

State of the City 2019: On the move

Here is the prepared text of Mayor Andrew “FoFo” Gilich’s State of the City address, delivered on Jan. 22, 2019 during a Biloxi Bay Area Chamber of Commerce luncheon at the Beau Rivage Resort & Casino.

(Opening remarks from podium)

HELLO BILOXI. Welcome to your State of the City. This marks my fourth time to deliver this address. I am more excited today than I was on May 2015 when I first became your mayor

Biloxi is a teeming environment of accomplishment, excitement, energy & anticipation. Not hope but expectation.

We have miles of rebuilt roads and sidewalks in place and many more miles of new water, sewer and storm drains beneath them. The new waterfront boardwalk in west Biloxi is HOPPPING and more coming online this year. We have new hotels and new attractions under construction, or about to be. We have developers coming to City Hall every day, eager to make their mark in a rapidly evolving Biloxi that promises opportunity and prosperity.

There is still much work yet to do, but the curtain is finally coming down on the infrastructure work north of the railroad. At the same time, the curtain is going up on newer, bigger development along our waterfront from east Biloxi to west Biloxi, downtown and across the Bay.

Last year, we told you about planning and construction. Today, we’re going to show you the results and discuss more exciting things in the works.

Before I go any further, let me thank some of the people who have helped our progress. We have great partnerships with the state, the county, and our federal government. We continue to expand our comprehensive relationship with Keesler Air Force Base. Building a new gate and entrance boulevard that befits the greatest military installation in the United States.

And we are thankful for our private partners, from the innovative developers who helped kick-start our reformation, to those now swept up in a wave of possibility and promise I have always thought that the view from 30,000 feet up is the best way for you to appreciate everything going on throughout our city, and we were lucky enough to have a couple of Thunderbirds in town the other day to help us tell the story from on high.

We will join with Keesler to bring the Thunderbirds to town on May 4th and 5th, but for now, fasten your seatbelt and get ready for a ride. I’ll see you in a few minutes.

(Video presentation begins)

When you look at the big picture, from 30,000 feet, you better appreciate what is happening at ground level.

The core function of City government is to provide quality of life, basic services, public safety, police and fire; Recreational opportunities for our citizens, young & old; water and sewer; streets and drainage. To be SUCCESSFUL it takes on-going, smart planning, 5-, 10-, 20- year plans that will yield development that creates jobs and be a credit to our city.

Much talk has been about the last one, Streets & Drainage, particularly in East Biloxi better known as the North Contract.

I took office in middle of 2015. Contractors had milled-up nearly 55 miles of streets. That’s essentially every street north of the tracks in East Biloxi. I said milled-up... not torn up. That means every bit of road surface, concrete, asphalt, sidewalk....whatever... was

removed and disposed of. It left nothing. If you lived, worked or traveled there... everything was either dirty & dusty, or wet & muddy, or potholed & bumpy.

It is still beyond me to see any logic... or why those involved in the process allowed this to happen.

How did it happen? Here is how ~ the contract allowed the contractor to tear up 55 miles of streets all at once and get paid for it.... It was easy for them, terrible for Biloxi. Almost immediately, I requested to be briefed on critical path documents defining how and when each part of this project would be completed during the 1000+ days remaining in the contract. What I did see was a 2-week look-ahead crew schedule in the contractor's office on Reynoir Street but nothing close to what I needed.

The most difficult part of this project is to rebuild the almost 60 year old sewer system (as much as 34ft below the surface), then the storm drains, then water, then curbs, gutters & roadway. The contract allowed them to do the easiest most profitable things first. Deep sewer work then storm drainage work should have been done first, yet 90% of the water system was installed by the end of 2015.

Nothing made sense. I was dealt this hand but committed to playing it the best way it can be played.

Let's set the hand and the players... The North Contract (about \$125M) was broken up into 12 areas with seven different design engineering firms. All the designs were to work and fit together... right. MEMA/FEMA required a third party Program Management firm to oversee construction for the all the \$355M Katrina Infrastructure Project. The City, the contractors and each firm had their own legal group. Do you see the problems with that? If you look at some of the documents ALL THE OF KATRINA PROJECTS should have been completed by end of 2013. But mobilization for the North Contract began in the middle of 2014.

It is Biloxi's project and financial responsibility. According to procedures and contract, the City pays for the work by pay application from the contractor. The City submits the cancelled check along with the description of work that has been installed, feet of pipe, square yards of concrete, tons of asphalt, to MEMA/FEMA for reimbursement. A whole lot of checking, cross-checking and time goes by before the City is reimbursed.

Each time things changed from what was lined out in the scope of work, approvals were needed and delays were caused. There were many variances from design or design errors like lengths of pipe, additional valves, surface elevations and ground conditions. That's not counting rain days or storm preparations and stoppages.

All this...in my first few weeks in office...so welcome aboard Mr. Mayor.

Let's talk about cash flow. At the time I took office, Biloxi was owed about \$17 million in MEMA/FEMA reimbursements for Infrastructure work it had already paid for. There were bills from contractors that sat unpaid... Things could have easily come to a halt.

On top of all of that, the program management firm that the City hired to oversee the work, ran through its \$22M funding about half way through the project it was to oversee.

We quickly set about getting things in order. With the support of our City Council, we spent about \$750K of the City's money on temporary paving to relieve some of the mess that was caused. We borrowed \$11M to pay overdue contractor invoices to keep work continuing. We established biweekly meetings with MEMA/FEMA to insure there was a logical work schedule with timely reimbursement and advance funding.

As far as program management, we were forced to do that in-house. We built up our team and now have 3 engineers with advanced degrees in engineering and engineering services (Christy LeBatard – Director of Engineering, Walt Rode – Program Manager, Mike Leonard – CAO).

All options to expedite completion of work were examined, even replacing the contractor. That could have cost the City millions more, stopped work immediately, delayed completion up to 18 more months and caused numerous legal actions.

We have worked with the contractor and progress has been made. After years of dirt, dust, mud and standing water, the vast majority of the 55 miles of streets have base asphalt on them with the last 2 inches finishing coat underway. Curbing and sidewalks are installed and landscaping is underway.

Still there are some milled up streets but we are nearing the finish line.

We inherited oversight of a runaway project but established focus, accountability and urgency. We have paid off most of the \$11M short-term loan. We're in the process of getting repaid for our in-house program management work, inspection work and temporary paving. Be assured the kinds of mistakes and experiences we had in the North Contract have been noted and will never be repeated. There is value in that.

There are three phases of the South Contract south of the tracks. First phase of the South Contract has begun. That contract was crafted to minimize the disruption. This is not to say that it won't have its challenges. But no milling... and the contractor will move to a new area, only when they are at least 75 percent complete with the area they're in. Again, NO wholesale disruption and you won't see endless delays.

Like in the North Contract, we have already uncovered gas and water lines that were not charted, but we're through that. We have run into banks of fiber optics cables that were not on any plans.

By the cemetery, we uncovered human remains from long ago, FEMA, MEMA, the state archives and history folks put us on hold for more than six months. But we keep moving forward.

Design of the second phase of the South Contract is complete and I'm pleased to announce today that we will be accepting bids for that work. Work is to begin this summer, essentially from downtown to Point Cadet, south of the tracks.

The third phase of the South Contract, near downtown and the casinos and the West Contract, past Seashore Manor, will finish the \$355 million Katrina Infrastructure Project.

Let me note a few things about this huge undertaking. In 1957, the city sewer system was installed along with accompanying streets and drains, primarily on the peninsula. It was supposed to last 25 years. When complete, we will have replaced all of that work... decades overdue. In addition, the use of gravity in the sewer system design will have eliminated nearly 75 lift stations, reducing the risk of disruption of sewer service caused by hurricanes or other disasters. Bottom line, Biloxi will be set for the next 100 years... It will be quite an accomplishment.

WOOLMARKET

This year will mark the 20th anniversary of the Biloxi's Woolmarket Annexation. Today nearly 1800 of the 3100 homes and businesses in Woolmarket now have access to city water and/or sewer. Public Works crews can be seen doing the things you would expect as a citizen of Biloxi.

Of course, one of the first things that the City did after annexation was to introduce its police and fire protection to the Woolmarket. That is on-going and high priority.

We have completed a comprehensive engineering master plan that identified about \$35 million in improvements needed to bring city-quality services to the areas annexed... We are not going to get there overnight, but we are going to get there.

This year, we will bring 2 new fire stations to Cedar Lake and Woolmarket. The Cedar-Popp's facility will also have a 3,000 square foot fire command and training component. The 2nd station is located on Old Highway 67. An innovative form of financing

through and with the South Mississippi and Development District was used for both projects.

We're in final phase of building expansion and exterior renovation of the Woolmarket City Center, located on Kayleigh Cove. It now houses a branch of the Harrison County Public Library and the County will be funding landscaping and parking lot improvements. It will be a great venue for community gatherings and special events.

PERSONNEL

Anyone who runs a business will agree that your employees make you and your business successful. In my opinion, it's the same for the City of Biloxi.

Since the arrival of gaming in 1992, and annexation 2 years later, our workforce, TEAM BILOXI, has nearly doubled in size. Every one of them play an important role. Of the current 667 city employees, 101 are eligible for retirement, and half of those eligible for retirement are in the police and fire departments.

City employees — our human resources — account for almost 70% of the city's annual operating budget. It's important that we have well-trained, well-equipped, dedicated and hard-working people in all our departments, especially the ones on the front lines, like Police or Fire, or Public Works, Parks & Recreation, Engineering, or Community Development.

In the past 18 months, almost 50 employees have retired. That represents hundreds of years of combined service to our City. Their experience will be hard to replace.

A significant retirement this month was one of the leadership team in the Fire Department, Battalion Chief Michelle Crowley. She is the 3rd female firefighter in the history of the department, the 1st female firefighter to earn the rank of battalion chief... and now the 1st female firefighter to retire from the Biloxi Fire Department.

She served as the Emergency Manager, where she raised the awareness of hurricane warning sirens. She help capture and coordinate almost \$2M in state and federal grants for the department.

I thank and congratulate Michelle as well as all of our retirees on their record of service to Biloxi.

It will be a challenge to keep TEAM BILOXI at level of dedication and experience that our citizens have come expect. It's most important that we maintain our professionalism and quality of service.

FINANCES

We continue to be vigilant in is oversight of City finances. The AA- bond rating reflects our financial condition and financial practices. With the support of our City Council, budgets have been conservative but realistic in both revenues and expenditures. It's always a moving target but we have performed to the operational budget.

In fact, for each of the last 3 fiscal years, we ended the year receiving more revenue than expenses paid. That means more cash in the bank than at the end of the year than we had at the beginning.

Increased fund balance sums it up.

Our outstanding financial performance encouraged our City Council to approve my recommendation of a \$14 million bond issue for critical projects throughout the city. That was done without increasing tax millage to service the debt.

Work on the radar Includes: Woolmarket drainage, sidewalks and infrastructure, right of way acquisition for pending Popp's Ferry Extension to US 90 and future new Popp's Ferry bridge, citywide paving and infrastructure repairs, Cedar Lake bridge repairs now closed to heavy vehicles like fire trucks, state funding match for Main Street railroad crossing, and other work as far we can take it.

TRANSFORMING

Creativity, innovation, cooperation, partnering in many forms has gotten our City off the mark, pushing it forward building momentum. Let me mention some the things that have already happened, projects underway or on the drawing board that are bringing us to levels we only imagined.

And how about that West Beach Boardwalk? It's a one mile-long stretch of walkway, with its educational kiosks, benches, and attractive lights, helps you and our millions of visitors enjoy the beauty of our area. It brings us closer to the water and the waterfront. The second half of boardwalk from Veterans to Camelia is ready to bid.

Right now the eastern most tip of Point Cadet, forms are being constructed, re-bar be placed and concrete being poured.... replacing that crumbling bulk-head. It will be another boardwalk, a concrete promenade actually that will link Point Cadet Marina and the Golden Nugget, around the tip of the peninsula, under the bridge past the Maritime & Seafood Industry Museum and all the way to the Palace Casino Resort.

Let me give special thanks to the Harrison County Board of Supervisor for partnering with us to get things moving on many projects current and future especially those along the waterfront.

We have also had a great response to the opening of Popp's Ferry Causeway Park. This project has been 35 years in the making. The 10 acre site has produced a back-to-nature, recreational habitat enhanced by a bait shop, daiquiri bar and kayak rentals.

It's part of a vision for what Biloxi can be and is becoming. It's about moving Biloxi forward while keeping it safe, friendly and beautiful.

Back to the east. New pedestrian walkways downtown will link the thousands of hotel rooms south of the highway with our re-booted downtown.

Visitors will soon be using the crosswalk at MGM Park. By the end of the year a second one will open connecting the Small Craft Harbor with the Main Street Town Green.

That brings us to hotels. Two new hotels, the 100-room Hilton Garden Inn and the 138-all-suite Watermark are expected to be open for business by mid-year.

The Secretary of State has given the green light to the Margaritaville expansion. A \$200 million project with a hotel tower, Ferris wheel, as part of the million dollar amusement park south of US 90 and a hotel and waterpark north of the highway.

Everyday our development team objectively examines means and methods to push Biloxi forward in the right way build the brand...insure what we love in our City survives and thrives another 320 years. Our City Council has played an enormous role in the success we have seen. Developers and business folks that have been "kicking the tires" have seen that the City has "put skin in the game". Ground conditions have changed and significant things have come to pass.

How ugly was the old Federal Courthouse? How long did it sit there? Years.... Did you notice it's gone? Community Bank closed on the property. They're finishing plans to move their headquarters to the southwest corner with the rest open for development. We are excited about the design. And to make it even better we're adding on-street parking on Howard and Lameuse to make it more of a functional streetscape. We appreciate the Bank's support during Biloxi's Crusin' the Coast block party this past October.

Not far away is the Fritz development coming out of the ground with market-rate housing and retail space spurred by City incentives.

The same thing occurred at the former Merchiston Hall site on Howard Avenue north of MGM Park... Machado Patano engineering relocated its offices in this dynamic remodeling... it also has 3 retail spaces available for lease.

One of those spaces will house the Mardi Gras Museum and the Gulf Coast Carnival office.

The Museum is moving from the City's old Magnolia Hotel. You will recall, it was leased for a new restaurant and more retail space.

Incentives enabled these projects. They're policy decisions the City makes based on a plan to... initiate the re-development and re-population of downtown.

Let me say the big hitter is Howard Avenue. From the day we announced the return of two-way traffic with its new brick dance floor, the amount of interest we saw from developers was surprising.

The linchpin... the re-developed Barq Building. It promises to be an invigorating multi-use renovation in the heart of a Howard Avenue Entertainment District. At full build out, plans call for 230,000 square feet of shops, restaurants, bars, local breweries, 330 1- 2- and 3- bedroom residential units, and 2,000 square feet of office space.

The idea resurfaced during one of our waterfront meetings at City Hall. Imagine a convention center-retail-entertainment complex in the middle of thousands of hotel rooms.

In fact a private investor, with direction from the City, is funding a study of the idea of an East Biloxi Convention. It will be purely objective determining if, what, where, when and how it can be done. It was considered a decade ago and is worth the analysis as to its potential.

Another evolving location is Edgewater Mall, where you can find a million-square feet of retail and entertainment. We saw a state-of-the-art digital movie theater open, and... the Sky Zone trampoline center is on the way. The mall is also developing outparcels that will include the upscale Brick & Spoon restaurant.

We need more grocery stores right. In the east and west, we've identified available parcels and sites and actively seeking developers.

From 30,000 feet or from a newly paved street, you can see progress popping all around. You will see much more this year, including the new entrance Main Gate to KAFB and the enhancement Division Street boulevard from I-110 to Forrest Avenue.

Keesler has been a major part of our city for almost 8 decades and its mission continues to grow, as does the relationship between the city and the base.

As we flesh out projects underway and move others from the drawing board to the dirt we'll always protect and enhance the Biloxi brand. It's recognized around the world a place loaded with friendly, hard-working, fun-loving and proud people.

I'm an optimistic person. I'm easily excited. I wear my emotions on my sleeve. I was raised just like the rest of you Biloxi originals to work hard, play hard and appreciate what we have.

Have no doubt that we will make things better for our children and our grandchildren and those to come in the future all who will join our ranks.

(Video presentation ends; remarks from podium)

Join me in giving special thanks to our Public Information Department. They used all their skills and abilities to put this great program together. Cecilia Dobbs-Walton, Vincent "I Don't Mean to Argue" Creel and Renny Sherman.

We have a vision. We'll continue to be ambitious yet realistic in our goals.

We talked about the partnerships and cooperation it takes to be successful.

And we're going to rely on you the people here today.

Be a part of the excitement, know what's going on in your city. I know many of you are not afraid to speak out.

Not to be "Bill Nye the science guy" But $\text{force} = \text{mass} \times \text{acceleration}$.

Biloxi has significant mass and it is accelerating. And like a freight train when it gets going it will be hard to stop.

Thank you for your support, and your involvement. We are Biloxi.

It's up to us to push our beloved Biloxi forward in the right way so that those who will follow us will feel the same way we do about this wonderful spot we call ours.

God bless all of you and God bless Biloxi.