed job seekers for each job vacancy statewide. For comparison, during the recent "Great Recession" this ratio peaked at 8.2 in the 4th quarter of 2009. The figures now are much more in line with the 2.0 ratio that Minnesota averaged between 2004 and 2007. In short, we still have more job openings than we have workers to fill them.

Minnesota's median household income in 2012 was \$58,900, compared to \$51,400 for the U.S. as a whole. While that may initially sound good, the typical Minnesota household has not made any gains in income in recent years and has income about \$2,000 below 2008 levels in real terms. Data from that timeframe also found that 11.4% of Minnesotans lived in poverty.

About 598,000 Minnesotans, nearly one-third of them children, lived in households with annual income below the federal poverty threshold in 2012. Additionally, about one-third or more of Black and American Indian Minnesotans lived in poverty in 2012, along with about one-quarter of Hispanic Minnesotans.

Local Impact

You might wonder why I've been talking about national and statewide demographics and relating other information rather than talk more about Rochester. But that's the point. We don't live in isolation. What we do in Rochester can and does have impact elsewhere and vice versa. Rochester, the region and the state are all intertwined as are our successes and failures.

The information I've been describing is sobering and worrisome **if** we adhere to policies and institutional arrangements that we have built for our demographic past. We must realize that we have different growth drivers and we can't keep planning as though past trends still exist.

For example, in 2012 about 42% of the MN general fund went for K-12 and 31% for health and human services which includes medical assistance funds for elderly, disabled and long term care. But the demographics are changing and budget pressures will shift along the same lines.

Summary

The changes we are experiencing can't be ignored. We need to embrace diversity given its impact on our population, our workforce, our economy and so much more.

In decades gone by, immigrant populations innovated. If jobs didn't exist, they created their own through start-up businesses. That's the sort of creativity and innovation we must continue to foster.

Some of these changes will lead to politically difficult topics and we will be challenged to make the changes that are necessary without destroying our community or losing our identity.

So, what does this mean with regard to 2016? I believe notable goals will continue to include Destination Medical Center which, I believe, will reach a milestone as specific projects force us to crystallize our vision. The early stages of DMC involved creating a vision, getting the legislative language worked out, establishing the decision making bodies and marked the beginning of multiple planning efforts. Now, we need to move forward.

And while healthcare continues to be a strong industry in our region, we must continue to look at other initiatives such as Journey to Growth. We need to find creative ways to nurture and grow complementary businesses even as we find ways to align our workforce with job opportunities.

The next chapter of Rochester's growth will be very different. Definitions are changing and we are asked to define new normals. Along the way, it is unrealistic to think that we will always agree. However, we will continue to rely on public input through thoughtful and civil discourse.

Through it all, the core responsibilities of local government will remain the same as we focus on areas like public safety, infrastructure and taking good care of our public assets. I assure you that we can and will remain true to our responsibilities as your elected representatives.

Rochester is an incredible city and we should all be proud of what we have accomplished. We are a city that steps up to the challenges and I am confident that we will find solutions to the kinds of problems I've outlined this evening. There is an African Proverb that says, "If you want to go fast, go alone. If you want to go far, go together." Rochester is a city that will go far – together.

Once again, on behalf of myself and my fellow council members, I wish everyone a happy, healthy and prosperous 2016.