

State of the City
November 9, 2012

FINAL

Good morning and welcome to the 2012 State of the City.

Thank you for sharing your morning with us and for your continued support and interest in Tempe.

And thank you to the Tempe Chamber of Commerce for hosting this breakfast and providing this annual opportunity for us to celebrate Tempe's successes and focus on our future.

I cannot think of a more lasting and dedicated partnership than the one that exists between the City of Tempe and the Chamber of Commerce.

The voters of Tempe have given me the awesome opportunity to lead this community, but it is not one that I have to do alone.

I am very fortunate to have a council that brings forward differing viewpoints and extraordinary enthusiasm. While we may not always agree on the "how," we all agree that we want the best for our residents, businesses, visitors, non-profits and employees.

I am proud to introduce my colleagues on the Tempe city council.

Joining us today are Vice Mayor Onnie Shekerjian and Councilmembers Robin Arredondo-Savage, Shana Ellis, Joel Navarro, Corey Woods and Kolby Granville.

Please give them a warm welcome.

I would also like to recognize past Councilmembers and other elected officials also in the audience: Senators John McComish and Jerry Lewis; former Councilmember, Don Cassano; and my Dad, former Mayor, State Senator, Congressman Harry E. Mitchell.

I'm pleased to see so many community and business leaders and friends here today. Your support and commitment has been critical to the success that Tempe has achieved through the years.

When I talk with people about our community, and believe me, I love to talk about this city -- I often bring up the Athenian Oath, where ancient Athenians in part vowed:

"We will transmit this city not only less, but greater, better and more beautiful than it was transmitted to us."

That is my goal as mayor, to leave this city better than it was before I was elected. Communities that do not change and evolve, wither and decay. Cities that stand still do not recognize that the world changes. Those cities will find

themselves laggards in the worldwide competition that defines where citizens, businesses and tourists choose to live, invest and visit.

And I emphasize, especially to this audience, that the key to Tempe's viability and livability is its economy. Without a wide variety of job opportunities, our citizens do not flourish. Without a healthy business sector, Tempe does not generate the revenues to cultivate a quality of life for our community.

Tempe is at its best when Tempe is a regional player. When people and companies are deciding where to locate, they don't look to Tempe in a vacuum, they look at how the valley functions together as a whole.

The employment pool is regional, as is the transportation system and housing stock. As cities and neighbors, we work together and cooperate for the betterment of all our residents. To borrow a phrase from former Mayor Neil Giuliano, "Together We Are Better."

These are words I believe in, and I'm working to ensure that Tempe remains a strong member of our regional networks.

I'm committed to being a strong advocate for Tempe on the Maricopa Association of Governments Regional Council and Greater Phoenix Economic Council Board of Directors. And I look to my council colleagues to remain active with their

regional appointments like East Valley Partnership, Metro Light Rail, RPTA and Arizona Municipal Water Users Association.

But cooperation does not stop at the regional level, and that's why I'm involved with the Arizona League of Cities and Towns, where I currently serve as the Vice President and in the next two years will be sworn in as President.

The League is one of the most significant and vital public bodies in this state. It is where urban cities sit down with rural towns to formulate strategies and policies that are not just good for the Valley but rather work for our entire state.

The League has a slogan that I believe in. It reads, **STRONG CITIES MAKE A STRONG STATE.**

I believe strongly in the message this portrays to our residents, business leaders and partners across the valley because our partnerships do not stop with bordering cities like Scottsdale, Chandler, Guadalupe and Mesa, but extend to Glendale, Avondale and Surprise, and to all the cities and towns around our diverse state.

In today's world, advocacy and interaction is a requirement to ensure that we, as a city, get the resources that we need to grow.

That's why I support engaging regional and national leaders to strengthen Tempe's economy. As Tempe positions itself to

compete in a global economy, we need to remember that we are best served when working as a regional partner.

I've lived in Tempe nearly my entire life. I chose to stay and raise my family here because I know what a great town this was to grow up in. I've seen how over a generation, the decisions that a City Council makes to improve the community really do make a difference.

As a native Tempean, it's important to me how Tempe is viewed and identified. The partnerships we foster with elected officials, regional associations and businesses from across this state will affect how Tempe develops today and in the future.

Tempe's regional relationships are key to our success, for we are forever linked through light rail, freeways, Sky Harbor, ASU and our commitment to creating sustainable communities.

But most importantly, we are linked through our most valued commodity, our residents.

As I look around this room, I see the heart and soul of this city.

I see old friends who have lived in Tempe for years and I see new friends who moved to Tempe to build businesses and start families.

I see colleagues, past and present, who take time away from their families to make Tempe a better place to raise yours.

No one of us can do it alone, but when we work together with our neighborhoods, schools and businesses, we are invincible.

The last few years have not been easy on Tempe, or any Arizona city for that matter. But my council colleagues and I have been working to prepare Tempe for better economic times. We are poised for significant economic growth and we're already seeing the wheels of this recovery turning.

As a Council, we are ready to invest in new ideas. Invest in bettering our schools. Invest in our neighborhoods. Invest in the city's infrastructure and invest in business and economic development that benefits everyone and brings a return on our investment.

Tempe's economic future requires both a road map and the people who are willing to drive us to our destination. We have those in our current city council, on city staff and within the thriving business community here in Tempe.

Our roadmap can be seen in the eleven strategic priorities developed by the council on the screen behind me.

These eleven priorities have been grouped into three council committees, each co-chaired by two councilmembers.

The three council committees are the Neighborhoods and Education Committee, the Finance and Effective Infrastructure

Committee and the Economic, Lake, Downtown and Advanced Transportation Committee.

The Neighborhood and Education committee, co-chaired by Councilmembers Joel Navarro and Kolby Granville, will focus on strategies to renovate, rehabilitate and reinvest in public infrastructure including our rights of way, streets, parks, landscaping and facilities.

Something that I learned years ago, and that still holds true today, is that schools are the cornerstone of our neighborhoods and neighborhoods are the cornerstone of our community.

This Neighborhood and Education committee will lead the way in developing strategies to better allocate staff resources to address problematic community issues such as residential and commercial code enforcement.

Tempe is fortunate to be one of the more established Metropolitan cities. As such, we need to ensure that our homes and business centers are properly maintained to protect our history and to ensure that our community does not deteriorate.

We believe the City plays a role in helping keep our properties looking their best. Therefore this Committee will be looking at a variety of programs to help land owners improve their homes or commercial properties.

A major reason for Tempe's success is the health of our schools and the level of education of our residents.

More than 40 percent of our population 25 years and older hold a Bachelor's degree or better.

Beyond our hallmark institution of higher learning, Arizona State University, Tempe has more than a dozen colleges, including the University of Advancing Technology and the Southwest College of Naturopathic Medicine.

Both of these schools have waiting lists of students wanting to attend to get career training for professions vital to our future.

Tempe's impressive list of colleges and universities continues with the University of Phoenix, Ottawa University, Rio Salado Community College, Bryan University, Western University and others, all providing opportunities to improve job skills.

Education will always take a high priority in Tempe and not only because of our community's cornerstone, ASU, but because we have great K-12 schools, which do an amazing job educating our students every day.

I would like to recognize two education leader with us today, Dr. Kenneth Baca from TUHS and Christine Busch with TD3.

Just this past school year, Tempe Union High School had 41 National Merit Scholarship Finalists.

Forty one!

90% of graduating seniors went on to attend higher education institutions. Those seniors received nearly \$60 million in scholarships to help them continue their education.

And it is no wonder that our Tempe high school students are excelling.

Just last year, Tempe Union High School District offered more than 100 career and technical education classes in more than 14 District programs, including the:

- H.O.P.E. Medical Academy at Tempe High School,
- the Peggy Payne Gifted Academy at McClintock High School,
- ASU's W.P. Carey Business Academy at Marcos de Niza,
- the STEM Academy at Corona del Sol,
- the Business and Consumer Science Academy at Mountain Pointe,
- and the Engineering and Fine Arts Academies at Desert Vista.

I have full confidence that Councilmembers Navarro and Granville are ready to develop strategies that build on advancing Tempe neighborhoods and schools in ways we can all support.

Before I move to the next committee, I also wanted to share a new addition to the City that I am personally excited about, and that's our 311 call center. We modeled our Tempe 311 after other successful call centers in San Francisco, Boston and New York, and so far, the feedback has been remarkable.

Residents and businesses now have one phone number for ALL non-emergency calls and inquiries for service from the city. Whether there is a pothole that needs to be filled, or a question about recycling, Tempe 311 is our community's one-stop-shop for information and assistance.

I am particularly excited about the launch of the 311 mobile app. Once in full use, the phone app will enable residents to quickly and conveniently contact the city with graffiti locations, code violations or other community concerns.

I hope that you will take the time to visit Tempe.gov and learn more about our 311 program. Tempe is the first valley city to get a 311 call center up and running, and we're proud that it's one more way we are keeping Tempe at its best.

The second council committee developed to address the city's eleven strategic priorities is the Finance and Effective Infrastructure committee co-chaired by Vice Mayor Onnie Shekerjian and Councilmember Corey Woods.

This committee will work on examining a budget that links performance to funding, based on the council's strategic priorities.

In recent years, Tempe made the necessary budget adjustments to address the economic downturn and maintain a stable financial condition, but this meant postponing projects that now need to be reexamined.

Councilmembers Shekerjian and Woods will be working with staff to implement a long-range capital asset replacement plan that prioritizes infrastructure investments, maintains financial sustainability and oversees our open space and parks.

It is important that we know what our most critical capital needs are at any given time. That will require assigning life spans to everything from air conditioning units to park playground equipment.

I am proud of the sound financial policies and practices exercised during the economic downturn.

It was these comprehensive policies that helped to maintain our triple-A bond ratings from Standard and Poor's and from Fitch, which are the highest ratings any municipality can have.

While we are seeing improvements in the economy, the city must also continue to adjust budgets and improve efficiencies in order to meet our commitment to eliminate the two-tenths of one percent temporary sales tax approved by the voters when it expires in June of 2014.

It has taken discipline, but this was our commitment to you.

Councilmembers Shekerjian and Woods are the right fit for the Finance and Effective Infrastructure committee and I look forward to their ideas and recommendations.

Co-chairing the third and final committee are Councilmembers Shana Ellis and Robin Arredondo-Savage.

The Economic, Lake, Downtown and Advanced Transportation committee will focus on attracting and retaining businesses, developing a skilled workforce, promoting the downtown and lake areas, and advancing Tempe's transportation and transit systems.

Tempe is a city of over 165,000, but did you know that over 50,000 workers travel into our city nearly every day?

These workers bring with them energy, experience and innovation--- and they bring tax dollars! And those dollars are returned to our neighborhoods through road projects, right of way landscaping, park improvements, code enforcement and social services for our most vulnerable residents.

As an example, Tempe Town Lake is one of the state's top tourism destinations, second to only the Grand Canyon!

The lake has generated more than \$166 million in special event tourism revenue and has contributed approximately \$825 million in economic impact to our community since its creation.

We are looking to Councilmembers Ellis and Arredondo Savage to lead the way by developing strategies that seamlessly connect and integrate employment centers across the city, explore how to grow our transit system, and attract and retain development projects that produce a positive return on investment.

So far this morning I have concentrated on the three council committees and the vital roles my colleagues will play in moving Tempe forward. But I also think we need to talk about what makes Tempe great today and why we continue to be the right place to live, work and play.

I started thinking about my first state of the city address almost immediately after taking office.

I thought of Tempe the year I was first sworn into office.

It was the start of a new millennium and Tempe Town Lake was barely a year old. There was no Tempe Center for the Arts, no Tempe Marketplace, no high-rise buildings or urbanization of our downtown, and no light rail.

Many of the projects that make Tempe great today were first introduced during the terms of my predecessors and it was with the foresight of past and present councilmembers that these ideas became a reality.

It was their thinking that kept Tempe ahead of the curve and the envy of the state.

We are extremely fortunate to have quality developments across our city in core industries ranging from defense, technology and aerospace to manufacturing and medical devices.

In just the Town Lake area, we have seen more than \$355 million in development with high-quality projects like Hayden Ferry Lakeside, Papago Gateway Center and Rio West.

More than \$241 million is planned in just the next three years with projects such as Argo at Town Lake, the Villas at Southbank and the third commercial tower at Hayden Ferry Lakeside.

And thanks to Tempe voters who overwhelmingly approved all three Tempe municipal bonds on Tuesday, we will soon see the replacement of the western dam at Tempe Town Lake with state-of-the-art technology, ensuring that the Town Lake will be a part of our landscape for generations to come.

And just last month, Tempe opened the Hayden Flour Mill as an event venue and community space. I know that we're all happy to see the Mill back in a place of prominence, as the Gateway to Mill Avenue and an important link to Town Lake, two of Tempe's most vital attractions.

We are extremely fortunate to have a real downtown core that not only our residents enjoy, but that also is appreciated by tourists from throughout the world. And while Mill Avenue has seen its successes, it's also seen its challenges.

In 2009, the downturn in the economy left more than 30 percent of the Mill Avenue storefronts vacant.

But did Mill Avenue fold? NO.

We worked harder with our partners and now, just three years later, more than 50 new businesses have been added to downtown Tempe. The vacancy rate has been cut in half with new businesses moving in like Handlebar, World of Beer, Mellow Mushroom, NCounter and TriSports.

Not only are we a magnet for business, but we're also attracting new residential development to our downtown. Just east of where we sit this morning, The Hub broke ground in January of the year. This 19-story, 266 unit, upscale residential building is designed as student housing but I can assure you, it is nothing like the student housing we had when I attended ASU.

This development will add 637 tenants to our downtown, and that's 637 new consumers helping to sustain Mill Avenue.

The tower includes a large outdoor pool area with cabanas and 22,000 square feet of retail space conveniently located on the ground level.

Under construction down the street from The Hub is Tempe's third downtown hotel, the Residence Inn by Marriott. When complete it will be downtown's first extended stay hotel, bringing a much needed service to the area.

Located at 5th Street and Forest Avenue, this 11-story hotel will have 173 rooms, 3,500 square feet of conference space and 5,700 square feet of retail space.

Both The Residence Inn and The Hub are located across the street from the Tempe Transit Center, giving residents and tourists easy access to light rail and mass transit. And of course, they're also just a short walk to our downtown.

Both projects are expected to be complete in early 2014.

Nearing its ground breaking is Block 12, a 130,000 square foot collaborative learning space that will host ASU's newest marketplace, along with drop-in classroom space for students, administration offices for faculty and the new home of the Del E. Webb School of Construction.

The project, which is slated to be a LEED silver designation, will encompass the southeast corner of College Avenue and 7th Street and will provide shaded outdoor open space for students. The City of Tempe is extremely happy ASU is investing in the downtown, and what is even more exciting is that it is doing so with a green and sustainable building.

Moving forward, the council and I will continue to ensure Mill Avenue and our downtown retain its unparalleled vibrancy and continues as an economic driver that produces more than 25,000 jobs, and creates a tourist destination for the state and provides a connector to Town Lake and ASU.

In the past few months, 2 employers, Allstate Insurance and Endurance International Group, moved into our downtown area, bringing with them over 700 jobs.

Tempe is always looking to reinvent itself, and we have a great opportunity for growth along the Rio Salado Parkway.

ASU plans to redevelop over 300 acres of its property along its northern border. The Stadium District will bring in new opportunities that will take advantage of university resources and research, add additional housing, and provide new students services.

This development will not only be a new point of pride for the city but will also enhance the relationship between Mill Avenue and Tempe Marketplace.

ASU is a national leader in sustainability and intends this development to become an eco-district for environmentally-conscious projects and companies, which goes hand in hand with Tempe's values and strategic priorities.

The Stadium District is a long-term project that will reap great rewards for Tempe, and we are proud to work in cooperation with ASU to accomplish this goal.

And speaking of great partnerships that the City of Tempe is involved in, I'd like to recognize the Sustainable Communities Collaborative.

This public-private partnership includes the Cities of Phoenix, Mesa, and Tempe. They are doing great things to bring our communities together to create development models that will serve as best practices for the entire state.

As Mayor, I'm excited to be involved in this innovative group.

We're experiencing significant growth in south Tempe as well.

One such development, the Discovery Business Campus, is located at Elliott and the Loop 101, and has 136 acres of opportunity.

This development will add 400 hotel rooms, and 1.6 million square feet of commercial space while bringing hundreds of new jobs and more to Tempe.

The Discovery Business Campus is now the home to Freescale Semiconductor and adjacent to the ASU Research Park. This development brings opportunities for new companies to locate not only in existing buildings onsite, but in new build-to-suit spaces.

This campus is in the middle of a technology and research corridor, giving companies proximity to significant research, such as that being done by the Flexible Display Center and the Center for Applied Nano Bioscience.

Dozens of companies, such as HP and Honeywell, partner with ASU to get in on the group floor of research and share discoveries.

World changing research happens in our community every day. Tempe scientists contributed to the Mars Rover project. They have developed ways to measure the carbon footprints of

individual buildings, and engineered a bacterial vaccine delivery system to fight influenza.

Adding more space for companies to take advantage of this research will not only bring high paying jobs and investment to our city, it will improve the world around us.

Even in a recovering economy, Tempe has brought more than 18 new major companies to the city, with jobs ranging from translation services to insurance from software development to manufacturing with names like Allstate Insurance, Amazon, Xhibit, Silicon Valley Bank, DataSphere and even a national franchise, Rita's Italian Ice.

Attracting new business is vital, but so is retaining those already here.

It has been widely publicized that US Airways wants to merge with American Airlines, a move that airline executives have said would likely result in the headquarters moving to Fort Worth.

But the new, larger airline also intends to keep Phoenix as a major domestic flight hub, a move that would help maintain the majority of the airline's 9,000 Valley jobs, including those in Tempe.

Unfortunately, because the merger talks are under strict confidentiality clauses for both sides, I don't have much to share.

But know this, we want US Airways to stay in Tempe. They are an important and vital partner and we want them to remain in our community.

Every member of this city council understands that economic development will be the driver that moves Tempe into the future. We also know that our transportation corridors and transit routes are key to this success.

It does not go unnoticed by investors that Tempe is located at the center of the Valley, surrounded by five freeways.

Or that our residents and visitors enjoy fifteen bus routes, five free neighborhood ORBIT circulators, light rail and 175 miles of bike paths.

Workers and homeowners are insisting on alternative ways to get around and there is no Arizona community in a better position than Tempe to meet those demands.

Tourism and visitor demand has reached a level that requires the city to explore bringing a hotel conference center to our downtown. This center could help leverage assets like the Tempe Center for the Arts, Town Lake and other city assets to become the supercharged economic engines we know they can be.

Tempe hotels lead the Greater Phoenix Metropolitan Area in occupancy rates. The new downtown Marriot hotel will help us gain more tourism revenue, revenue that is currently going to other valley cities because Tempe's hotels are full.

But we still need additional conference space. With tourism being the second leading industry in our state, the ability to attract major conferences to our city is vital.

Having a conference center would not only allow us to showcase the city as a business destination, but would capture substantially more tourism revenue.

Without a doubt, Tempe will continue to be a leading importer of jobs and we strive to ensure that trend continues well into the future.

A key to achieving this success is maintaining and intensifying Tempe's reputation as a business-friendly community.

One of my top priorities as mayor is to ensure that Tempe has economic development plans and priorities in place to work with both small companies and large corporations.

I support creative investments like Tempe Marketplace, where local government helped leverage federal and other resources to provide the private sector with opportunities to create jobs.

What was once a SuperFund site is now a major mall, drawing shoppers from around the Valley. But most importantly, projects like Tempe Marketplace bring a return on our investment. A return that we use to better Tempe's neighborhoods, parks, schools and business environment.

We will continue to eliminate the blighted areas of our city and improve our community. We will continue to improve our parks, our neighborhoods and our services.

The purpose of the efforts of our City Council, and our city staff, is to enhance the everyday lives of our residents, our students, our visitors and our workforce.

Living and doing business in Tempe has never been better.

The quality of life in this city is high and our community members expect, and we deliver, a high level of service.

I am proud to be your mayor and will work daily to exceed your expectations.

Friends, it's our time to shine.

Help us help your business grow and succeed.

Help us attract new businesses to Tempe.

Help us keep our neighborhoods and parks safe and vibrant.

Help us grow Tempe's economy to a place where we all thrive and flourish.

Help us by sharing your ideas for a better Tempe, by investing in our community and by working with this council for our city's best possible future.

We are in this journey together, and I could not be more confident in our success.

Thank you for attending today and thank you again to the Tempe Chamber for allowing me this opportunity.

Have a great day everyone.