

THE BROOKINGS INSTITUTION

"A WIRED AND INSPIRED CITY"

Presentation by:

Honorable Graham Richard

Mayor, Fort Wayne, Indiana

Wednesday, December 14, 2005

Falk Auditorium
1775 Massachusetts Avenue, N.W.
Washington, D.C.

[TRANSCRIPT PREPARED FROM A TAPE RECORDING.]

P R O C E E D I N G S

MR. KATZ: [In progress] --direct the Metropolitan Policy Program at the Brookings Institution. This is actually a series of lunches that we hold throughout the year with local elected officials and other practitioners, people who we think are really practicing what Justice Brandeis called the laboratories of democracy. He was referring to the states. I think obviously that phrase refers to municipalities and counties in the United States which particularly at this time in our political history really stand as the centers of innovation and entrepreneurship and creativity in our country and to a large extent I think are shaping the national agenda for literally decades to come.

I don't think we could have a better person here today to really talk us through what it's like to lead a city at the beginning of the 21st century. Graham Richard has been the Mayor of Fort Wayne really since 2000, elected in 1999, elected again in 2003. I think he really stands apart from most mayors in the United States on a couple of fronts. One as someone who is really shepherding a city from an industrial past, a city that has really struggled with economic transition to a city

that is really making a mark and doing so many things that are achieving national attention and that really ultimately lead to competitiveness and prosperity.

But he's really made his mark as a leader at the cutting edge of technology. I think some of you already know about this. He's been applauded by the Fiber to Home Council with the 2005 Star Award for being a leader in broadband technology. He was selected by Government Technology magazine as one of the top 25 doers, dreamers and drivers in the nation who have made significant contributions to the Digital Government Movement. In the Lean Six Sigma for Service he's really perceived as one of the leading elected officials in the United States trying to apply those business practices to the art of government.

I think he's got a lot to teach us, I think he's got a lot to teach the Washington community, about how to manage government, lead government, inspire government in such a complicated way particularly through partnerships with the public nonprofit and private sector.

What we're going to do is Mayor Richard is going to make a presentation. I'll come up and moderate a bunch

of questions, but we are really, really happy that you're here today. Thank you for coming.

[Applause.]

MAYOR RICHARD: Thank you, Bruce. I was chatting with my wife Mary last night and she said, gee, Graham, you've given thousands of speeches in your life as some of my friends here in the room know, and she said, I don't think I've ever seen you as excited or as perhaps even anxious about this presentation Brookings. And I said, honey, think of this way. For a policy wonk and grew up in high school and went off to the Woodrow Wilson School at Princeton, this is like Carnegie Hall for a musician, coming to the Brookings and having Bruce host this gathering. I said, in addition to that there's a free lunch. From Indiana you can't do any better than that.

[Laughter.]

MAYOR RICHARD: Thank you to each of you, friends that I know well and have known for years for coming and those that I haven't yet had a chance to become your friend. And I hope that you will join in in this dialogue and this discussion.

My challenge has been, I'm so excited about the things that we're trying to do that are innovative, that I have

about 4,000 slides. So I've had to cut it back. What I'd like to do is give me a little leeway here to get some momentum going and then I'm going to break a little bit and then as we flow through some of this I'd love to have some interaction and questions particularly if there's something that's not clear. Bruce asked me to cover a couple of significant areas that I believe in passionately and the belief system derives from the great opportunity I've had to start my own company in 1972 and serve in the state legislature and to be a statewide candidate for state superintendent of schools and to have the opportunity to really think through decades about the relationship of innovation, the public, the private sector, and how entrepreneurship and the great American characteristic of inventiveness can be brought to bear on what is now in the post-9/11, post-Katrina society and belief system a matter of life and death. Local government may have been perceived as the backwater of politics, but when you dial 911 and when your life or loved one's life is in jeopardy, you are concerned about the cycle time for response, you are concerned about how and what way your government that you pay, that you buy

those services as a consumer, and how effective is. So the ultimate message is an optimistic one.

When I travel and see my colleagues working whether they're in county government, state government or local municipal government, there are great things happening and they're not being heard. So I'm hopeful that you'll help us spread the message that there is a spirit of innovation and inventiveness across this land and it's something that we've got to get in the Beltway and outside the Beltway. So if there's any one thing I hope that you take away is the excitement and enthusiasm for some of the things that we're working on in a collaborative way with so many of our partners.

Let's talk for a minute about the city of Fort Wayne real quickly here. Most of you all know this, but we're a city on rivers and railroads, we're based in the Midwest, 250,000 folks, and we're the second-largest city in the State of Indiana. We've been struggling like communities with the challenges of the rust belt. Our downtown, I'm not going to talk about it today, but we've got an innovative new plan to get that moving. We love parks, and in Fort Wayne we're celebrating 100 years of parks and recreation activity, and this is part of a

downtown park that I love a lot, it's right across from my office, and this is taken at one of our festival times in the summer.

This is a part of our Headwaters Park, the three rivers that come together there. Actually the St. Joe and St. Mary form the [inaudible] and it feeds into Toledo along toward the Great Lakes and is part of the ancestry and tradition of early strategic advantage, and that's how we got our name because we were a critical fort that "Mad Anthony" Wayne as a general was sent by Washington to make sure that that was a passageway open to the early Americans.

Growth by annexation. The population has grown because we have a need to keep up, if you will, with the diversity of that sprawl. There are the old boundaries in 1950. Our new boundaries, we're the largest county by geography in the State of Indiana, one of the largest east of the Mississippi which means we've got it all. We've got the largest output of agricultural products in our county, and we also are a major manufacturing center as well as a commercial center for northeast Indiana.

The population. Bruce, I've been reading for years about the suburban challenge and what Brookings has done

to help all of us think about it. Take this number home, here it is, 37 percent have left the central city of our population base, and urban sprawl and all the air-quality issues and the challenges of economic growth and development are with us in our city. We're about the seventieth largest city in the country, we're a big small city and a small big city.

Changing demographics are significant. Our Hispanic population has grown by 140 percent, 74 languages are spoken in the Fort Wayne Community Schools, and you can see that that concentration continues to grow, and these are 2000 numbers. By 2006 we think those numbers are up by at least another 10 to 15 percentage points, maybe more.

The challenges. Like many cities, in our case we've got more people and more territory, our revenue is down, demands for services are up, state and federal mandates hit is every day. I came into office and my biggest worry in 1999 after a 76-vote margin of election victory, a lawsuit and a recount, was to figure out how to--was this a simple time? Think back, 1999, help wanted ads, stock portfolios were going through the roof, 401(k)s were great, everybody thought it would last forever, and

the two big issues were--what were they? Remember? Everybody was worried about Y2K, and in my town a snowstorm. My birthday is January 1st and I thought on inauguration day I'd have no computers, no services, everything would be stopped, and we have a snowstorm. That was the view of a mayor's nightmare back then. How we'd love to trade for those worries again, terrorism and--

Here's the big issue, we all know this, there was the day when I graduated from high school when there were 10,000 people working at International Harvester making trucks. Today there's about 1,200 people and they design all the trucks. The average annual wage has gone from 103 percent, so that means every citizen in our community basically is getting 83 cents on the national worker paid dollar. We had weak strategic focus, limited levels of collaboration and no specific measurable goals.

By the way, did I tell you that it's the 100-year anniversary of our Parks and Recreation Department? And this is one of the new neighborhood based spray parks and wonderful activities for kids in the summer complementing our Lifetime Sports Academy where we offer free tennis, golf, swimming and ice hockey, free equipment to any kid

anywhere in the city for 7 weeks. Friedman spoke at a recent Aspen Institute DLC Conference where there were 36 mayors, governors, members of Congress and others to talk about the future of the Democratic Party. I was fortunate to be at the [inaudible] Campus and Tom Friedman came and he told us that his book, and he was explaining not in braggadocio terms but probably he could brag is at 1.2 million copies. I think that puts him up there with all the most famous fiction writers, actually. I think he's actually selling a book that's--but he said the best thing was he could go to his daughters and say that he was now number one in podcast books. He was ahead of even the rock stars and their songs.

Why is this a question? Why is it selling? I think it's because the changes that are happening in the world are so immensely confusing and confounding that there are people all over the world that are trying to understand. They're trying to say what do we do? How do we prepare our kids and our grandchildren? What do we do as a city to be globally competitive? I'm paraphrasing some of Friedman's phrases, but here's the perfect storm, described as the confluence of three new gaps, the

numbers gap, the ambition gap, the education gap, and these are what most threaten our standard of living.

He quotes John Chambers, CEO of Cisco, the jobs are going to go where the best educated work force is with the most competitive infrastructure, with an environment for creativity and a supportive government. I would say that if you don't work at the local level committed to making a change that will prepare you in these four areas, you will lose the global competitive race town by town, city by city.

What have we done? We've created in 2000 a strategic action plan in the flat world, a bold, big, hairy, audacious, boldness, emergency and immediate action in our plans, partnerships, bipartisan support, all of this with very measurable results. We created for the first time in our area an alliance of all the players, chamber, city, county councils, everybody that really has a role and that alliance has been instrumental in helping us move forward in a common way for economic development, retaining of jobs. Every other area I have listed there, we now have an action plan that's either almost completed or in the process of being completed. We just updated the 2000 plan in 2005.

These are some of the principles. These are things many of you have seen before, but for our community we weren't moving in the right direction. We put together a goal that we wanted to be a national leader in economic development for our region, that to be competing on a national and international basis we had to cooperate locally to be competitive globally. Improving our work force skills is critical for economic development, closing the gap in the wage rates. The economic and development and quality of life are tied together. This was before Richard Florida's [ph] work become well know, but all of us understand that you want to live in a place where you'd like to live, not just because you have a job and you have to stay there.

High-growth companies are essential, entrepreneurial growth and development is critical, and last but not least, smarter and more effective government creates the competitive edge also in economic development. That will be one of my major themes as I share some examples for you.

This is our strategic focus. We have to learn how to leverage the talent, the technology and training and tools and to do that with critical, high-performance

partnerships, and it cannot happen without being much more imaginative, without being much more innovative, and without attracting just as Ireland has done, we have to think of ourselves and our communities across this country as magnets for direct foreign investment. Not only your local businesses, but you've got to go after wherever you can find that investment.

Did I tell you weren't celebrating our--this is our Headwaters Park, and it's a wonderful spray park. It was formed from a flood and we have festivals throughout this whole area and a wonderful new festival pavilion there as well. When you come to Fort Wayne I'll show you all these wonderful parks and recreation areas.

Friedman made this point, and I'm not going to go into all these, but he said that you cannot be a great city if you are neglecting the investments of the future. I've sort of lumped sewer, water and streets over on one side, and he would say that the innovative investments, if we had a port that would be there, but airports, parks, greenways, broadband, universities and libraries. The city of the future that ignores these investments does so by eating their seed corn. We cannot be a great city and a great country if we are not providing the launching

pads for the new residents that are coming to every one of our cities.

Libraries, for example. We have \$150 million plan in place that I helped to support. I was the only local elected official that went out on a limb. I have nothing to do with libraries in a political sense, they're appointed by the county, and I supported the branch libraries and a \$50 million new downtown library because this is the most 7 by 24 welcoming place for new residents. If you go to any of our libraries and there are waiting lists to use the computers, the meeting rooms. Every language is spoken. They're the most 7 by 24 and the most friendly places for people to come and do what they need to do to get the skills for the future.

Universities, that's one of the highest growth sectors fortunately in Fort Wayne right now. Broadband I'll talk about. I'll talk about greenways as well. We're going from 18 miles to over 100 miles of connected trails and greenways. We have 82 parks and recreation areas. We just added 200 new parks. We're putting \$150 million in our airport including adding a runway which will make Fort Wayne have the two longest runways of any airport in our immediately 120-mile radius. That's critical for

getting Air China to land directly in Fort Wayne, Indiana, because we are a logistics center for the Midwest. That's why North American Van Lines was founded in our community.

Did I tell you about the--this is a wonderful replica of our fort, and General "Mad Anthony" Wayne won a major battle there, and this is again on the confluence of the three rivers, the old and the new together.

Wired and inspired. In 2000 we had 120 of our citizens come together in nine different teams. I asked this question, what can we do--I'm a student of Michael Porter, he was a classmate of ours at Princeton. I've written everything he's written, I think. He's the famous classmate, Mark, and his competitiveness theories have been--how's that?

MR. : [Off mike.]

MAYOR RICHARD: Yes, sorry about that. Thanks. It's clear that if you don't think about competitive advantage as a city, you won't make it. You've got to be strategically focused and have excellent execution. So one of our strategies was we can't bring the mountains, we can't bring the oceans, but we can be a leader in broadband. So that was our goal, and we're getting

there. In fact, I would submit at least in the Midwest we are the leader.

What does that mean? The first thing we said was we got a little problem here. We're going to be taking in 40 percent more population. We've got to add to our police and fire department at a time our revenues are actually going down, and the new annexers aren't going to be paying, they're paying in arrears so their property taxes aren't come to cover, we've got to come up with \$19 million to front-end fund just one of our annexations. So being a business guy I said there's got to be another way. So we said, police and fire, that's \$100 million, that's the biggest part of our budget, it's personnel costs, what can we do? So we looked at our fire stations. We had fire stations all over the place. We've got property. What if we held a broadband summit, that's what we did, and we created one of the first wireless, WiFi, networks? Again, I'm a big believer in beg. Listen to this folks, this is a public government official. Beg first, borrow next, buy next, build last. Very simple. It's an old business premise.

So we begged everybody and we said show us your fiber maps. We couldn't get that done. We said we'll do an

RFI and then an RFP. We had eight respondents. We chose the local entrepreneurs to partner with the city and to build out a WiFi system. Our goal in probably the second quarter is to have free downtown WiFi service in our digital downtown initiative. These hotspots are now up and going, and we could have a cop car come within a mile of any of the hotspots and wirelessly with encryption download all the things that they used to have to go back to headquarters to hard copy printout. If Bruce Katz comes to my town and he doesn't have his seat belt buckled, he might get arrested because that's the Indiana law. And we might be able to have a personal identification device and take Bruce's fingerprint, we'll be able to wirelessly with encryption send that to our AFIS system, we're one of the first small communities to use the Automated Fingerprint Identification System. We had about 70,000 fingerprints. We've now hooked it up to the feds. We got over a million fingerprints. We can scan that and send that back to the cop car and we could know that Bruce is really a wonderful, reputable citizen and a leading light at the Brookings Institution and he will not get taken down to police headquarters. Of

course, that will save us a lot of gas because that could be a long drive, Bruce.

The next thing we did, Broadband for All. Sat down with all the school superintendents. We have four separate school districts, separately elected boards, working with a citizen's-based group called Invent Tomorrow, IPFW, a 12,000 student campus, one of our critical infrastructure innovation centers, and said what can we do. We worked on this for years, lots of effort. We finally got a Universal Service Fund grant. We put out a bid. In this case Comcast, our local cable TV provider won the bid to build the system. This year we turned on for the first time in the State of Indiana a system that connects all of the local schools including a Catholic high school, Bishop Dwenger, and now we're adding all the public and private schools, colleges and universities. So within the next month I will do a virtual town hall meeting for literally thousands of school students throughout our county as part of our Mayor's Innovation Initiative. Those kids will see me, I'll see them, they can ask questions, and it's as though I were in every one of those classrooms that are part of our virtual town hall meeting.

Ivan Seidenberg came to Fort Wayne as the CEO of the merged Nynex-Bell Atlantic, then at that time called Verizon. They bought General Telephone, GTE. We have 2,000 GTE folks. I heard he was coming. I said as I do any CEO that comes to our town, I got to meet him. I pushed my way onto his schedule, hosted a dinner for him, and I said, Ivan, we need you to make investments in our city now that you've acquired GTE, and the reason you want to invest in our city is because when you roll out your FiOS program which I'd been studying, I didn't have the name yet, we understand you're going to do this in 2004 in Keller, Texas. We understand you got to have some pilot programs, but you need to be in Fort Wayne, Indiana. Why? I promise you that we will use our Lean Six Sigma, we will have the best build, we will get it done faster, we'll get the permitting done. You need employees? We found out that in one of the areas you couldn't get enough employees. We had a job fair and got 3,000 people for the 900 jobs.

Are you able to locate problems, where in Tampa, Florida where you had a little problem where your crews cut up the water lines and kind of flooded part of the city? We'll work in Fort Wayne to make sure that doesn't

happen. I Emailed him and lobbied him and found out he was a Nicks fan and sent him a book on Bill Bradley.

[Laughter.]

MAYOR RICHARD: We got it, and it's there and we're delighted, and I get to sign up for the service next week, 5 megabits, 15 megabits, 30 megabits a second. Any city in this country today, and unfortunately I've talked to mayors who say we don't need fiber, we got WiFi. What it says to me is that the level of understanding of the infrastructure of innovation is not there for many of my colleagues and we've got to get that to change.

We're a high-performance city and we're highly focused with our teams of talented people focusing on business practices and supported by cutting-edge technology and training. I helped to form a network in 1991, a not-for-profit network where we brought companies together. We said this is tough world. A lot of our manufacturers were just closing down. Foreign competition, first the Japanese and then, of course, the Europeans and now China and India and many others. So we said let's see if we can't take advantage of what we're all doing. And this is sort of the moniker behind it, I apologize for not having the attribution of this quote, I think this is

something that every kid needs to know, I think that every company, every city. If you can't learn faster than your competitor, you may be gone.

The Learning Network, By Sharing We All Gain, 40 members are now there. We have all kinds of companies that are now in the network. The common denominators are a strong interest in sharing that learning and training including Lean Six Sigma which we brought in from the GE folks. In fact, the trainer that trained Jack Welch is the trainer that we used for our training. Those are the members, I know you can't read all this, but they range from Raytheon and ITT, to small little entrepreneurial companies, both major hospital systems, one with 8,000 employees, the city of Fort Wayne, the schools. We've been sharing among all of us as a shared learning network hundreds and hundreds of hours of innovative training including Lean Six Sigma.

For those of you who are not familiar with Lean Six Sigma, there is an opportunity for me to just spend a minute on it, and I've got some handout materials at each table. This is a book, and Bruce you might want to start passing that around. One of the things that Bruce neglected to mention in the introduction but I've shared

with him is that there's a new unpublished text that I've put together and it's Performance is the Best Politics, Using Lean Six Sigma to Create a High-Performance Government. We're taking from this particular small book, Michael George wrote this with others, and there's a feature featuring the city of Fort Wayne that talks about how one of our young up and coming professionals took a black belt project and reduced the time it takes to get a permit in our city from the average of 47 days down to 12. We're trying to get all of that online so that you'd be able to do all your permitting. So business coming to Fort Wayne that's going to spend a lot of money, Verizon would be a good example of that, close to over \$100 million, we want them to know that we're a good place to do that following all the laws but making sure that we're getting it done in a timely fashion.

So that's what Lean Six Sigma is about, delight your customers, quality, speed, using teamwork. Obviously the enemy of quality is variation and defects. So that when Dr. Mikel Harry designed for Motorola the original Six Sigma project and his kids were in green belt and black belt training for their martial arts, he used that as a method for building strong team work and getting people

to rethink how they were doing quality. He wanted to say that a Six Sigma measure is 3.4 defects for every 1 million transactions. Let me put that in personal terms for the city of Fort Wayne. We're actually operating our water filtration plant now at probably a 7 to 8 Six Sigma level. It means something real if you are BAE Systems and your company in Fort Wayne just won the Shingo Prize for outstanding performance because BAE manufactures the vast majority of the aircraft controls on most of the airplanes that we fly. So you really don't want many variations or defects in that operation. Design, measure and analyze improve control throughout our organization. That's the DMAIC process, fact-based, data-drive. We don't blame people, we blame systems, we work out ways to change and improve the systems.

We linked this to our city strategy overall. We started by having 2 days of executive overviews. We've cascaded that through the organization. Everywhere I go from day one we were asking these questions and still do, who's your customer? The first time I walked through people say, I work for the city. I don't have any customers. Wrong answer. Not that person's fault. They'd had no training, they had no focus, they had no

tools. It just wasn't there. Is your service improving? How do you measure your improvement? And my favorite phase, I got a whole chapter in the book on this, show me the data.

Here are the results. We've reduced the late trash pick-ups by 50 percent, doubled the miles of road repaving, reduced our permitting as I mentioned before, 47 to 12 days. EPA came down on us and said you've got to get your centrifuge [inaudible] out of variation. It's varying too much. We did it. We've saved 1.7 million. Now we've had seven projects at the waste water treatment plant. Pothole repair cycle time. When I talked to the street department folks and I said, we need to do something that the public will really appreciate, so we're going to fix potholes in 24 hours. You'll never get reelected, Mayor. How could you make a pledge like that? I said, in addition to that we're going to create Star 24 on your cell phone so if anybody sees a pothole can Star call it in fast, so you guys, we got to get something done. So I got Bob Kennedy here, he's going to run our Lean Six Sigma project. Let's see what we can do.

Today, many of those folks because of our nine union contracts, seven of them have performance-based bonuses. Ask most mayors about that. And so these guys at Christmas time, whether it's pothole filling or a cracked ceiling or leaf collection, snow removal, you name it, they want to make their goals because they get between \$500 to \$1,500 every Christmas from the bonus pool.

As a mayor you'd like to think that you're a leader. We spend \$100 million in public safety and you'd think that safety would be a key thing. I kept asking, it took me 8 months, where is the data on days lost due to accidents or injuries? We're OSHA compliant aren't we? You got to file this stuff. Turns out we weren't. So the woman resigned that was in charge of that department. We put in what we call a BEST team, a Building Excellent Service Team, using Six Sigma. We brought in three people from other companies who had outstanding track records in our community, businesses, and we went to OSHA in Indiana and we said mea culpa, come on in, and we designed what now is a model for governments, and you can see we've gone from 1,800 days to--that puts us in the top 5 percent of performance now for the number of employees we have.

Property damage collections, we have 70 or 80 of these examples. Here is one that's fun. It's the street lighting department. I went in there and I said, you guys seem to have a lot of inventory. I talked to the young man and he says, mayor, I got it under control. I said, walk me around here. I said, what's your system? He said, I got a great system. It's called the waist system and the chest system. I said, really? That's fascinating. I've never heard of that system. It's been in a lot of factories? He said, yeah, when it gets up to the chest we don't order. When the supplies are at the waist, we order.

[Laughter.]

MAYOR RICHARD: I said, well, that's kind of intriguing. I said, how long is that item? We can fix any light. We've got 500 different lights. I said, why do we have 500 different lights? Well, it's always been that way. He said, I got to fit anything anytime. I said, how long has that been? Well, that's been there about 7 years. I walked out a little duty, you know. Well, we put a black belt team on that in no time and you can see the savings.

Public works staffing. The only way you're going to make it in a business today is watch your head count. That's 80 percent of our budget. So here we go. We've got 1,200 miles of roads and streets and we're serving that with fewer employees than we had back in 2000. Did I tell you we love to celebrate? It's our hundredth-- this is our Three Rivers Festival Parade. We had 50,000 people. We love parades. Don't you think all that stuff was worth having a great parade over? We did. We celebrated this year having our entire Parks Department walk in the parade. It was wonderful.

National recognition. Real quickly, Michael George kind of found us and he decided he wanted to write a book about this. He said, well, we've got Stanford University Health Systems and we've got Lockheed Martin and we've got Bank One which is now Chase and we've got Caterpillar Finance and we're going to feature that in ITT, and the city of Fort Wayne is in his book. This has sold 400,000 copies. It's one of McGraw-Hill's best-selling books.

But here's what he said that really warmed the cockles of me heart. He didn't say Fort Wayne has a great mayor. He said in the preface, of all these people and their organizations, they were impressive, but it's the city of

Fort Wayne that really amazed me perhaps because I like most people, read that Katrina, had low expectations when it came to government services of any sort. What's really intriguing are the dozens of city employees who are reducing lead time, streamlining processes, providing better quality services to citizens, and holding down costs. Our botanical conservatory, we do stop to smell the roses.

Let me digress a little bit. I know that this is a nonpartisan think tank, Bruce, but in the most partisan city in the country and because I'm preaching nonpartisanship I think I can show a 30-second commercial. I won by 76 votes. I'm the first Democrat elected in 12 years. Fort Wayne is the most conservative city in the reddest of red states. George Bush won our state by 63 percentage points. Lyndon Johnson was the last presidential contender to carry Indiana. We are a conservative city. And Greg Heagele is here, he was my campaign manager, and we made 30,000 personal contacts because of Greg's work, but we also had some fun with the ads. Every ad was a positive ad, and we tried something new. We just talked about the performance of city government in 4 years.

[Videotape played.]

[Applause.]

MAYOR RICHARD: Thank you. When you make your living with the ultimate bottom-line assessment, it's kind of fun to see these numbers. There were 25,000 more Republicans annexed between the 1999 and 2003 election. The opponent was the same. She was the Public Works Director of the previous administration. Fifty-eight percent, folks, if you can calculate it quickly there. I love it.

Let me talk about another challenge. Things happen in a city and you just feel terrible about them. In 1998, tires that were illegally stored behind our police station, that tall building on the left is our police station, went up in flames. Burned for over 10 days. Evacuate 2,000 people. This is the census tract that has the concentration of many of the most poor families in our community. What did we do? How did we respond? We put together a plan, and today, Phoenix Manor rising from the ashes, a senior complex by a community-based, faith-based not for profit. Phoenix Place, Project Renew, built these homes, new, owner occupied at market rates for suburban homes.

These are the data. It's not pretty. This is one of the poorest census tracts in the State of Indiana. Look at that home ownership and renter occupied, 68 percent rental units versus the city as a whole with 38. Vacancies, abandoned properties, just the list goes on and on. A lot of female heads of households, poverty rate over 50 percent.

What did we try to do here? A partnership with all of these faith-based organizations came together, and sometimes people forget the convening power of the mayor. We didn't really put a lot of money into this. Bruce, we didn't just throw the Community Development Block Grant money in there. We said, what can we do to leverage? It's steering, not rowing. It's trying to figure a way to make things happen. And we knew that the library wanted to build a new branch there. We knew that the Urban League needed a new headquarters. We knew that the Headstart Program which had moved out of the area needed a new location. And we obviously needed a better city-linked transportation facility.

So there one block, and I'm sorry I don't have more current photos, and I'm getting these, but one block which had a liquor store and it was really in bad shape,

and we worked with the local project development company there, Project Renew, and now today we have open all of those buildings that you see there. And there are hundreds of families and kids every day learning at the After-School Learning Program, and that library, one of my friends went by and he said, mayor, I don't think you should have built that library, that big, special library, in that area. He said, there's no cars in the parking lot. It's never being used. I looked at my friend and I said, come some night. It's a walk-in place, buddy. The place is packed, tons of families. It's a virtual microcosm of those 74 languages being spoken in our community. Their numbers went from 4,000 to 16,000 a week of utilization.

We've got goals, very specific. New housing units to be built, condos. We want this to be the most wired, inspired, central city new development anywhere in the country. Town houses being proposed. There are empty vacant lots. We've got a comprehensive project called Synergy that we're going to develop, 340 new homes, 102 attached town houses, 36 new live/work town houses, 100 owner rehab, 95,000 square feet of new retail space in that project. All of our partners, twenty-five signed

agreements to partner with us to have educational accomplishment and achievement, not just space and place, Bruce, it's about the kinds of things Brookings has been writing about. Sustainable families, taking the toughest, most difficult community from that tire fire in less than 10 years to a place that people want to live, where there's hope and safety in the neighborhoods and they feel good about it.

Did I talk about our one-hundredth anniversary? One-hundred miles of trails and greenways we're building. So when you come to Fort Wayne we'd love to show you those. And, yes, it doesn't always snow, and you can enjoy those great greenways.

You got to attract investment, real quickly here. We put into place the Billion Dollar Urban Investment Strategy. With tax incentives that we got from the state, the Community Revitalization Enhancement District, the Urban Investment Strategy that we had put in place, to date, this is going to be a 3-year goal, we've attracted to the urban core \$450,000 of that billion of private investment. We don't include any of the public-sector investments in those dollars. The tax credit that's helped us the most for those of you interested in

the Community Revitalization Enhancement District tax credit, two of them, one at Southtown where there was 100 acres of abandoned shopping mall, and then the urban downtown core. That 25 percent--carry forward against your Indiana income tax is one that's driving a lot of relooking at our downtown and our distressed areas for investment.

Bruce asked me to talk a little bit about this. I got this from both Brookings research and also from Mayor Daley. We got started a little bit late on this, Bruce. I wish I had started a year earlier. But setting up through all these partners an EITC awareness and help program. It's critical that we get out there with volunteers who are preparing those taxes in the languages that people understand. As a result of all those partners, and we're ramping those sites up as we speak and every year we add more trained volunteers, Bruce, and it's really been great, the IRS tells us we've got \$4 million that's left on the table. That's tax money that those folks pay, and because they are renters, they're low income, they're not getting the advantages that you and I get with things like our mortgage interest deduction. It's money they should have, need, and that

\$2,000 to \$4,000 that they may get back provides essentials and goes right back into the economy. That \$4 million that's left on the table is more money than we get for Community Development Block Grant money every year. We'll get there. We'll get to the point where we're close to that \$4 million.

Did I talk about our parks and--this is "Mad Anthony" Wayne. We have great parks and also we celebrate our history. This one is a little tough for some of our school kids because it dealt with an Indian battle that secured this area and is part of the progress of our country and part of the tears and the problems of our heritage as well.

Let me talk for a minute about broadband, and I'm going to race through some of this because I'd like to get to your comments and your questions. This book is one of the most powerful books out there today. It's not an easy read. I recommend it to any mayor. That along with The World is Flat should be I think required reading as we do for our key staff people. Why? Because if you don't understand what this means for the future of innovation, of life-long learning, of education and

health care, you're not going to be competitive in the future.

This is so simple, this is one of the most simple concepts, but sometimes reducing things for us mayors to simplicity is critical. Here's the Web. We all remember it when it was one to one. Then it went to one to many. And Google, Sergey Brin and his colleagues in 1998 were just sort of out there thinking, and now it's become an established part of our daily routines. By the way, ask a youngster what the word modem means, and ask a 55 year old. Ninety-seven percent of those polled who are teenagers can tell you what a modem is, 87 percent of them are online every day. It's now many to many.

Just riding out on the airplane I was trying to catch up. In Business Week, Bruce's wonderful page was there last issue, My Space. These are kids who are creating in their own world online, writing, not just text messaging. The engines of creativity for our youngsters are right here. If you don't have broadband, your community is not wired and inspired, you will lose this next generation of kids. They will not be there.

What did we do? We set in place an Innovator's Forum. We recently had Alan November an educational futurist in

technology who has been at Stanford and now has his own business come in for 2 days working with many educators to talk about how we get people to learn how to learn. We formed a seed capital company. We've got I Teams for broadband. I'll come back to Net Literacy. We just had a wonderful experiment with our I Team on hearing impaired, 26,000 people, the fastest-growing cohort, of the disabled in our communities are hearing impaired, huge potential. Think of this for a moment, somebody that's hearing impaired taking in technology from Purdue University where within a fraction of a second a hearing-impaired person can have glasses that in instant scrolling across the lens have a type face similar to closed captioning that comes from a person speaking. It's being translated immediately. Add the Web to that. Anybody in the world can now be enabled as a hearing-impaired person to function as though they had no hearing impairment. Huge potential.

Twenty-first Century Scholars. Cheryl Sullivan was going to be here, I'm not sure Cheryl could be here, but Evan Bayh started this program. Any kid in Indiana that's school lunch eligible, my middle school, 100 percent of the kids are, signs up as a seventh grader,

stays off drugs, stays in school, graduates from high school, signs the pledge of responsibility, the State of Indiana will provide up to \$5,000 normally per year per kid for any Indiana public and private college or university. Critical for the future.

We're going to match up online mentoring, retired school teachers who can be study buddies for those young people, and Net Literacy is going to help us do that. Net Literacy came from a group of students in Indianapolis. We've imported it to Fort Wayne. It's a not for profit. What did they do? They took computers into nursing homes. They taught people how to use those computers. So we now have sent a letter to every corporation and every not for profit, the letter went out under my signature last week. We've already gotten a thousand it looks like based upon the phone conversations today of computers donated. We have a vendor that will environmentally effectively recycle the computers, refurbish the computers, and put them in the homes of low-income seniors. The kids teach the seniors how to use the computers. Verizon is our sponsor for this initiative. We have all of these partners, and we're

going to grow that to have literally thousands of low-income families and be online.

Medical challenges, real quickly. We have a program which we got started 2 years ago. Here's the question, 18,000 people visited our neighborhood free health clinics. You don't know who they've seen, where their records are, what's happening. Could you provide a diagnosis at one place? We found that 6,000 of those people had already visited another clinic, but we didn't know what happened at the other clinic. What did we do? We formed a partnership. This is the old model, all those hospitals, all those organizations, used to have to use the fax, the phone or just word of mouth. This is a hard slide to read, but adoption of medical information is slow to reach the doctor's office and the health care clinics. Today we have a program which we call Health Access. We're about on a 10-step scale at 5. We're now going to the emergency rooms. All of our participants who come into a health clinic have a medical record that's digital. We found a woman the other day who had been to one of our clinics and had gotten a breast cancer diagnosis 6 months ago at another clinic. She came to a clinic and the doctor was able to by searching the

records remind her that she had forgotten that she had gotten that diagnosis at another clinic 6 months ago.

This is critical for another reason, there is a homeland security reason, and that reason is if we have five now cases of the bird flu virus in Asia, it's likely that some of the earliest travesties of local public health will come from the least well treated in our community. By being able to see those patterns early, this is I call the canary in the coal mine, we now have an ability to link up in our community things that might not be perceived because those folks aren't in any kind of managed health care program. Again, none of us--

[End Side A, Begin Side B.]

MAYOR RICHARD: [In progress]--opportunities community based, lowest crime rate in 20 years, I'm going to hit some of this. Homeland security, I want to hit this real quickly. It's important. After Katrina, stop and think about it, the Mayor of New Orleans talks to the President of the United States 48 hours into the darkness. I've got a book there that I'll give away to anybody that can tell me in the audience how Bush and Nagin finally spoke. You get this book. Walter, you get it.

MR. : SAT phone, satellite?

MAYOR RICHARD: No, you're wrong. The satellite phone batteries went dead. That's not what happened. They did not talk that way.

MR. : VOIP.

MAYOR RICHARD: Exactly. The CIO remembered while they were on their third location for the emergency center, they were in the middle now of the Hyatt Regency, oh my gosh, I've got VOIP, I just signed up 2 weeks ago. That's how the President of the United States ended up talking to Ray Nagin. I don't want that to happen in our community. So what have we done? We've done two things. One, we formed the first in the Midwest, maybe the first in the country, a joint training academy where all of our police officers, fire fighters, EMTs, National Guard, will be trained together, a new core curriculum, a \$26 million facility, we begin building it next year, and it's an anchor for a 100-acre abandoned shopping center that's now coming back. A terrible eyesore in the south-central part of our community, that's another story, but we intend to have a partnership here like none other.

If you do not train together, this is what Ridge just said in his postmortem evaluation of homeland security. In fact, from my perspective, things have gotten a little

worse, not better, from the feds. So we're really just doing this with local and state money, and we'd love to have partnerships with the Guard and others and we're working on those. It's on-site adult education, youth education, a cadet program, work force development, a synchronized instant response training system. These are all the partners from all the colleges. We may have the only building in the state where we have competing public and private colleges and universities sharing the same space, all leasing it from us.

My last point is you don't want to be without a disaster recovery communications system. What we've learned is that every city has to be self-sufficient and independent. It will happen again. Somewhere we'll have another Katrina or Rita. So what we did is we turned to two companies as we always do, partner up, find the best, beg and borrow it. Raytheon and ITT have just formed a partnership where they're identifying the world's best emergency disaster recovery system. They're giving us an evaluation of our current system that's due next week. They're done a vulnerability analysis of all of our current 800 megahertz systems, high-tech and low-tech. Did I tell you we have great parks and recreation areas?

I think now is a good time for us to turn to your comments and your questions, and if we want to conclude with a few other thoughts, I'll be happy to do that, but thank you very much, Bruce, for having me, buddy, and I look forward to your comments.

[Applause.]

MR. KATZ: One of the reasons I wanted to invite the mayor is some people may remember David Osborne, government reinvention, from about a decade ago. When I entered the Clinton administration with Henry Cisneros, that so much animated and motivated the first 2 or 3 years of our work. You don't hear much about that anymore, and yet think about government reinvention, when it was written, pre-Google, pre this explosion in access and transparency. We need to think about how to motivate this discussion again. Performance is the Best Politics, an unpublished manuscript, my sense is this is one of those pieces that's going to really stimulate enormous discussion in this country about how we improve the art of government. Let's ask questions.

MR. WRIGHT: Mayor, Walter Wright [ph] with Verizon, firstly, thank you for all the great promotion. We're delighted to be a partner with you in Fort Wayne. My

question to you is venture capital funding seems to be locked between the east coast and the west coast, so when you think about venture capital funding and [inaudible] funding, entrepreneurship, you don't think of Fort Wayne, with all due respect. What is it that you all are doing that is gathering or working to get the attention of Silicone Valley or Boston, Massachusetts?

MAYOR RICHARD: First of all, build it and they will come, and I think that's part of what you got to do. We've got the infrastructure. I'm a peddler and I can't sell something if I don't have something. We're ready to sell. So what we're going to be doing this next year is hiring a full-time person, and that person's job, we're going to call it the Center probably for Broadband Innovation and Application, and it's going to be in Fort Wayne, Indiana, but we're going to go find anybody and everybody that will invest in killer applications.

Let me give you an example. Ball State University just got a \$20 million grant from the Lilly Endowment, and I call this, they wouldn't like this, where David Letterman meets Stephen Spielberg. There's a \$5 billion business out there that every kid in this country knows well, and lots of adults, it's call the gaming industry, and I'm

talking about video gaming, not slot machines. It's growing at probably a billion dollars a year worldwide. I want to have the best of Spielberg, humor of Letterman, at the Ball State Design Center focused on some aspect of life-long learning.

What if we could train 40,000 people in our city to be the person who on the day of whatever happens in bioterrorism or bird flu has to supervise the snow day in the summer? How do you get 250,000 people to not move, to stay in their homes, to not panic, to not run to the hospitals? I'd say we create one of the most engaging, online video games and we distribute it through broadband. That's the kind of innovation.

So I've got to go now sell. I just started two weekends ago at the Aspen Institute, there were five venture capitalists. I went to everyone of them and I said, Who's doing the best work in applications for broadband? Where are they? What are the names? How do I get them? Just like an old peddler, we're going to put somebody on the road and they're going to go call on every one of those venture capitalists and they're going to call on Verizon and they're going to call on Comcast, they're going to call on anybody. They're call the

Knowledge Universe and talk to Ellison and talk to Milken and to the people who are spending \$40 million on online learning and say come to Fort Wayne, Indiana and we'll find some match money, we'll match it and we'll beta-test it because we've got the best launching pad of anybody in the country. All the schools are connected, so we're ready, and that's the message that I go after next.

MR. KATZ: Questions? Comments?

QUESTION: [Off mike.]

MAYOR RICHARD: Hi, Susan. Welcome.

QUESTION: [Off mike.]

MAYOR RICHARD: If somebody is going to come and invest \$100 million in my city and build out the information structure of the future and create a competition between Comcast where the dollars are going down for the cost of services and the broadband services are going up, I roll out the red carpet.

This is one of the only investments that we haven't had to incentivize. If somebody were doing that today, I'd have to lay millions of dollars on the table of tax credits, tax breaks, so the least I can do is to make it comfortable. What did we do? We do like the Six Sigma stuff in our leaf collection and our snow removal. We're

online, we told everybody ahead of time where we're digging, when we're digging and they could go online and they could see the schedule, they could know exactly what was happening. We worked with Verizon as we would with anybody because I don't want disruption in our community. I don't want people calling my office and say, What the hell is the guy doing in the back yard digging up my yard? What's that all about?

So we had all the permits done before they ever came in. We had a new system of utility locates, 10,000 utility locates, we did them all ahead of time. Are you going to dig up somebody's, what do they call these, electric fence? Yes, you're going to hit an electric fence every now and then because it's not on our GIS maps. But we sure found out which utilities were playing ball with our consortium.

The convening power of the mayor is the underused power by mayors in small and large cities. You don't have to put the money on the table. Put some time on the table, sit down, talk to people, get them all in the room. We had a few problems with the gas company. We got them all in the room and we changed our utility locate system. It's all about making the system work and work well.

So the Verizon executive who told us originally that we were only going to get a small investment came back a while back and said this is the best build, the FiOS build, the entire system, of anywhere in the country. It's the lowest cost, it's on time, we've got the fewest customer complaints, and I said that's what we love to here. It's about good leadership, sitting down and working it out. These are not hard to do, but it takes everybody coming together. By sharing we all gain, none of us is as smart as all of us, you got to keep that mantra going. And when somebody gets up with it's politically motivated or not and says something that's not right, that's not true, that's not accurate, we go to them personally and if they say it again we go public. We have brought together the business and community leadership. I presold this whole thing to our business and community leadership saying if you don't have broadband--and again this goes back to 2000. We'd set a goal as a community, Wired and Inspired, the best broadband system in the country. What are you going to do when somebody comes in and says, Well, you're going to dig up my yard. Gee, that's terrible. Well, of course we're going to dig up your yard. That's what's going to

happen. But if you want to have your kids come home and want to stay at home because, gee, this is as good as everything I got on the campus, wow, dad, you're cool, man, this is great, this is fast, this is not dial-up.

QUESTION: You talked about the convening power of the mayor. What have been the particular ways that you've imbued your own organization, the city, with a culture of change? I'm convinced you're a great man, but I wonder how you infuse it through an organization that probably--

MAYOR RICHARD: It's beg and borrow and steal it from everybody else. What we did is we've just taken Jack Welch's model and we have the Mayor's Leadership Development Round Table, we do training of all kinds, activity-based management, Lean, Six Sigma training, train, train, train, train, train. Give people tools, technology. Let there be some winners. When people save money, it goes into a pool and they get to use it. Make them buy laptop computers. The MINITAB software that you put on your computer to run the data analysis is not cheap. We cut deals with the people who will help support us in a positive way to get breaks. We beg it, we borrow it, we bring business people in all the time to work with our teams. It's not easy to get nine unions

and eleven contracts resigned with seven of them with performance-based pay in them. It took us 5 years to get that done.

The culture of change in our organization is difficult. We had some things going for us. One thing I could say to everybody is by annexation we're growing. We're not going to add a lot of head count, but you're not going to lose your job. I'll give you an example. We brought in an \$11 million automated meter reading system which means in Fort Wayne, Indiana, nobody walks around your property to read your water meter. It's all done with a wireless system running down the street reading the meters, and the union said we can't do that. What are we going to do with--I said we promise every person that's currently reading meters will get another job in city government. We'll train them, we'll make sure that they get placed, and you'll actually be happier because your career path will probably be much better than it is as a water meter reader, and that's in fact happened.

The culture of change in an organization you constantly work at. There are lots of things we do. We celebrate the success. Again, part of the book will be a little bit about that, but there is no one solution. Anything

that seems to be working in any of the companies in all that network, we bring it in, we try it out in city government. I'll give you an example. Lifelong Learning Accounts. Anybody know what Lifelong Learning Accounts is? We got some folks here from Labor. LiLAs. We're the first city in the country to take a Ford Foundation grant with a not for profit out of Chicago, with San Francisco and Fort Wayne, and we actually 50 of our folks trying a pilot project where they take money out of their paycheck, it's sort of like an IRA or a health savings account, and what you do is you match it with city dollars, we match it with foundation dollars, and that person can take that money and spend it at Ivy Tech or IPFW or St. Francis or Indiana Tech, and get the training and the learning that they might not have gotten because maybe after high school they had to go to work right away and they didn't get to go to college. That's a Lifelong Learning Account.

We do things that encourage--all of our programs are voluntary. We don't mandate with the exception of those things that are federally required, safety, so if somebody wanted to be a Six Sigma leader, they volunteered and they did it along with their regular work

job. It's turned out, quite coincidentally, that almost all of our top promoted leaders are black belts or green belts or have become experts at ABM or Action Workout, they have a business management tool. Two people recently got hired away. One is running the Six Sigma for an 8,000 employee hospital system. She came in in tears. I said, Why are you crying, Michelle? She said, I love it, but I got this great job. I said, I love it. It's like Jack Welch having his best people hired away. It's fantastic. I want Fort Wayne to be--come get my best people because it says that the private sector values--what a nice role reversal. Usually it's the people that can't make it in the private sector that come into the public sector. This is great, we got private-sector people coming and hiring the people from the public sector. Fantastic. What a way to say for a career path, come work for the city and you'll get to be a big-time executive in a private company.

[Laughter.]

QUESTION: [Off mike.]

MAYOR RICHARD: I didn't have time to cover it. I'm a big believer in investing in the future. My grandchildren should not have to bear the burdens that my

generation did not pay for, and that's in water and sewer and so, yes, we're doing all that and we can get into more detail.

We actually started Six Sigma first and backed into Lean. I wish I would have started Lean earlier. It would have helped us because we do a lot more Lean projects now than Six Sigma projects. Lean is a lot easier. We do them in a 5-day cycle versus the 90-day cycle or 120-cycle on the others. When you have people that really haven't taken a math course and don't know statistics and you all of a sudden ask them to do a failure effects mode analysis, they go like I thought FEMA meant FEMA, I didn't know it means failure effects mode analysis.

That's been hard, but I'll tell you, the people who've grasped and gone after the Six Sigma, it is a huge morale booster. For somebody to come in and say I just saved the city of Fort Wayne \$350,000 by figuring out how to change our inventory orders, that's huge, and that black belt has done two of our best projects. And then it spreads. It's like the good news. And so now we have people coming forward with ideas and suggestions, and a lot of this is just good problem solving and people

feeling that they can take the risk. Government folks don't take risks, and you just don't make it if you don't take some risks. You've got to get out there now and try it.

I'd be happy to spend a little bit more time on the Lean/Six Sigma with you. I have a presentation that I just gave at Lean Six Sigma West and Jack Welch was the keynoter in Las Vegas, and I've been invited to go to ASQ's presentation in Palm Springs in February. There will be about 500 people. I'm the keynoter on that just specifically on our Lean Six Sigma, a lot more detail on what we've done.

QUESTION: In order to attract investments, typically people want certain assurances about the regulatory framework, exclusivities and other things like that. How do you deal with the regulatory framework in the investments you attract particularly for broadband network infrastructure?

MAYOR RICHARD: It's just more important to get it. I just tell everybody, is anybody going to argue 5 years from now what the regulatory structure is in Fort Wayne, Indiana? They're going to say, my God, we've got the best broadband. My kids are coming home, investments are

being made. I don't violate any laws, and I've always said to Verizon and anybody else, it's a level playing field. If you want a cable TV franchise in Fort Wayne, we're open, we love competition, come on in and you'll be paying the same rates and following the same franchise that Comcast has. Come ahead. We want you.

We get so bogged down by some of these looking in the rear-view mirrors is what I talk to our folks about. I say quit looking in the rear-view mirror. Don't tell me why we can't do it. Don't tell me what the law is and the regulation. Find a way to get it done legally. We got to move ahead. My mom used to say things like clean up your plate, there's somebody in China who wants it. Now it's get your damn education, kid, because there is somebody that's going to have your job in India, China, Singapore, Mexico, Canada. We've got to have a bias for action and urgency on these issues. Our very security and safety of our country depends upon it.

So I tend when people come up and talk about that to say, what's the simple answer? And typically you say, well, if they play by the same rules that we're already playing by, not a problem is there? No. Okay, go do. Get it done.

QUESTION: Let's say for example somebody wants to offer voice communication and they don't want to offer it under the same rules that the incumbent telephone company is offering?

MAYOR RICHARD: You know, this is changing so fast that really the incumbency issues, the competition, deregulation, my theory is, if they want to come and provide something whole or in part, as long as they're doing it ethically and legally, do it. The more the merrier. If there are 10 VOIPs in Fort Wayne, I don't care. It just means we're going to have better service, more redundancy, we're going to end up with lower costs. This is a wide open competitive environment now. So I quite frankly haven't gotten to swarmed up in the debates over some of that, and I know that doesn't make my friends on either side of the issue feel good. It's more important about getting the infrastructure in. It's the innovation highway of the future. Just do it. I'm sorry, I'm being like a broken record on that, but--

MR. HENDERSON: Bill Henderson, Issues in Science & Technology. Have you been able to think about how local governments can effectively [inaudible] for use ultra-

high-speed broadband? I'm talking about speeds of 100 megabits per second or 1,000 megabits per second or up.

MAYOR RICHARD: Since you and I chatted a little bit ahead of time, I remembered something. This is a little bullet point that one of our researchers got off the Web. I'm assuming it's accurate. I have not verified it. There is a city in Holland called, I think Almere, and they announced as they reclaimed their city from the ocean and built the new infrastructure that they're turned on the world's first supercomputer with no supercomputer. They connected 2,200 PCs with I believe 100 megabits a second, I don't know exactly, and you remember the numbers, and today they sell the collaborative computing power of those citizens and companies because the average person only uses that computer 4 hours a day. That's 20 hours a day of underutilized capacity or dormant capacity, and it's a great metaphor for, by sharing we all gain. Think about it. They're now selling those computers with nothing more than the connectivity to crunch numbers for I think major international health care numbers and extraterrestrial stuff and oceanic and environmental numbers, and they're making money. What a metaphor.

So the answer is, we not only should be thinking about it, it may be an answer for some of our community economic development problems. Here's a way of taking dormant capacity and making money. What if in Fort Wayne, Indiana, we were to say we'll connect every low-income family if you will agree to have your computer connected and we can solve that excess computing power? There's a guy at MIT, you've probably read about this, who's got the \$100 laptop, the hand-crank computer. Bruce, what if we said the subsidy to Verizon or Comcast for the broadband, or least dial-up, and you could recover that money by having the services that those computers in their dormancy provide, and that's the way you bring ubiquitous broadband to low-income families and handle the digital divide. So, yes, not only are we thinking about it, we're trying to figure out how to do it.

MR. KATZ: A question in the back.

QUESTION: [Off mike.]

MAYOR RICHARD: We're still in a recession, we're part of the rust belt, and our revenues are down on all fronts, but we still have a relatively, in fact very low, per capita tax incidence. I made a bold decision in

2000, and people -- again, of course when you win by 76 votes everybody say this about everything so you'd never do anything if you listened to everybody -- they always come up and say, well, if you don't do this, mayor, you're going to lose. You only won by 76 votes. We raised our utility rates for the first time in a long time by 40 percent, and that has allowed us to bond to fund--it's actually averaging out about 5 percent per year because we held it for 5 years. We got an 8 to 0 vote, one absentee, bipartisan, that was critical from the politics part of it. We had over 40 community meetings why it's important to invest in water and sewer and basic infrastructure. That's been the engine of a lot of what we've done that came from that.

Up until the legislature changed the rules on us, we were \$28 million below our levy cap for property taxes on an annualized basis and the legislature punished the good with the bad and froze the rates. So ironically, their public policy action means that our council since that's happened has raised our rates to the max on the property tax level, which is still only 3.2 percent each year on the average.

So to answer your question, we've been low tax, we've been able to keep taxes down, we've had to raise some user fees and rates. And we have not yet seen what you were asking, a significant increase or up-tick in our tax revenue and a lot of that has to do with state tax policy, change in the property tax laws, and the continued decline of our economy because of the continued erosion of high-paid, low-skilled manufacturing jobs. But I believe long-term these investments will pay out or I wouldn't be making them, and I wouldn't be spending both personal and political capital to get them done if I didn't believe that. You can see that if you communicate what you're doing, people will pay more taxes. That's not the issue. You'll see it all over this country. It's the message, the medium, the emergency of it and what you're going to get. They want to know you're going to get something for that. So when they can see it's direct, you saw the results, those are all voters, we took that message to them, we were able to keep taxes low, but we did raise rates.

MR. KATZ: Questions?

MAYOR RICHARD: Or comments? Somebody want to argue here? I'm great at sharing ideas and hearing your--maybe

afterwards, if some of you have some specific comments or questions.

Let me just conclude if you want to see it, we've got a website, there are a couple of other things that we need to do real quickly here. I've talked about some of these. Let me go back to that, bipartisanship and building trust. That's the lost soul of our current politics. I was in the legislature in the 1970s and I played tennis with the Republican governor and lieutenant governor and we went out after the debates. That doesn't happen anymore today. In fact, everybody is in the gotcha game. You very rarely see Republicans and Democrats doing things with their families socially together. It's a terrible travesty in this country, and it's right and left. It's all across the board, and I don't think we can make it as a country if we don't start rebuilding that trust and bipartisanship.

This is taken from Tom Friedman's book, we do have a great opportunity here and we can do it, and there are lots of things that we'd like to share with you that are on our website, and that's what I wanted to get to. Do you see that park there, by the way?

[Laughter.]

MAYOR RICHARD:

QUESTION: Maybe just for something to discuss a little bit, you're adding all this new communications infrastructure, do you think that's going to significantly change the politics in your city?

MAYOR RICHARD: Yes. Yes.

QUESTION: How do you think about that [inaudible]

MAYOR RICHARD: You don't reach, young voters, new voters, in the old ways. That TV ad that I showed you, in 10 years it will be obsolete. Maybe even in the next cycle. You got to find new ways, and if you don't have the infrastructure, you're not going to be able to compete.

So, yes, I think the way we communicate, we started to talk about narrow casting in the cable business, I helped to found a local cable TV company in the 1970s, it's all changed. You've got to be web-based, you got to build collaboration on the Web, you've got to build all those pieces that are entirely new ways of doing business.

QUESTION: How about you mentioned like if a company is sort of not cooperating in good faith or spreading misinformation, that you would go public.

MAYOR RICHARD: Sure. A mayor with credibility, do you think any company wants the mayor with--I've never done it, by the way. I've never had to. I go to the business and I say, these are the facts. Are you going to keep saying things that are just factually not correct? Because if you are, then we'll correct the record. But if you'll correct the record or shut up, we'll be delighted to see you invest more money in our city. And I've really never had to do that.

Again, you need to get cooperation and trust, and that's what we build on, and so the opportunity to build that cooperation and trust is what's really critical to getting something moving. The convening power of the mayor, getting people who don't normally talk to each other in the same room to talk and work together is hugely powerful. Yes, sir.

QUESTION: [Off mike] I was curious about what your aging demographics are [off mike]

MAYOR RICHARD: We've got some on the website. I can summarize it very quickly. The echo boomers left. My generation left when we did the downsizing, so as a demographic we have fewer of the echo boomers, so we're really hurting. We're graying big time, and that's why

things like this broadband investment become critical to changing that demographic.

Thank you all very much. This has been an absolute treat for me to be able to be here in the nation's capital and to be at the Carnegie Hall of public policy. Thank you.

[Applause.]

[END OF TAPED RECORDING.]

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