

State of the City 2013

THINK BIG

Good morning.

Thank you all for being here. I'm happy to have this opportunity to report back on what we've accomplished in the last 12 months. And I'm even happier to share some of the exciting ideas that my colleagues and I are working on for the upcoming year.

Tempe is a progressive city. You know, I like to think of it as a "Can Do" City. And part of being a "Can Do" city is THINKING BIG!—Thinking big about economic possibility, thinking big about the services and amenities we provide, and thinking big about planning for the Tempe of tomorrow. That's what I want to talk about today.

One of our greatest strengths as a city is that our leadership thinks big as a team. We are lucky enough to be represented by a dedicated Council, who are committed to guiding Tempe forward to an even bigger and better future. Joining us this morning are Vice Mayor Onnie Shekerjian and Councilmembers Robin Arredondo-Savage, Shana Ellis, Joel Navarro, Corey Woods and Kolby Granville. I'm also glad to welcome our city manager, Andrew Ching, and assistant city manager, Jeff Kulaga. Please give them a warm welcome.

I would also like to recognize past Tempe councilmembers and elected officials in the audience: former Congressman Harry Mitchell, State Senator John McComish, Representative Bob Robson and Andrew Sherwood, Maricopa County Supervisor Denny Barney, former Councilmembers Barbara Sherman, Joseph Lewis, Don Cassano, Pat Hatton, School Board Members Jim

Lemmon and Rochelle Wells, and my good friend, Mayor John Lewis of Gilbert. And if I missed anyone, please stand for a round of applause.

I'd also like to recognize my mom and my wife, and thank them for their support.

This event is hosted each year by the Tempe Chamber of Commerce. We appreciate the longstanding partnership we have with them. A special thank you goes to MaryAnn Miller, Sean Donovan and the entire Tempe Chamber Board of Directors for their support. We wish you much success in the upcoming year.

It is exciting to see so many of our business leaders, our community partners and friends here. Your support is vital to Tempe's success. In fact, we are where we are

today because of folks like yourselves, and your commitment this community.

When I thought about what I wanted to say today, the business community was very much on my mind. I want to give you a picture of how we think big to attract quality jobs to our city. We know those jobs are important because they translate into increased services and better quality of life for our residents.

With our residents in mind, in the spring, I've created an new opportunity for our residents to hear about the services and programs important to them. I'm calling it State of the Neighborhoods.

It will be an excellent opportunity for resident to hear about how the Council is working to improve the quality of life in our city. I hope you will join us.

Tempe is a city made up of 166,000 residents and 42 square miles, but we manage to feel both like a small town, and a major metropolitan area. We've found a way to be a regional voice, and as a result we've attracted regional headquarters, world-class events and research and tech companies.

Our size has inspired previous councils and this council to be creative and to Think Big. Because we can't expand our city's borders, we must make the most of what we have. We work to see the greatest possibilities in every part of our community. There is a quote by Robert F. Kennedy that I think applies to the evolution of Tempe--

“There are those that look at things the way they are, and ask why? I dream of things that never were, and ask why not?”

When I look at our community, and I see the progress that we have made in the last 30 years, I'm amazed. It was *the* foresight of past city leaders to build the infrastructure and amenities that we are so proud of today-- The town lake we built from a blighted and dry riverbed, a downtown that is thriving, our world class Center for the Arts, and the ASU Research Park. All these things make Tempe what it is today.

Tempe was also one of the first cities to fully embrace public transportation. Tempe approved a permanent half cent transit tax to fund public transit, including the possibility of rail! We were thinking big! And because we thought big and embraced the idea of light rail so early, we are the only city where it runs from border to border.

Each of these projects brought our community the benefit of more jobs and more economic and commercial development. And when money is invested into a community, it translates into a better quality of life for our residents. We gain needed revenue to reinvest back into our community.

As our nation continues to recover from the economic downturn, so does our city. And for Tempe, that means that with every project that starts construction, we gain new ground. Every business that opens in our community is another step forward. And when you look at the progress we've made and see how far we've come over the last year, it's easy to see why we're at the forefront of the recovery.

One of these projects is the Residence Inn by Marriot in downtown Tempe, which opened two months ago with 173 rooms of much needed hotel space. Tempe has one of the lowest hotel vacancy rates in the Valley and this hotel will provide another option to travelers who want to stay in our downtown. Let me just say, if you haven't been up to the rooftop deck to look out over the Valley, you are missing out. There is no doubt that this hotel will keep visitors in our city.

Of course, I don't want to forget to mention our host hotel this morning. Because of the success of Tempe Mission Palms and Ken McKenzie, we are now seeing increased interest in bringing more service oriented hotels to our downtown.

The developers of the Residence Inn also saved some pieces of Tempe history, and for that, they should be

commended. The hotel was built upon the grounds of the legendary Bandersnatch Brew Pub, which I'm sure most of you in the room remember, and maybe half of you would admit to frequenting...

While Bandersnatch is gone, it is not forgotten. I'm glad that the new Residence Inn didn't forget it either.

Instead, they salvaged artwork and the door from the original bar, and paid tribute to the Bandersnatch's "Alice in Wonderland" theme. On behalf of the people in this room that admit their love of the Bandersnatch, we would just like to say thank you, for preserving this little piece of history. *Man, I'm glad that door can't talk...*

In addition to the Residence Inn, the University House now houses more than 600 students in private student housing in what used to be a vacant lot across from Sun Devil Stadium. Combined, both the hotel and University

House bring people and a 24/7 vitality to our already busy downtown.

But these are hardly our only successes. The past year has been very good to Tempe.

We've added more than \$700 million dollars in capital investment. We've developed about 3 million square feet of commercial space. On Mill Avenue alone, more than 50 new businesses have opened since I took office.

And best of all, we added more than 5000 NEW jobs.

These. Numbers. Are. Huge!!!

Tempe isn't the biggest city in the Valley-- but clearly -- we are an economic engine. The year ahead also looks very promising.

We have several new residential developments underway, including Lofts at Hayden Ferry, Hanover Project and Argo at Town Lake. These projects will provide housing for even more people who want to be part of the busy urban atmosphere in downtown Tempe.

One project I'm excited to see is the conversion of MADCAP Theaters at Centerpoint into a new AMC Theater. It is currently underway, and is set to open this spring.

I'm also proud to announce that Fox Restaurants Concepts is bringing a restaurant to the downtown area, just off Farmer Avenue and First Street. Sam Fox's Restaurants are considered to be a destination by many and this is the first one to come to Tempe. When it's

open, not only will it provide a new modern destination restaurant for our residents, but it will also employ nearly 200 people. Thank you, Sam Fox.

But downtown Mill Avenue is not just for restaurants and retail. We have some major players. And players like Allstate, Silicon Valley Bank and Lifelock are expanding and staying put in our downtown. Our downtown has only 3 percent vacancy, and the office buildings built less than five years ago are now nearly full. And, in order to accommodate the need for new office space, Hayden Ferry Lakeside recently started the construction of its third tower.

I would like to thank Nancy Hormann of Downtown Tempe Community for the role that she and her team have played in this success.

ASU is an important partner in our growth.

One exciting development currently under construction is ASU's College Avenue Commons. ASU broke ground on this five-story, 130,000 square foot collaborative learning space in January. It will house the Del E. Webb School of Construction and provide active classroom space, have a huge marketplace and will be known as the University's Official Visitors Center. The classroom space on College will bring a steady supply of students to the area, and will help activate future development of 6th and 7th Streets, in between College and Mill avenues. This is an area of our downtown that has amazing potential. It just needs investment. If we think big, that's exactly what will happen.

ASU is focused on their Stadium District. This project, in itself, is another example of Thinking Big. It encompasses 330 acres on the south side of Tempe Town Lake. Think of it! That's 50 city blocks and 9 million square feet of mixed use development. The project will revive ASU's athletic facilities by redeveloping and building, office, research, athletic and retail space.

We're excited to coordinate with ASU to get this project off the ground. Not only will this new district contribute to the City's general fund, it will also create jobs in design and construction, and it will create permanent job opportunities for our residents.

It's clear that the land surrounding the Tempe Town Lake is our richest development opportunity. The lake changed the entire landscape of Tempe, and will prove to be one of our most visionary projects.

But this wasn't an easy task. No game-changing development ever is. It required a Mayor and a Council with vision, who weren't afraid to Think Big. When voters in Maricopa County voted down the measure to create a 30-mile greenbelt along the Salt River, it was the City of Tempe and a different Mayor Mitchell who moved forward. They looked at that dry river bed and they asked why not?

The City of Tempe took a chance on a grand vision and spent \$65 million dollars to build Tempe Town Lake and the original amenities around it. Now we have a center of recreation and a major job generator.

In 1989, when the city first adopted the Rio Salado Master Plan, would anyone have ventured to say that as of 2012, Town Lake would have returned approximately

\$825 million dollars in economic impact? It's hard to say. But the lake isn't finished giving back.

In August, we broke ground on the state's largest office development project in history, Marina Heights, located on the south shores of Tempe Town Lake. This project is massive. It doesn't just suggest thinking big – it is big.

It is 2 million-square-foot of office and retail space, and represents a \$600-million-dollar commercial development investment.

If you're counting, that brings the total economic impact of Town Lake to at least \$1.4 billion dollars. That's \$1.4 billion dollars, with a B!

Marina Heights will be the new home to State Farm and will be a catalyst for additional development on Town

Lake. It will solidify the lakefront as THE destination for Class-A office space and high-end condominiums.

I'd like to recognize John Graham and Heidi Kimball from Sunbelt Holdings and John Strittmatter and folks from the Ryan Companies for their leadership and vision for the Marina Heights project.

Construction on the project is already underway. Ryan Companies is pouring concrete on the first of five new buildings.

State Farm has a long history here in Tempe. They are expanding their current operation in south Tempe and have added 900 jobs this year alone. By the time this new facility opens in late 2015, more than 2,100 people will work for State Farm here in Tempe. When this new

campus is complete, it is expected that number of jobs will increase significantly.

We'd like to thank State Farm for investing in Tempe yet again and for bringing such high quality jobs to our community. I'd also like to take a minute to praise State Farm's commitment to transit oriented development. State Farm didn't stop with a \$600 million dollar investment. They also awarded LISC Phoenix, an organization that focuses on building communities through transit related projects, a grant to advance development along Apache Boulevard. This grant will support the city's efforts reinvigorate this area for job creation through business attraction, retention, and expansion.

I'd also like to thank the Sustainable Communities Collaborative and Shannon Scutari, for working with LISC

Phoenix to help facilitate opportunities along Apache Boulevard. We appreciate your good work.

Just west of Tempe Town Lake, at Priest and Rio Salado Parkway, Liberty Property Trust is moving dirt and will officially break ground on its 100-acre project in December. The \$17 million dollars generated from this first phase could not only help pay for the new dam, it also will bring development and at its completion, nearly 6,500 jobs to Tempe. John Divall from Liberty Property Trust if would please stand and be recognized.

Neither Marina Heights nor Liberty's project would exist without the creation of Tempe Town Lake. It was projects like these that Tempe had in mind when final plans were being drawn up for lake construction. Any city would be fortunate to have just one of these projects underway in a year..., but there's more...

Currently, Tempe is pursuing development of an 11-acre site formerly known as Pier 202. It's located on Rio Salado Parkway, just west of McClintock. It provides an amazing opportunity to build a brand new development, one fitting for the area and deserving of our community. It's an opportunity for us at the city to Think Big and develop a project that we can be proud of for generations to come.

As Tempe Town Lake continues to develop, with projects like Pier 202, Marina Heights, Hayden Ferry Lakeside and the Liberty Project, this three mile section of Rio Salado will become one of the most prominent employment corridors in the Valley. It is already considered one of the best real estate opportunities in Arizona.

Across from the Town Lake, stands Tempe's most iconic structure – the Hayden Flour Mill. For years, my colleagues and I have discussed the best possible future for our city's most recognizable landmark. Over the years, we've heard from multiple developers interested in the land. These projects were never quite right.

We're determined to get this right. One month ago, the City issued a request for qualifications meant to generate out-of-the-box ideas--- Ideas that will preserve the mill and silos..., and Hayden Butte, while also creating an economic opportunity for this city.

The Flour Mill is a unique chance for Tempe to Think Big, to think smart and to choose wisely. This landmark is our founding history, treasured by our residents and by our friends at the Salt River Pima Maricopa Indian

Community. This 5-acre parcel absolutely will be treated with **the** dignity it deserves.

<PAUSE>

And at the southern end of our downtown is the development of a new hotel conference center called USA Place, which will be located at Mill Avenue and University and owned by ASU. This much anticipated project will feature a 330-room luxury hotel and the city's largest conference center, both operated by Omni Hotels and Resorts. It will also offer residential, and office and retail space. This project represents a \$350-million-dollar capital investment in our community.

When complete, it is expected to bring some 300,000 people to Tempe each year. In addition, we are working to secure a state of the art basketball facility at USA Place

that will be the home to USA Basketball and the Arizona Interscholastic Association. While the development plans and related agreements for the project are still in the works, it is yet another example of how the City and our partners are Thinking Big.

We're also seeing development in our Technology Corridor in South Tempe, along Price Road and the 101. With the addition of Go Daddy's new Global Technology Center, the ASU Research Park is almost completely developed. There is, however, a large 50-acre parcel that can serve as a corporate headquarters, a home for research companies or a technology-focused businesses.

The nearby Discovery Business Campus is a redevelopment project that is also focused on bringing these types of companies in to Tempe, and there's room

on the 136 acres for 1.6 million square feet of industrial space.

What do all these projects mean for our residents? They mean more revenue, which means better services and an excellent quality of life. This in turn attracts more companies to our community and, you got it... more jobs.

This year, Tempe's Economic Development team, partnering with Greater Phoenix Economic Council, Arizona Commerce Authority and others, brought more than 5,000 jobs to Tempe through companies like GoDaddy, Union Bank and Direct Energy. I would like to introduce the team that makes projects like these possible – the members of our Community Development staff –director David Nakagawara, team members Alex Smith, Chris Messer and Hunter Hansen, as well as our

Economic Development team, director Donna Kennedy and Shannon Selby.

But it's not just Tempe's quality of life and infrastructure that attracts business to our community. It's the abundance of educated and skilled workers.

Tempe is a city that depends on education. Not only as institutions of learning, but as job creators. Our universities, colleges and K-12 schools employ nearly 20,000 people, and they help generate the highly skilled workforce employers are looking for.

Tempe has nearly double the Valley average of high-tech companies. At least 11.5 percent of Tempe's businesses are high tech-based, nearly double compared to the rest of the Valley. We are leading the Valley, and those numbers make us competitive with Austin, Portland and

Denver. From Honeywell and Freescale to homegrown firms like Sitewire and Lifelock, many tech companies call Tempe home.

Arizona State is vital to our success. It graduated nearly 2,500 students in the sciences and engineering in 2012 alone. But it isn't the only one graduating talented students.

The University of Advancing Technology has companies waiting in line to hire its graduates. They come out of UAT skilled in animation, video game production, computer programming, robotics and more.

And, there are a dozen colleges in Tempe, including the University of Phoenix, Western International, and the Maricopa County Community College District, the nation's largest community college system. These schools

offer easy access to education to those who live in Tempe.

When you think big, you also have to think smart, and our educated residents help us do just that.

The link between education and economic development success in Tempe is not solely about higher education. As a husband, a son, a brother and a nephew of teachers, I know that a love of learning starts during the formative elementary, middle school and high school years.

And we have amazing schools in Tempe. Our Tempe Union High School District reported that its last graduating class included 49 National Merit Scholarship finalists! 49! And seniors earned a staggering \$73 million in scholarships.

We think big in Tempe. With our excellent schools, there is an opportunity for a child to go to the college of their choice. Tempe Union has a 90 percent graduation rate and 87 percent of those graduates go on to attend college. These are truly amazing facts.

But, we at the city know you can never stop striving. And when my Council colleague, Robin Arredondo-Savage, looked at those numbers, she saw an opportunity for improvement. Robin has long been a leader in education, and she noticed that there was a lack of assistance for graduating seniors when it came to completing college and trade school applications, finding scholarships and navigating financial aid. Robin began working with staff to meet this need, and our new College Connect program is the result. It's set to launch in January.

More and more we are seeing that in order to have a successful career, a college or vocational degree is a prerequisite. I'd like to thank Robin for thinking big about how we can help the leaders of tomorrow.

But how are we Thinking Big for what's best for Tempe's future? How are we working to keep Tempe ahead of the curve?

One item that we've been working on for the last year is Tempe's General Plan 2040, which is set to go to voters this May. We've hosted community meetings to ensure that General Plan 2040 not only is a reflection of what residents in this city want, but also that it leaves us room to think big.

Much of the General Plan 2040 focuses on how Tempe can become a 20-minute City, and a healthy community

that acts with sustainability in mind. Residents that participated in this process put a real emphasis on how Tempe can be a walkable, bikeable and transit-oriented community.

What does it mean to be a 20-minute city? We want you, from wherever you live in Tempe, to be able to get to work, recreation and shopping in a 20-minute walk, bike, bus or light rail ride. And we are closer than you might think to that goal. In 2012, we had 12.3 million boardings on to our bus, orbit and light rail in Tempe alone. This was the highest number of boardings we have ever seen, and it's only going to go up.

This year, the City is continuing to explore bringing a streetcar project to our downtown area. My council colleague, Shana Ellis, is the city's transit representative on Metro and Regional Public Transit Authority. She has

been involved with the streetcar from the beginning. I know that we are both looking at how a streetcar will help us attain our goal of a 20-minute city.

Also part of this goal is being a bike-friendly community, and Tempe is currently ranked as the 18th most bike-friendly city in America. This wasn't by coincidence. We knew that as Tempe and ASU grew, more and more people would look at commuting by bike. For Councilmember Kolby Granville, this is one of his passions, and we appreciate him keeping us all thinking about how we can use bikes to improve our community.

And I am pleased to announce that our regional bike share program with the Cities of Phoenix and Mesa will only have the effect of having more of our residents and visitors out and about in Tempe on bikes! Our segment of the bike share program is due to launch in conjunction

with Mesa in spring of 2014 and will start with stations concentrated around the downtown and light rail line. While the launch is a bit down the road, I'm excited to welcome bike share to our community and to partner with Phoenix and Mesa.

The General Plan 2040 also places an emphasis on sustainability and conservation, and how we can use clean energy solutions to reduce our imprint, whether it be with solar, recycling, or water conservation. Vice Mayor Onnie Shekerjian has been a strong advocate for sustainability. We value the work she's done to make sure that the city is doing what it can to be environmentally responsible and fiscally sound.

Part of thinking big is refusing to be satisfied with the status quo. We must always look for ways to make our

city better. That is how our new Character Area Project originally took shape.

It started with an idea by Councilmember Joel Navarro to make Tempe's surface streets more unique. That developed into a more comprehensive look at our neighborhoods and how to plan for their future.

The Character Area Project divides the city into 8 distinct hubs. Together with input from neighbors, we will inventory our neighborhoods strengths and needs. By drilling down into what makes each hub unique, we'll be better positioned to attract new businesses and to add the amenities our residents want most.

Let me give you an example. In the Rio Salado/Downtown character area, we continue to hear that our residents desperately want a grocery store. The

Character Area Project will help make that a reality, plus find other additions meant to improve quality of life in that neighborhood.

You're going to hear more about these Character Areas in 2014. ... Your input is vital. This is your chance to shape your neighborhood.

We're never done improving our community or Thinking Big. We can't stay stagnate. We have to move forward. And in some cases in this process, residents and property owners may look at their property and ask, "Is my property living up to its potential? Does this meet the current needs of a 21st century city?" And for those folks, let me just say that Tempe is willing to work with you to find an appropriate way to revitalize or, if you ask, possibly rezone your property. What once worked for our community in the 1980s, may not meet our needs

today. We need to Think Big about how to best plan our future.

Councilmember Corey Woods and I have been working on this aspect of future development for the last several months. Corey not only sees the potential for our city, but he's excited about it. Excited enough even to go on a two hour van tour of the city with me... I appreciate that Corey is always working on how we can be the best city possible.

These ideas, these Big Thoughts, are only some of the efforts being made on behalf of Tempe businesses and residents.

Every single big success started with an idea, and this morning, we would like to hear yours.

At your table is a notepad with today's theme— You guessed it: Think Big. I'd love for you to rip out a page, write down one idea and leave it in the bag the middle of your table.

You can also leave ideas on our Facebook page, email my office, or if you'd rather Tweet, use hashtag #ThinkBigTempe.

The point is, the best ideas are the ones we share and work on together.

I thank you for your time and your energy and most of all, I thank you for your support of Tempe.

We've worked for every inch and every step that we've taken forward. And when you add up every project, every foot gained, you get the clear picture of our

economic success. We're on the move to realizing our best possible future. I cannot wait to see what tomorrow holds for the City of Tempe.