



Mayor Greg Stanton
State of the City Address
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Prepared for Delivery

Thank you, Todd Sanders, not only for such a nice introduction and hosting today's event, but for serving as such a valuable partner as we work to grow our local economy. You serve your members well every single day.

To my wife Nicole, I couldn't ask for a better partner, Trevor and Violet couldn't ask for a better mom, and our community couldn't ask for a more spectacular advocate for protecting children than you. You make me so proud.

Ed Zuercher, our new city manager – our newly permanent city manager – you've hit the ground running. You're a breath of fresh air, a consummate professional, and I know we're going to do great things together. And as the City faces tough budget decisions, I'm committed to work with you and our Council to lead the way to get it solved.

Police Chief Daniel Garcia, when I highlighted the issue of school safety at this event last year, you responded. One year later, every Phoenix police officer who patrols during daytime hours has received the training they need to effectively respond to emergencies at our schools – and that's because of your leadership.

Acting Fire Chief Kara Kalkbrenner, you personify the excellence we've come to expect from the Phoenix Fire Department. You grew up in our city, worked your way up through the ranks, and I know you'll do a great job.

And I want to welcome two of our important trade partners today. Mexico's Consul General Roberto Rodriguez Hernandez, I am thankful for our friendship and your commitment to building a strong relationship between our two communities. Canada's Consul General James Villeneuve is here from Los Angeles today – thank you for being here – we are so excited to build an even closer partnership between Phoenix and Canada.

Vice Mayor Jim Waring, I'm grateful that when you got the invitation to come to today's event, you didn't vote "no." It's certainly true that we don't always vote the same way, but I have so much respect for you, and I know you're the right person to head up our Human Trafficking Task Force as we prepare to host the safest Super Bowl ever next year.

Every day, I'm blessed to work with Jim and a great group of people on the City Council: Thelda Williams, Bill Gates, Sal DiCiccio, Michael Nowakowski and Daniel Valenzuela. And now two new members who are already serving Phoenix well: Laura Pastor and Kate Gallego.

For two years now, we've been working as a team, setting aside our differences to prove that when we put partnership before partisanship, anything is possible. And because of that teamwork, there is no doubt: Phoenix is a better place today than we were just two years ago, and we are growing stronger every single day.

Take a look at the results.

When Phoenix hospitals told me that they were being crushed by more than half a billion dollars in uncompensated care costs, our City Council led the way. We came up with a creative, bipartisan solution to bring home our fair share of federal health care funds. Our Access to Care Ordinance has poured \$300 million into our economy – erasing deficits, saving good jobs, helping seniors get the care they need, and giving thousands of parents across the state the opportunity to sign up their children for KidsCare.

When I asked local businesses, “What’s the best thing I can do to support you?” They said, “Buy from us.” With our Shop Local policy, the value of procurement contracts to local businesses has climbed from just \$50,000 to more than \$2.3 million in just two years. We’ve adopted that same practice with local banking. We now have more than \$36 million deposited in local banks, including Alliance Bank of Arizona, which helps Robert Sarver and his team support even more small businesses and non-profits in Phoenix.

We continue to shape a downtown into a vibrant, walkable livable community where education, the arts and commerce thrive. Two years ago, by creating Downtown Phoenix, Inc., we re-organized the decision-making process to better foster teamwork and creativity. And many of our great events, including Viva Phoenix, are a direct result of bringing that fresh perspective to our downtown.

We’re finding new, productive uses for older buildings by waiving fees and adjusting permit policies. Adaptive re-use projects are taking off – from Ballet Arizona’s new studio space downtown to Upward Projects’ Federal Pizza on Central to the Warehouse District, where ASU’s Herberger Institute of Design has given new life to the community.

We’re transforming vacant lots into energetic arts and agricultural hubs. Look at what we’ve done with Phoenix Renews at Central and Indian School: a project so successful that this Sunday, President Clinton and Chelsea Clinton will join us to turn dirt for the Clinton Foundation’s ninth annual Day of Action.

We continue to build a more efficient, effective City Hall. With nearly 3,000 fewer employees than just several years ago, our public servants have stepped up big time, showing that leaner doesn’t have to be meaner: Phoenix residents say they are more satisfied with the quality of service they receive from the City today than they were five years ago. And 93 percent of residents say Phoenix is a good place to live – that’s the highest mark in our history.

We'll always focus on doing better. The Phoenix Innovation and Efficiency Task Force has saved taxpayers \$91 million through smarter governing and budgeting choices. That's incredible, but with my friend Councilman Bill Gates leading this effort, it's really no surprise. Bill leads by action, not rhetoric, and he's one of the best advocates for Phoenix taxpayers I know.

We're also making it more efficient to do business with the City. For the first time, we offer an online plan review that allows local residents and businesses to submit building plans without having to travel to City Hall. And Councilman Sal DiCiccio and former Councilman Tom Simplot, thank you for working with me to get the job done.

When we saw long-term pension costs rising, we modernized the system and ended the abusive practice of pension spiking by passing some of the toughest reforms in the country. As a result, we're saving \$830 million over the next 25 years.

We have come together to make Phoenix a better place for everyone.

Our best example: becoming the first city in America to end chronic homelessness among our military veterans. When we took it on more than two years ago, it seemed impossible. And it wasn't easy. But we knew that we had a responsibility to take care of those who served and sacrificed.

So many people deserve our gratitude – those who coordinated this effort at the City, state and federal governments, many in the business community, the faith community, and non-profits. There are three people who are with us today who were absolutely critical, and I'd like them to stand and be recognized. Joan Serviss, Sean Price, Shane Groen – thank you.

You are my heroes. You represent the very best our community – or any community – has to offer, and I am so proud of you.

We have more work to do to end homelessness in other populations, and we will always remain vigilant, but this shows what we can accomplish when we work together.

When we passed a comprehensive law to end discrimination on the basis of sexual orientation or disability last year, we did it because it was the right thing to do. But it's also great for our local economy. We earned national recognition as a leader on LGBT equality, and organizations that never would have thought about coming to Arizona are looking to host events and do business in our city.

That almost came crashing down with S.B. 1062, which would have overturned our Phoenix law. I spoke out against it, and with an 8 to 1 vote, our City Council asked the Governor for a veto. But what mattered most in defeating the bill is that the people in this room – Arizona's business community – you spoke out against it. You know better than anyone that allowing discrimination to take place pushes out the talented people we need, and discourages them from coming here in the first place. You convinced our Governor to do the right thing. Phoenix is so grateful for that, and even though I've said it before, let me say it again: thank you, thank you, thank you.

Phoenix must set new course to compete globally: creating an innovation-based, export economy

We've accomplished many great things – these are just a few. I could go on and on about the past two years, but instead I'd like to talk about the future: the next two years, the next six years, and beyond.

We've experienced what happens when our economy is overly-dependent on real estate and construction. We're still feeling the effects. Yet, we haven't done enough to move forward in a new economic direction.

Some are clinging to economic models of the past, convinced that our problems are merely cyclical. That everything will work out just fine if we simply bide our time and go about our business as usual.

But today's global economy – it's rooted in innovation. And innovation is anything but business as usual.

Look, we have to be honest with ourselves. We have to accept that our challenges aren't cyclical – but in fact, have been building over decades.

After World War II, when we attracted huge aerospace employers, Arizona was fourth in the nation in college attainment among our workforce. Today, our state ranks thirty-fifth – behind the national average, and far behind our competitor regions. Our population is growing, but our most valuable tradable sectors are shrinking, and median wages are falling.

I refuse to accept that as our future.

Yes, these challenges are great. But I'm optimistic. I'm always optimistic because I know our capacity to meet these challenges is even greater.

We can choose a different destiny. We can build an innovation-based, export economy that works for everyone: large companies, small businesses, entrepreneurs, the middle class, and those working their way into the middle class. Innovative companies spur higher wages across the board, lifting every part of the economy. And international trade brings in new dollars to our region as we sell our goods, our services – and our ideas – around the globe.

Today, I want to tell you about what Phoenix will do to lead the way.

We will take unprecedented steps to expand trade and build global partnerships; we will invest in our human capital and demand an excellent education for every child; we will expand our transit system to meet the needs of today and the next 30 years; and we will create an Innovation Infrastructure that allows us to compete in the 21st century.

I know we can do these things. In fact, we have to.

Phoenix will double exports to Mexico in five years, and double all exports in ten

We're going to start by taking our rightful place as a leader in the global marketplace.

Before we can lead, we have to compete. And we're not where we need to be. From 2007 to 2012, Arizona was the only state to see exports fall. During those five years, our nearby competitor – Utah – grew exports by more than \$12 billion. In fact, over the last decade, Utah's trade growth has more than doubled the pace of Arizona's. And they've done it with half the population, and without an international border.

Now, we've made recent gains, and our work in Mexico is already starting to pay off: last year, exports to Mexico grew by 12 percent.

But that's not good enough. Modest growth doesn't make up for lost time. I'm not satisfied with where we are. None of us can be.

We need a full-court press, and this is my personal commitment to you: I will not let our city fall behind. Phoenix will double exports to Mexico in the next five years, and double our exports across the globe in ten.

We're already taking steps to get there.

We're rebuilding relationships that were strained just a few years ago. It hasn't been easy, but face-to-face meetings with Mexican officials and business leaders matter. That's why I've led seven trade missions to Mexico, and in the morning, I'll be leaving on number eight. These missions couldn't have been successful without great partners who understand what trade means to our economy. Todd Sanders, Glenn Hamer, Gonzalo de la Melena, David Rousseau: thank you for your partnership on this critical mission for our economy. And my friend Councilman Michael Nowakowski, thank you for the leadership you've demonstrated at the City on this issue as well.

Our presence in Mexico has grown, and now we're making that presence permanent. Phoenix's first trade office in Mexico City will open later this year, and we're not going it alone. We led the way, and with new regional partners, we're working with the Arizona Commerce Authority because we all know we can be more effective if we partner together.

We're pursuing opportunities in every market that makes sense. Last fall, Barry Broome of the Greater Phoenix Economic Council and I went to the World Economic Forum meeting in China to make the case for doing business in Phoenix to some of the most influential executives on the planet. And in two weeks, I'll be traveling to Calgary, Canada to explore ways we can do more business with our second-leading trading partner.

We're working with top experts to craft a comprehensive plan to grow exports. And Phoenix was one of eight new metropolitan areas chosen this year to participate in the prestigious Global Cities Initiative, a joint project of the Brookings Institution and JP Morgan Chase.

As a part of that initiative, Phoenix is hosting an international trade summit this upcoming May. We're putting everyone at the same table – our local business leaders, ASU, U of A, national

experts, as well as officials from both Mexico and Canada so we can carve out a path to move forward together.

To reach our ambitious goals – to double exports to Mexico in five years, and double all exports in ten – the City must adapt and provide cutting-edge services that we never provided before.

That means we have to help our local businesses prepare to compete on a global scale. For many companies, the idea of trading abroad can be daunting. And those who want to export sometimes don't know how, or even where to begin to look for help.

We can change that.

That's my goal: to enhance and elevate the export readiness of every Phoenix company that wants to do business abroad. I'll be working with my colleagues and our staff to develop the City's first-ever Export Readiness Initiative. We'll leverage our existing resources, strengthen our partnerships with the U.S. Commercial Service and Arizona Commerce Authority, and – most importantly – give every Phoenix business the tools it needs to compete in the global economy.

I want business owners to know that you have more than a cheerleader in City Hall – you have a full partner. I'll work with you in every way I can to help you expand your business, grow your revenue and create good jobs.

Every single one of us has a stake in your success. Your success is why I'm so committed to creating an export economy.

And just so we're clear: we have to export more than goods and services. The strongest economies are innovation-based economies that export ideas.

Leading way toward education excellence, creating a higher education nucleus Downtown

Ideas are only created by human capital – a talented, creative, social workforce that produces real economic value. Human capital is essential to our innovation-based economy.

To produce the kind of talent we need, we have to demand education excellence for every child in our city.

That's why one of the first things I did was to re-open the City's education office: to put an emphasis on increasing college attainment and get our kids reading by the third grade.

We're working with Maricopa Community Colleges, Phoenix Union High Schools and the Valley of the Sun United Way to increase college attainment – particularly among our fast-growing Latino youth population. Our partner in Degree Phoenix, Superintendent Kent Scribner, is working with guidance counselors to better help students make the transition to college, and is making math and English coursework more rigorous so Phoenix Union graduates are better prepared when they step into the college classroom. Thank you, Dr. Scribner.

A renewed focus on reading is helping us reach at-risk youth. With financial support from the Arizona Diamondbacks, we launched a program last year to put more tutors in neighborhoods where 80 percent of fourth-grade students aren't proficient readers. It's a new program, but we're already seeing results: reading proficiency is up for every participant, some by as much as 90 percent.

Through a new partnership with AARP Experience Corps, we're pairing adult tutors with kindergarteners through third-graders to improve literacy in disadvantaged schools. The City's online Education Tax Credit tool is delivering more resources to support after-school programs.

And we're lucky that this year, an educator joined us in the council chambers to keep this momentum going. Councilwoman Laura Pastor, I'm impressed by you already. Thank you for being an advocate for Phoenix students; I know we're going to make a great team.

Our council – and all of us in this room – have a lot of work to do, because it's no secret that Arizona's cuts to education are nearly the worst in the country. That's why as mayor, I don't have time for philosophical debates that pit traditional public schools against charter schools – results are what matter to me. And if you want to open an excellent school in Phoenix, nobody will support you more than I will.

Today, Phoenix has public charter schools that are delivering real results – schools like Arizona School for the Arts, BASIS, Gateway, Great Hearts and Imagine. We should all be excited about the New Schools for Phoenix plan to open 25 high-performing schools in low-income neighborhoods that need it the most. The New Schools focus on math, science and the arts – that's exactly what our children need. And I'm proud that the City Council has voted to support our Industrial Development Authority to back nearly \$140 million in financing investment-worthy charter schools throughout the Valley.

As we help our children early on in their academic careers, we continue to grow our nucleus of higher education and research excellence right here in downtown Phoenix.

In just five years, more than 17,000 university students will call a downtown Phoenix home. Who could have imagined that a decade ago? What matters more is that we're connecting many of the highest-ranked education opportunities in Arizona within a few blocks of each other: ASU's Cronkite School; the U of A medical school, which is working with St. Joseph's Hospital to open one of the top cancer centers in the country next year; ASU's O'Connor College of Law, one of the top 10 public law schools in the nation will be here in 2016.

And I'm excited to tell you that yet another top-notch institution is opening its doors downtown. U of A's Eller College of Management is moving its Valley location to Phoenix this summer, putting 160 MBA students in downtown by this time next year.

We all know Eller as one of the top-ranked public business schools with one of the most prestigious entrepreneurship programs in the country. But just imagine the possibilities for innovation when we put a great business school and a great medical school next door to each other on the Downtown Biomedical Campus. Combine Eller's big data expertise with the medical school's intense focus on health care outcomes, and the opportunities to find new ways to address today's health care challenges are endless.

Phoenix building an ‘Innovation Infrastructure,’ fostering entrepreneurial ecosystems

Our work to educate and create more innovators has to be combined with a focused effort to give those innovators the physical tools and environment they need to thrive – not just water, sewer lines, power lines, and roads. We also need a healthy “Innovation Infrastructure.”

That means we must think about infrastructure a little differently. We have to consider new components like entrepreneurial ecosystems and ultra high-speed Internet.

With a network of co-working spaces, business accelerators and incubators, we’ve ignited the Valley’s entrepreneurial ecosystem. In central Phoenix alone, SeedSpot is helping start-ups get on their feet. And downtown, Co+Hoots is giving young entrepreneurs a place to thrive.

And with leadership from Councilman Daniel Valenzuela, we’re taking that to the next level. He helped launch the Hive at the Burton Barr Central Library, part of ASU’s Alexandria Coworking Network. We’ll soon be working to expand that concept throughout the city. Thank you, Councilman Valenzuela.

And in partnership with ASU’s Global Institute of Sustainability, one of the City’s waste transfer stations will host an incubator for scientists and entrepreneurs in recycling and resource recovery.

Here in Phoenix, we get it. We know how important it is to build an environment that gives artists, architects, software engineers and young professionals the opportunity to work side-by-side and share ideas. That kind of organic collaboration makes us more competitive and attractive to promising entrepreneurs.

And our ability to offer ultra-fast high speed Internet service is fundamental to our competitiveness. It’s about more than downloading movies faster. It spurs innovation and creativity, bringing entrepreneurs together and accelerating economic development.

The importance of our Innovation Infrastructure is why we are working directly with Google to bring its ultra-fast high speed Fiber to Phoenix. The Google Fiber network can deliver speeds up to 100 times faster than the average Internet connection – for about the same price. Those Internet speeds may seem ambitious, but they’re a daily reality in Hong Kong, Singapore, Toronto and Barcelona. They have to be here as well.

Smart planning, strong leadership will secure Phoenix’s future water supplies

Just as critical to building that Innovation Infrastructure is making sure that our traditional infrastructure remains strong. That’s especially true when it comes to water.

It’s important to remember that we can live and prosper in this beautiful place only because of foresight and innovation. Forward-thinking leaders gave us the Central Arizona Project that delivers Colorado River water to our region, as well as the cutting-edge groundwater management laws our state enacted more than thirty years ago.

Right now, drought is gripping Arizona and most of the West. And water managers tell us that shortage on the Colorado is more and more likely. Phoenix has been smart, planning for this risk for decades. But when we do have a shortage, it will impact cities, farmers and businesses across central Arizona. Some will lose water supplies. Others will see dramatic increases in the price of the water that's left.

No matter how well we have planned in Phoenix to avoid a water shortage, our economy will suffer when reliable water supplies for the region are threatened. It's time for us to look ahead and innovate like the generations before us. This year, we are planning a first-ever joint effort between the City of Phoenix and both of Tucson's water providers to store and recover CAP and Colorado River water. We are engaging with leaders in California and southern Nevada to find common ground on shortage scenarios. And we should examine our own laws so that as we continue to grow and develop, we do so in a truly sustainable way. We cannot afford to wait.

Phoenix must triple miles of light rail to strengthen the economy, prepare for future growth

There's one final component to the formula for creating the economy we need: a robust transit system. One that meets the demands we have today, and is prepared for the needs we'll have in the future.

The forward-thinking vision we saw from Mayors Terry Goddard and Skip Rimsza and the investment that Phoenix voters made is paying off. And the leadership we see on the Council today from Thelda Williams is helping our transit system reach more and more people every day. Thank you, Councilwoman Williams.

Residents are choosing public transportation more today than at any time in our region's history: nearly a quarter-million people every weekday. And ridership continues to soar. The number of light rail passengers alone is up more than 11 percent in just the two years I've been Mayor.

It's providing more reliable transportation options for seniors and individuals with disabilities, helping them live independent lives. It's helping low-income individuals contribute to our economy. And it's empowering a new generation of urban transit users who choose to live without cars.

But we're also seeing that transit is about more than getting people from Point A to Point B. It's about inspiring the right kind of development. Transit lines create permanent pathways for moving people that give businesses, retailers and restaurants the confidence they need to make long-term investments.

We see this economic transformation every day. Those entrepreneurial ecosystems I mentioned – they're sprouting up along light rail lines. In fact, Co+Hoots moved its co-working space specifically to be near a METRO station. Many of those adaptive re-use projects I talked about earlier – including The Newton on Camelback – they're on the light rail too. And since 2008, we have seen \$7 billion of development investment along the Light Rail system.

The benefits of transit investment don't stop at economic development. Public transit is opening the doors to education opportunities for more students than ever before. Twenty-two percent

of those you see riding light rail trains – they’re students. And, Thelda, the work you’re doing with Valley Metro to make Wi-Fi available on those trains will help even more.

And just like we need to prepare our water system for our city’s future growth, we need to prepare our transportation system as well. By 2030 – only 16 years from now – the Valley will add another 2 million residents. Just imagine adding the population of the City of Tucson four times over.

We have to prepare for that growth now. The 17 miles of rail we have – it’s great. But to prepare for our growth, we have to triple the miles of light rail in Phoenix over the next 30 years. Triple.

We’re going to get it done.

To craft that plan, we’re forming a panel of neighborhood leaders, transit experts, educators, economic development leaders and more to examine the facts and listen to residents about the future we want. And they’ll make a recommendation to the City Council by the end of this year on how to get there.

We have to act now, not just because the need for transit is so great, and will grow even more, but because Transit 2000 funding expires in just five years. That may seem like a long way from today, but it’s not. The inability to finance transit growth beyond that five-year period means that we’re stuck in a rut until we have a long-term solution.

This Council understands how important this kind of transit investment is. Even in these times of tight budgets, we used local tax dollars to make sure the rail extension to 19th Avenue and Dunlap opens next year.

I’m counting on my colleagues again. Especially one of our newest Councilmembers, Kate Gallego, who demonstrated that she understands how critical it is to extend light rail South down Central Avenue as soon as possible. Kate, your leadership is important to getting this done. We need you.

We have to take the successes we’ve seen on our 17 miles of light rail and stretch it to new places – to Metro Center, and to North Phoenix. We have to empower even more students, and expand access to our downtown campuses to hundreds of thousands more. We have to connect ASU West, Grand Canyon University and other colleges and technical schools on the rail, too.

On transit, and everything else, the choice is up to us.

We’re a big city. But we’re a new big city. And in many ways, we’re still trying to figure out what we want to be when we grow up.

We’re not tied to the ways of the past. We’ve shown that when we want to lead, we can do anything – that we’re capable of accomplishing feats once believed impossible.

The outdated model of the past, long-term decline – that doesn’t have to be our future. Yes, we can build that innovation-based, export economy that works for every Phoenix family.

We can build the flourishing transit system we need. We can make the investment in education excellence that every child and our economy deserve. We can lead the way and show that cities can do more to help local businesses take off on a global scale.

I'm going to work every single day to get it done, but I can't do it alone. I need your help. My colleagues on the Council need you. Your City needs you.

By working together, by putting partnerships before partisanship, we can do anything. Our future is exciting. The possibilities are endless. Our success is in our hands. Now let's go make it happen.

Thank you.

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