

**2017 State of the City
Mayor Mark Mitchell
November 3, 2017 – 7:45am**

So that's what that feels like!

Good morning, everyone. Thank you for being here.

I'd like to start by thanking my colleagues on the Tempe City Council:

- Vice Mayor Robin Arredondo-Savage
- Councilmember Kolby Granville
- Councilmember Randy Keating
- Councilmember Lauren Kuby
- Councilmember Joel Navarro
- Councilmember David Schapira

I'm honored to work with you all every day for a better Tempe.

We also have a number of elected officials in the room from around the valley.

[READ ELECTED NAMES ON NEXT PAGE]

Thank you for all your work to make our region stronger.

And thank you to our City Manager Andrew Ching and our city staff here today, we couldn't do all this great work without you.

And, of course, thanks to the Tempe Chamber of Commerce and their CEO Anne Gill. They always do such an incredible job with this event.

[PAUSE]

If you've been to my annual State of the City, you know that this is the time in my speech that I get a little nostalgic. I reminisce about how, I have lived in Tempe for most of my life... About how was raised here by my parents who love this city and how I went to McClintock High School and graduated from Arizona State University...

Which, by the way, was named the most innovative school in the country for the third year running by US News and World Report. Go Devils!

[PAUSE]

Every year I start my speech out this way for a reason. It reminds me of how much I love this community. And how, now, as a father who is raising my two daughters in Tempe, of how lucky we are to be here. And of course, what an honor it is to have served on the Council for 12-years and to now be serving as your Mayor for the last six.

[B-ROLL: LAKE COUNTRY VILLAGE]

In my early Tempe days, I remember cruising through the old Lake Country Village at Rural and Baseline, or “The Village” as we called it. Catching a “flick” at the Six-Cinema with friends or playing video games at my favorite arcade,

Starship Fantasy! I'm sure some of you here in this room have similar memories...

[PAUSE]

Tempe was a small city then – and over the years and through lots of change, we've maintained that small-town feel.

I say this, because my girls are doing the same thing I did as a kid... Well, not exactly the same thing... I was playing Atari, and my girls Snapchat and Instagram like crazy.

[PAUSE]

However, I'm sure they'll be thrilled when the newly redeveloped Lake Country Village – or as it's called now “The Collective” opens later this year.

And I'm excited about The Collective too, for a couple of reasons ... one being the new restaurants it will bring to this part of the city and the updated retail space, but most of all I am excited about the

anchor tenant, Alamo Drafthouse Cinema. Alamo Drafthouse brings together two of my favorite things, watching a good movie and drinking an iced-cold beer.

So, if I'm going to watch the newest rom com with my girls, I'm happy that I'll be able to have a cold Tempe Beer from Four Peaks or Huss Brewing!

[PAUSE]

But seriously, through all of this, I have seen Tempe evolve and mature as a city. Places like Lake Country Village are seeing new life, with innovative concepts coming in. Tempe Town Lake offers some of the most in demand office space in our state. Discovery Business Campus has taken off. We're seeing development of the remaining lake adjacent properties and we're seeing the beginnings of the Novis Innovation Corridor, otherwise known as ASU's stadium district.. Our downtown has never been more full of life with new

residents, businesses, amenities, and of course there's the ever-vibrant Mill Avenue.

[PAUSE]

So, while we may look a bit different today, we've maintained that unique Tempe feel ... or as some folks I know like to say "we're living Temp-eazy."

What does that mean, you might ask? Well, it's a state of mind. I've heard it described as a happy, high quality, easy living with an emphasis on what's truly important.

And part of living Temp-easy is staying true to our community's core values of inclusion, diversity, unity and progress.

And that's something I have been thinking about a lot lately. That we have managed to maintain our commitment to these values. Because in Tempe, we stick together as one community.

I've been reaffirming these values a lot over the last ten months, but it's important.

It's important to reaffirm those values as often as needed. And the reality is, that those values are at the core of the way we do business in Tempe. With or without a Facebook post. With or without a press release.

Those values are what make Tempe different. It's what makes Tempe a standout in our state.

And while we may be a small city surrounded by millions of people and other large cities ... I'm proud to be different in Tempe. I'm proud that we have a small community with a deep history, unique character, a community that fights for progress, and stands by its values.

Because based on the success and the progress we've made, I like to think we're doing something right.

[PAUSE]

Local Business

Much of Tempe's unique character can be attributed to our thriving small business community. And we make it a priority to help our local businesses start, grow, and thrive in Tempe.

We see incredible examples of local businesses opening their doors for the first time in Tempe and growing to become regional destinations and even national brands. It's something I'm really proud of.

To think that 20-years ago, I walked into Four Peaks for the first time thinking ... I wonder if these guys can really brew good beer? ... and now I can buy it at almost any store in the state.

Or, the fact that just fifteen years ago, I'd walk into a tiny coffee shop called Cartel, and now it's some of the most sought-after coffee in the Valley – and all still roasted right here in Tempe at the original location.

Some local businesses have been here for decades. House of Tricks just celebrated 30 years, and Changing Hands has been open almost as long as I've been alive... I'll leave you to do the math.

Then there is Arredondo Insurance, the family business of my colleague, Vice Mayor Robin Arredondo Savage, has been operating their family insurance company here for nearly 30 years!

[PAUSE]

But small business is expanding too. We've got Pedal Haus Brewery, which is on its way to becoming the next Tempe

Beer success story ... I'd suggest the Light Lager!

And we just celebrated the grand opening of the new Mountain Park Health Center at McClintock and Broadway – which of course brings jobs to our city, but equally as important it brings quality health services to Tempe residents. Eventually, they'll serve 80,000 patients per year and they will serve everyone regardless of income level or ability to pay.

And these are just a few of many examples. I am so proud of our small business community in Tempe. But we can't do it alone. Organizations like the Tempe Chamber of Commerce and Local First Arizona really help us cultivate our local business community, in Tempe and across the state.

We came together with Local First Arizona this summer for their annual "Independents Week" to celebrate some of

our local businesses in Tempe – it was a great time and we had everything from beer brewers to office supply companies in attendance. And we spoke about the impact shopping local has on our economy. And how local businesses are part of building a community’s culture.

So let’s hear from local business leaders about why small business is important to them.

[STOP: LOCAL FIRST VIDEO PACKAGE]

These small independent businesses are part of the fabric of our community. And according to the Maricopa Association of Governments, there are more than 4,100 small, independent businesses with less than 250 employees operating in Tempe across all sectors ... from restaurants to real estate. And these small businesses employ nearly 96,000 people in Tempe!

So, as you can see ... apart from being just great beer, food, coffee, great service and products ... these businesses support the work we are doing to build a better Tempe. These businesses serve, feed and yes ...caffeinate our residents!

Speaking of, I hope you're all awake out there and enjoying the morning so far. If you need a shot of caffeine, check out our gift to you this morning and wake up and smell the coffee! Coincidentally it's called, "Full City Roast" – it's single origin coffee from Brazil roasted right here in Tempe at Cartel. And its ethically and sustainably sourced. I hope you enjoy it!

Entrepreneurship

And with this thriving local business community in Tempe, we want to make sure that we are doing all we can to facilitate entrepreneurship in Tempe. We want to empower the next generation of

business leaders to start, grow and thrive right here in our city.

It's why we started BRIC, the Business Resource and Innovation Center at the Tempe Public Library and FABRIC, Fashion and Business Resource Innovation Center in the old Tempe Performing Arts Center in our downtown.

If you were here last year, we were announcing the start of FABRIC – they were just opening their doors and getting started as Arizona's first fashion incubator.

Well, let me tell you – they're taking off! More than 180 independent fashion labels are operating out of FABRIC! And more than 5,000 people have taken a class, attended a workshop, fashion show or other event in the space. And they have even opened their own boutique to sell the products that are being produced right in the heart of our downtown.

We went back to FABRIC to get a year in review update on their success – check-out this video to hear what’s been going on at FABRIC.

[STOP: FABRIC VIDEO PACKAGE]

FABRIC isn’t successful simply because of the number of people who are manufacturing at the facility or the number of businesses that have been emerging from it ... FABRIC is allowing entrepreneurs to manufacture truly needed garments in smaller quantities.

This allows people like Angie Anderson of Brilliant Contours to successfully manufacture comfortable bras for women who have had breast cancer surgery.

FABRIC helps Ra-wa A-Wad to make modest beautiful gowns in the Muslim tradition. And FABRIC provides an office and manufacturing for Nicky Mayers, who

specializes in designing wedding attire for LGBT couples.

Our community is better served because FABRIC exists, not just because it helps people realize their dream of being in the fashion business or being an entrepreneur. It helps people find clothing that makes them feel beautiful and included.

Economic and Development Wins

We've talked a bit about our small business community in Tempe and about the work we're doing to empower the next generation of entrepreneurs. So, what about the big stuff?

Because that's important too – and we're working every day to attract new business to Tempe.

And hey ...maybe Amazon?

Yes, like many other cities across the nation, we've also come down with Amazon fever. We're working with ASU and supported their submission to bring the project to Tempe, and I think with the quality of life and amenities we offer, we have an excellent shot.

But Amazon or no Amazon, we are really making great strides in bringing great companies and jobs to Tempe.

And something that is striking to me when it comes time to start getting ready for the State of the City, is our updated job numbers and the number of jobs that we've announced over the last six years.

As you all know, times were tough coming out of the great recession. We saw increased unemployment, home foreclosures, small businesses closing. We were all struggling to get by. But seeing the progress we have made over the last six-years is truly incredible.

But don't take my word for it, let's take a look at the numbers.

**[REFERENCE GRAPH ON SCREEN
HERE]**

- In 2012, we added 638 jobs.
- In 2013, we were up to 10,323.
- Last year we were at 17,700 ...
-and to date that number has reached 30,658 jobs in Tempe!

And let me tell you, these are good jobs, with a great average compensation. They are jobs for entry level workers, recent graduates, midlevel professionals, and corporate executives.

So, these are some big numbers. Where are these jobs coming from you might ask?

Well truly, they are coming from every sector from finance to medical science to human resource services.

National pay roll and human resource company ADP brought 1,500 jobs this

year. Benchmark Electronics recently moved its corporate headquarters to Tempe bringing 500 jobs with them. And technology company Symantec also opened their doors in Tempe this year with more than 150 employees.

And with the addition of all of these jobs, we're in need of office space and housing for the people who will fill these roles ... and the market is stepping up to fill that need.

So before I get into specifics, let's get a visual of all of the exciting development that's happening across the city.

[STOP: DEVELOPMENT VIDEO PACKAGE]

As you just saw, there is some exciting development happening across our city. Business is thriving in Tempe. And we're seeing companies not only locate here, but also expand here.

In the video, you saw us breaking ground on the second building of Northern Trust at Discovery Business Park at the corner of Price Road and Elliot. This is something I am really proud of because it goes to show that Northern Trust is really invested in Tempe. Their first building is home to about 600 employees with the capacity for 1,000 and the next phase will double the space they operate in bringing another 1,000 employees to this campus.

What is so great about Northern Trust, is that their investment in our community is tangible. Northern Trust has invested in Tempe Center for the Arts, creating a substantial endowment that will support arts programs in our community for many years to come.

[PAUSE]

And speaking of maximizing value for our community in relation to development ... as you may know over the last few years,

we have talked a lot about maintaining local control for cities. We often battle with state policymakers about what we should and should not be able to do as a city.

But I'd like to share a really incredible example of what city-driven economic incentives for development can do for a city, because, in truth, it's really our only tool to bring development that is really incredible and transformational to our community and too often, these city driven tools are under attack.

[B-ROLL: OPUS]

So, let me give you just one example. The OPUS development at the corner of Myrtle and University exemplifies the need for this tool, because the numbers are so clear.

This development will consist of two buildings ... one of 12-stories, and the

other 20-stories. Bringing 407 high quality multifamily units of primarily studios, one and two-bedroom apartment homes. There will also be 22 walk-up city homes, 31,000 square feet of retail and restaurant space. Bringing this prominent corner in our city to life.

And I'm no expert in math, but I'd like to share the basic financial benefits for our community, because I think these numbers really speak for themselves.

For years, the OPUS property sat as a pay parking lot and in that time, it contributed about \$125,000 dollars annually to the local tax base. For a parcel that size, it was clearly not living up to its potential.

The real value of an economic incentive is the value of getting a better-quality project. It's a tool that allows us, as a Council, to maximize the benefit to the public. Let me illustrate.

Over the first 20-years after it opens, the project is expected to generate \$110 million dollars in property, sales and bed tax revenue – an average of \$5.5 million dollars annually. The city share of that 20-year total is \$31 million dollars. That is 44 times more property, sales and bed tax revenue than would have been generated by a parking lot. And that is also 44 times more revenue that is going to benefit our citizens, our schools, and our city.

Once the development is back on the property tax rolls after its eight-year tax abatement, it will take less than three months to generate an amount of tax revenue that exceeds the total amount of the abated taxes.

And this doesn't take into account the major influx of sales tax revenue from the construction of this building and the construction jobs that have resulted.

I think those numbers make it clear that this deal was in the best interest of our community.

We're really excited for OPUS to come online, it will be yet another transformational addition to our downtown. And as I mentioned, it will generate needed revenue for our schools, and for city and state services. And what's also exciting, is that all the future residents of this building are going to have a brand-new grocery store right down the street to shop at after they move in.

That's right! As you saw in the video, we are finally getting our downtown grocery store – Whole Foods 365 will be part of “The Local” a mixed-use development of retail and residential at the corner of Ash and University. We are so excited about this, because the residents in our historic neighborhoods and our downtown are

currently living in what's often called a "food desert."

The Local will also add 268 units of needed housing to our downtown. And the opening of this Whole Foods 365 will be extremely complimentary to our work to build a truly urban downtown – where you can live, walk, eat, play and now grocery shop all within walking distance of home and work. As you saw in the video, we broke ground on this project earlier this year, and we are so excited to celebrate its opening in the first quarter of 2019.

And I am sure you know I often like to talk about Tempe Town Lake and the unprecedented impact it is having on economic development in Tempe and our region, but the reality is that it just keeps coming. And the success at Tempe Town Lake is far from its peak.

So I'd like to take you on a little tour of Tempe Town Lake. And give you a visual

of the incredible things that are happening at the lake and what beach front property in the middle of the desert can look like.

Let's start with what we like to call our lake adjacent developments.

[B-ROLL: DRONE FOOTAGE: THE GRAND]

The Grand at Papago park is located just northwest of the lake and has become an impressive property, boasting more than 1.8 million square feet of Class 'A' Office space.

We have seen some great companies move into The Grand such as Union Bank and SAP. At full buildout this project has the potential of more than \$250 million dollars of new investment and to be home to more than 7000 new jobs.

[B-ROLL: DRONE FOOTAGE: LIBERTY CENTER]

If we travel just south of The Grand to the other side of the Rio Salado we arrive at Liberty Center.

Liberty Center has also really taken off. With more than one million square feet of beautiful office space.

The innovative online auto sales company, Carvana recently moved their headquarters to Liberty Center, joining DriveTime, and DHL among other tenants, and bringing 400 jobs with them.

**[B:ROLL:DRONE FOOTAGE: RIO
2100]**

So let's take a quick journey to the east to take a look at Rio 2100. This development turned the brownfield site east of Tempe Marketplace into a fantastic mixed-use development of, hotels and retail, and office space.

In fact, we recently announced that Freedom Financial will be moving into Rio

2100, which is really an exciting addition to Tempe's financial sector – bringing 1,500 jobs to Tempe!

**[B-ROLL: DRONE
FOOTAGE/RENDERINGS:
LAKE/WATERMARK]**

But let's get back to the shores of Tempe Town Lake. I know you have seen the impressive development that's happening along the lake if you have driven along the 202 recently. But we have some exciting and innovative development coming.

The Watermark Development broke ground this summer on the site of the former home of the '2 for 1 Long Island Iced Tea' and 'Burger Madness.' Yes, that's right, the historic site of the famed Club Rio and Devil House...

[PAUSE]

The redevelopment of this renowned site will no doubt continue the legacy of being

a destination in the Valley. And it's going to include class 'A' office space, luxury apartments, shopping, restaurants, and public spaces to tie it all together.

This kind of development brings even more life to Tempe Town Lake. In its complete state, we will add more than 628,000 square feet of office space, a 250-room hotel and 64,000 square feet of commercial space ... and the team at Watermark is working to attract some awesome tenants.

We'll also see the addition of The Aura Apartments, bringing 360 additional luxury apartment units to the lake as the initial phase of this development. The first phase of the watermark development will result in more than \$150 million dollars of investment in Tempe!

Let me tell you it's going to be great ... and that incredible skyline you see form

the 202, well – it's about to get even more beautiful.

And I'd just like to emphasize that none of this would have been possible without public investment. Without the support of our residents and our businesses to take a risk on building something spectacular. The decision to move forward with Tempe Town Lake more than three decades ago took a big vision for a small city that is still paying off today.

Our work to attract the first high quality development on Tempe Town Lake, Hayden's Ferry, sparked a domino effect. It brought a dried-up riverbed to life, transforming it into some of the highest quality residential and office space in the region.

As we all know, none of this development can happen without financing. Whether it's a project like Watermark, or OPUS, or even a smaller housing development it

takes investment by the financial industry to make it all come together.

And Tempe has seen major growth of our financial sector in the last six years. I mentioned Freedom Financial earlier who just brought 1,500 jobs to Rio 2100. But earlier this year, Chase Bank announced the expansion of their operation in Tempe, with plans bring 4,000 jobs to our city, housed at the Discovery Business Campus located at Price and Elliot.

[PAUSE]

Two of our most recent additions are Bank of the West who recently announced that they will bring 1,000 jobs and Union Bank is expanding its operation in Tempe, adding more than 1,700 jobs.

The expansion of Tempe's financial sector is a strong indication of the strength of our economy. It shows that investment in Tempe has meaning and purpose ... and

that having a part of what's happening in Tempe is a sign of strength.

Quality of Life

It's clear that investment in our city isn't lacking. New locates are coming to our city. Businesses are expanding. Local business is thriving.

[PAUSE]

And we are hard at work every day to ensure that Tempe is evolving to meet the needs of our modern economy while maintaining a high quality of life for our residents.

Vice Mayor Robin Arredondo-Savage is leading the way in ensuring our parks are accessible to our disabled children, ensuring future installation of all-inclusive playground equipment in our playgrounds.

Councilmember Keating has led us in finding innovative ways of empowering our homeless population, to find work and housing, and get the services they need.

Councilmember Kuby has led us in working to establish protections for animals in Tempe and educating the public about how they can be responsible pet owners.

And Councilmember Navarro is committed to combatting the opioid epidemic, leading the regional effort to address this problem that impacts our city.

Councilmember Schapira has worked to bring the Arts directly to our neighborhoods through the Arts in the Park pilot program that began this year.

And Councilmember Granville has brought literacy via little libraries directly to our neighborhoods.

And as a council we're making investments now that will pay off for years to come, like replacing sewer and water lines, adding recreational improvements to our parks ... and I'm sure you may have noticed ... we're repaving our city streets.

And this all might not be, as I say, sexy, but it's important!

We're investing in our City Parks ... in fact we will be making more than \$50 million of needed investments over the next five-years. The reopening of the McClintock Pool is one example of this – you don't know how excited I am that the pool I learned to swim in is back open to the public. Check it out.

[STOP: McCLINTOCK POOL VIDEO]

We will also be going out to our residents next year to ask them to invest in the arts in Tempe, by renewing our current arts tax. This funding is critical to maintaining

the Tempe Center for the Arts... offering arts programming for kids and adults alike ... it's allowed us to integrate public art into many of our city's public spaces.

So, I hope I can count on your support as we begin talking to our residents and businesses about the great culture and educational value this funding source brings to our community.

We have really made some great progress in recent years in building a stronger Tempe – from infrastructure to education, we are constantly working to look for ways that we can provide the best quality of life for our residents.

Since we came together last year, we have also made progress on the Tempe Street Car ... yep, it's happening!

We started initial work on utility infrastructure this summer, and our streetcars are on order!

Construction will resume next summer and we expect to be up and running by mid-2020. This will be a great addition to our multi-modal transportation network and provide a needed transportation option for moving people through our downtown.

And the streetcar will be a great option for visitors to Tempe. As with many Arizona cities, tourism is HUGE . According to Tempe Tourism, we generate more than \$730 million dollar in direct visitor spending annually from 3.7 million visitors per year!

These numbers are driven by the world class events that we host in our downtown and Tempe Town Lake, and at Diablo Stadium for Spring Training, among others. In fact, these two things will come together next year with the inaugural Innings Festival at Tempe Beach Park, March 23-25 – the lineup is awesome and

will be another great activity for our spring training visitors and our residents.

Bringing it all together

So, as we think about the small independent businesses, the large financial institutions, the entrepreneurs, the world class events, and the work we're doing as a city to provide a high quality of life to our residents – I'd like us to think about the interconnectedness of it all.

[PAUSE]

I'd like us to think about how all of these elements come together to create the cultural and economic ecosystem that ***IS*** Tempe's success.

An urban ecosystem that sustains its businesses, its residents, its visitors equally.

This ecosystem feeds our city, building a place where you can get quality healthcare and find great recreational opportunities. Where you can get a world class education at Arizona State and become the next CEO of a major company. Or open a small business and build it into a national brand.

A place where you can live your whole life and then raise your own family here. Or move here from out of state for your first job.

Where businesses want to be here for the people ... and the people, want to be here for the businesses ... and together, they create that culture, that ***IS*** Tempe's success.

But it's important to note that Tempe's success wasn't built overnight. It's taken decades of planning and visionary leadership to get to where we are today.

It's also taken preserving and celebrating our city's unique culture and history.

Always standing by our progressive values and being open to doing things a little bit different.

We're doing the work in Tempe to not only attract, retain and support business, but we're building a community that people love.

And we're doing the important work today and planning for tomorrow so that we may continue to evolve and mature, while never forgetting who we are at our core.

Because in Tempe, we honor our past. We celebrate the success of today. And we continue to target tomorrow.