



Mayor Greg Stanton
State of the City Address

April 19, 2016
As Prepared for Delivery

Thank you, Todd, and the Phoenix Chamber for hosting us. I am incredibly proud to support you and the Chamber friends and allies in rebuilding the Phoenix economy.

Mexico's Consul General, Roberto Rodriguez Hernandez, and Canada's Consul General, James Villeneuve, thank you both for being here today and for serving as such incredible partners for our entire region.

Ed Zuercher, you have had one of the toughest jobs in Phoenix for the last two-and-a-half years – serving as the city's top administrator and trying to keep nine elected officials happy. And you have the increasingly gray hair to prove it.

We have two public safety chiefs with Phoenix roots who have risen through the ranks in each department. Chief Kara Kalkbrenner and Chief Joe Yahner, you both do such an excellent job running two of the finest departments in America. Thank you.

When I was sworn in as your mayor just more than four years ago, I had a deep faith in our shared vision for the future and a strong sense of optimism about what we could accomplish. What I did not fully appreciate, though, is that by working together toward a common purpose we could go so far, so fast.

In some ways, we had no choice. We were fighting for our economic survival. In the aftermath of the Great Recession, state leaders were slow to respond, and even moved us in the wrong direction – making deep and dangerous education cuts and growing hostile with our largest trading partner. Rather than investing in the future, they doubled-down on a failed economic model of the past.

Where others faltered, Phoenix chose to lead. The City Council turned the traditional role of a city on its head, taking on new responsibilities and charting the right course for the local economy. We're making the investments we need to transform our economy into one rooted in innovation and fueled by exports. And more importantly, we are building an economy that includes everyone, and has real opportunity for everyone.

Here's how.

On Day One, we began working to repair our relationship with Mexico – and create new jobs on both sides of the border. In partnership with the City of Tucson, we began the push for the Arizona Trade Office in Mexico City. We've teamed up with Phoenix and Arizona chambers of commerce and the Consul General to conduct more than a dozen trade missions over the last four years. Late last year, six Arizona mayors traveled south to sign an agreement with Mexico City to promote two-way trade and student exchanges. On that same mission, the CEOs of the Arizona Business Association and Arizona Technology Council signed an agreement with Startup Mexico to collaborate on mutual soft-landing programs in both markets. And after years of us working to make it happen, ProMexico has finally opened an office in Phoenix. We are turning the page.

To grow trade beyond Mexico, Phoenix teamed up with GPEC, JP Morgan Chase, the Arizona Small Business Association and many others to craft a comprehensive regional export plan. And we are doing something that no other city in the state has ever done: giving local small businesses the tools they need to export on a global scale. We're sending local business leaders to export boot camp to learn how to expand their reach across international borders.

At the same time we create new trade opportunities, we're focusing on creating new jobs rooted in innovation.

On the downtown biomedical campus, a direct investment from the city helped make the St. Joseph's – University of Arizona Cancer Center a reality. We entered into a public-private partnership with ASU and the medical research firm NantWorks that secures at least 75 million dollars in new investment and the construction of a 200,000 square-foot facility that will anchor seven acres of new development.

Through the Phoenix Forward initiative, a partnership with the Greater Phoenix Chamber, we've launched a strategic effort to increase capital investment in our region. We're working together to retain jobs, and help local companies grow so they can create new jobs in advanced industries such as bioscience and health care.

We've championed entrepreneurs and fostered an innovative ecosystem that is driving and attracting new startup activity. In the last year alone, tech companies Facility Source, Uber, Gainsight, and Galvanize all announced major expansions in Midtown or Downtown Phoenix. So did Double Dutch, a true Silicon Valley success story, which will hire 30 new employees here in Phoenix by the end of the year. When I talked with the company's CEO about why he chose Phoenix, he said it was an easy decision: our huge talent pool from ASU, quick and easy access to Sky Harbor and light rail, and our emerging and collaborative startup scene can help his company succeed. That is music to a mayor's ears.

You see, we knew that all of the wise investments we made would pay off over the long run. What we could not have predicted is that the short-term results would be so robust.

Look at the numbers:

Since 2012, the Phoenix region has doubled exports to Mexico. And exports to Mexico support more than 90,000 jobs throughout the state.

In the last five years, there has been more than 4 billion dollars of investment in the city's central core. Midtown's commercial vacancy rate has dropped nearly 50 percent in less than two years. By 2025, we expect the downtown biomedical campus will produce an economic impact of more than 3 billion dollars every year – and that figure could go even higher.

This year, we have created 8,000 quality jobs in Phoenix. Not over the last year, *this* year. The first few months of 2016. That excludes construction, retail and restaurant jobs – although we don't mind those, either. And the new jobs have a median income 25 percent higher than the jobs we saw just two years ago. Phoenix attracted two new corporate headquarters over the last four months. And we're diversifying our economy with 12,000 new tech jobs in just three years. Our unemployment rate has dropped from 8 percent when I took office to 4.6 percent today – the lowest it has been in eight years.

These numbers speak for themselves. But my task today is to report to you on the state of our city. So, here it is: Not even a decade after the Great Recession shook us to our knees, Phoenix has emerged stronger and more resilient than ever before with an economy that is breaking free from the chains of the boom-then-bust cycle. Today, our city is stronger than ever before. Through wise investments and by working together, not only have we made our city strong, but we are making our state stronger: Phoenix is leading the way on Arizona's economic recovery.

We're leading the way because at the city level, those we serve demand that we get things done. And when we don't, we're held to account. By the small businesses owners we work with every day. By the people who see us in the grocery store, at our kids' soccer games, and at our neighborhood meetings; the friends we went to school with, those we grew up with. When the people who know us expect us to deliver, “gridlock” and “partisan politics” are not acceptable reasons for failure.

That's true everywhere – not just Phoenix. You see, cities throughout Arizona are making meaningful differences in the lives of their residents. I'm so happy that many fellow mayors are here. I love working with other mayors because they work so hard to get things done. A few examples:

A conservative mayor in Mesa is showing how transit can spur new development, and revitalize its downtown through adaptive re-use. Tempe is doing the same thing. Surprise and Flagstaff launched incubators that are helping start-ups and entrepreneurs thrive. And along with Phoenix, the cities of Tucson, Tempe, Sedona, and Flagstaff have all adopted human rights law to protect our LGBT community and those with disabilities from discrimination.

Great things are happening in our cities. Despite that, or maybe even because of it, the State Legislature continues to wage a war on cities. Just a few weeks ago, it passed a law that

threatens to cut the revenue we need for police officers and firefighters if cities don't stay within the parameters of a narrow ideological box. To the legislators who voted for that bill, let me say this: Phoenix and other cities, we're not the problem. In fact, we are the solution, and instead of interfering with progress, learn from us. We're leading on the economy, on human rights, and Phoenix has a better credit rating than the State of Arizona. Work with us, not against us.

I, for one, will not be moved. I will continue to do everything I can to build on our momentum and create an economy and a future worthy of our people and worthy of our kids. Phoenix will continue to lead – on innovation and trade, on doing right by our veterans and doing our part to fight climate change, on protecting our water supply, on education, public safety and so much more.

One more way we will lead is by building on our success downtown.

The rest of the valley is discovering the one-of-a-kind vibrancy in downtown Phoenix created by our artists, musicians and restaurateurs. And the activity brought about by our investment in an arena, and then ASU downtown, light rail and CityScape is only accelerating.

More people are choosing to live downtown. You know that. But what you may not know is that at this very moment, there are more than 3,500 residential units under construction or in the pipeline. The number of people who live downtown is on track to double. Downtown's economic renaissance is spurring exciting projects. Places like The Derby, a 19-story tower of micro-apartments with remarkable residential density. The American Planning Association named our prized Roosevelt Row one of the Great Places in America. And one of the truest indications of downtown's livability is on its way: opening in 2018, a full-service Fry's grocery store.

At the same time people are moving in, entrepreneurs and innovators are opening up shop – bringing even more life to downtown and our historic Warehouse District.

We're hungry for even more companies to follow the lead of Uber and Double Dutch – to expand their operations and create new jobs here. To help achieve that, I'm proposing we designate a new Innovation District. It's the best way to lift the area in our core with the most potential and move us forward with a laser-focused economic development strategy.

Innovation Districts are emerging all over the world in leading metropolitan areas where research facilities, education institutions, and close-knit networks of entrepreneurs can work together and multiply commercialization.

In downtown Phoenix and the Warehouse District, the right assets are already in place: the Biomedical Campus and ASU, and access to light rail, bus and bike share. These factors attract and create more innovators. We will launch a collaborative effort to define and shape this Innovation District and create a long-term, unified plan for its future. There is something special going on in the heart of our city right now, and this Innovation District is going to take it to a whole new level.

Our greater Phoenix entrepreneurial community – what we call “YES P-H-X” – has stepped up, organizing and executing the largest CodeDay in the country, participating in the international Smart City App Hack, and running Phoenix Startup Week.

And I’m excited to announce that through a new collaboration with D.C.-based U.S. Ignite and Cox Communications, Phoenix will add another achievement to our entrepreneurial report card: We’ve been selected as a “Smart Gigabit Community.” This public-private partnership supported by the National Science Foundation and the White House is going to give Phoenix app developers exciting new tools to enhance the lives of our residents.

To support and accelerate downtown’s entrepreneurial activity, we’re partnering with the University of Arizona and President Ann Weaver Hart to launch an incubator on the Biomedical Campus. U of A’s Eller College of Management, with one of the top-ranked entrepreneurship programs in the country, will bring the experience and know-how to scale companies in the health care, medical device and bio-startup industries.

Three years ago, Phoenix won the race to end chronic homelessness among its veterans – an achievement that I and the City Council are incredibly proud of. But our work to do right by our veterans doesn’t end with housing. We’re also focusing on veteran hiring initiatives and giving veterans the tools they need to start businesses.

Thanks to support from Parallel Capital Partners and Arizona Center, downtown Phoenix will soon be home to The Armory – the nation’s first facility solely dedicated to providing services for veteran entrepreneurs. The Armory will house Bunker Labs Arizona and will deliver services to more than 130 veteran-owned startups each year when it opens. And we’re working closely with The Armory to make it the headquarters for Patriot Boot Camp – an incredible program presented by Techstars that we want here in our city permanently.

I want to send the message to veterans looking to launch or scale their business: Phoenix has your back. We’re going to be the epicenter for “vet-repreneurship.”

As we grow the innovation sectors and support entrepreneurs, we have to make sure our workforce is prepared for the changing economy. Remember, we need our economy to work for everyone.

And in the new economy, where companies will hire more than two-and-a-half million employees for math, science, engineering and technology jobs in the next five years, skills matter just as much as degrees. Yet, not enough of our workers have the skills they need for these jobs. We have to close the talent gap.

Tech-education giant Galvanize will help do just that. This year, it will bring web development and data science courses – along with a venture capital fund – to its new 122,000 square-foot campus in our Warehouse District.

Companies know how great Galvanize graduates are; that's why they have a 97 percent placement rate. Already, Allstate Insurance is committed to sponsoring more than 100 students and hiring local graduates from the 24-week development program.

We're also modernizing job training for middle-skilled workers. And nobody is making a more forceful impact than ASU President Michael Crow. ASU is already the most innovative university in the country. And now Dr. Crow is leveraging the university's know-how to train this critical part of our workforce.

Through a partnership with the City of Phoenix, ASU, LinkedIn, and the Markle Foundation, we have launched the Skillful Initiative to train workers for tech-focused or advanced manufacturing jobs, and match them with employers.

ASU and Phoenix know that in today's economy, we have to think anew to stay competitive. And we're going to continue to work with the private and non-profit sectors to make sure our workforce reaches its full potential.

Reaching our full potential demands that we lift everyone. That includes the alarmingly high number of 16- to 24-year-olds who neither work nor go to school. Re-engaging these disconnected youth is a huge opportunity for us. We just need to give them the opportunity.

Our community got together to do something about it – elected leaders, educators, non-profits, community- and faith-based organizations as well as the business community. We teamed up with Starbucks CEO Howard Shultz, who is leading the charge across the nation. As a part of the 100,000 Opportunities Initiative, we joined forces with ASU and Maricopa County to a spectacular Opportunity Job Fair and Forum in downtown Phoenix. That brought together nearly 2,000 young people who wanted to better themselves by learning job skills, and then getting a job.

I spent hours talking with those young people – about their hopes, their dreams, and the obstacles they're working to overcome. If you heard what I heard, and didn't have a tear in your eye, then there's no heart in your chest. These kids were an inspiration and a reminder of why here in Phoenix, we refuse to leave anyone behind.

Five hundred young people walked out of the convention center that day with a job offer. And through that effort, and many more, we have slowed the rate of growth of disconnected youth in our community, and Phoenix is no longer in the top 10.

But our work must continue. On the South Mountain Community College campus, we broke ground on the Hope Academy, a college and career readiness center that will focus on getting our opportunity youth on the path to success. And I want to thank Maricopa County Superintendent Don Covey, the Phoenix IDA, and Maricopa Community Colleges for stepping up and making this great school possible.

In Phoenix, we don't leave anyone behind. We know that every young person is capable of success. For the same reason we've targeted opportunity youth, we accepted and have risen to

the President's challenge on My Brother's Keeper. We've built one of the strongest coalitions in the country to mentor young men of color in our community. And I want to thank Councilwoman Laura Pastor, who is leading the way on our Council to lift opportunity youth and build a strong MBK initiative.

We are fortunate to live in one of the most attractive, dynamic and livable cities on Earth. Our friends across the country know this and many of them are coming to join us. A great city is never finished, so we must prepare our infrastructure for the growth we know will happen.

All across this country, cities are waking up to a new and frightening reality. Their roads, bridges and transit systems are aging and in some cases disintegrating. State Legislatures have raided highway repair funds.

On this stage last year, I asked the people of Phoenix to confront this new reality head-on and take control of our future – to make an investment in ourselves. And that is exactly what you did.

You passed Proposition 104, which will bring light rail to more neighborhoods that need it, expand bus and Dial-A-Ride service, and resurface hundreds of miles of roads. We couldn't have gotten it done without the leadership of Vice Mayor Kate Gallego, who chaired the YES campaign. Thank you, Kate.

Prop. 104 will help more working families get to work, and help more students get to the classroom. It will support Grand Canyon University's incredible. It will help us soon build a new light rail stop near Ability 360, the largest and most important center of empowerment for people living with disabilities in the southwestern United States. Prop. 104 accelerated the light rail expansion to South Phoenix by more than a decade and you better believe that we will break ground on that line before this mayor leaves office.

We are building a transportation infrastructure for the future, and it is serving us well. We're also preparing for the future when it comes to water and sustainability.

Climate change is real, it's happening, and it's impacting our state. While others debate, Phoenix is working to become one of the most climate resilient cities in the world.

Protecting our long-term water supply is essential to that goal, but we have to be smart. We can't think about water as a zero-sum game – where Phoenix can only succeed if our neighbors somehow fail. We can all succeed if we work together. That is why, earlier this year, I convened the Western Mayor's Water Summit in Washington D.C. I was joined by Mayor John Giles of Mesa, the mayors of Los Angeles and San Francisco and many more.

National leaders are taking notice. Phoenix recently took center stage at the first-ever White House Water Summit, where the Administration highlighted our national best-practice: Our unprecedented partnership with Tucson water providers to store and share Colorado River water during times of shortage. And nobody on our Council has been a stronger leader on water issues than Councilwoman Thelda Williams, thanks for your leadership.

Protecting our water supply is just one of the many ways we are shaping a more sustainable future.

Just a few years ago, critics called Phoenix one of the least sustainable cities on the planet. Not anymore. We've created one of the best comeback stories in the world.

Look at what we have accomplished together to protect our environment.

Through smart investments and public-private partnerships, we've become a leading municipality for solar energy, producing 31 megawatts of solar energy through city-sponsored projects. We are home to the largest fleet of municipal alternative fuel vehicles in the country. We're on track to convert all 90,000 city streetlights to LED, which will cut energy costs and pollution by more than half.

Just last week, the City Council adopted an aggressive, long-term climate change strategy to make Phoenix zero-waste and completely carbon neutral. Just a few months ago, Phoenix was the first U.S. city to be invited to the prestigious Ellen MacArthur Foundation's Circular Economy 100. And this June, I'll represent our city in Beijing for the second U.S.-China Climate Summit where U.S. and Chinese mayors will work together toward solutions.

I understand, and this Council understands, that when it comes to sustainability, cities across the country and around the globe have to lead. Our economic future – and even maintaining our excellent credit rating – will depend in part on our resiliency when it comes to climate change.

Phoenix can become one of the most sustainable, climate-resilient cities in the world, but that is only meaningful if we keep our neighborhoods safe.

For too long, the Phoenix Police Department has had to do more with less. We've been fortunate to maintain the level of excellence that our residents rightfully demand – and that has always defined our Department.

But our police have provided that extraordinary service with fewer officers, and that has to change. When I first got into office, we weren't hiring new officers. But thanks to responsible budgeting, we are now well into our plan to add almost 300 new police officers by the end of this year. And thanks to Councilman Daniel Valenzuela leading the way to secure essential COPS grants to help make this happen. Thank you, Daniel, for your commitment to our first responders.

As the Department grows, we are also enhancing training and adding officers with expertise in community relations and mental-health crisis intervention. The safety of our officers is paramount, and so too is the safety of the community they are sworn to protect.

That's critical to building community trust. That's what we're known for in Phoenix, and I am proud that the U.S. Department of Justice recently named Phoenix one of six cities in the country setting a great example.

We are doubling the number of body cameras for officers from 150 to 300. But that's not enough. Body cameras help keep our officers and the public safe, and it must be a priority to have them on every patrol officer in the city. Cameras are not a panacea, but ASU researchers have shown they work.

We have moved the needle time and time again, pushing forward with smart decisions, and not afraid to make the tough ones.

By working with business leaders and labor groups, we have reformed and stabilized the city's retirement system, curbing pension spiking and saving taxpayers 1.1 billion dollars over the next 23 years. And through the work of the Innovation and Efficiency Task Force, we saved another 100 million dollars. We could not have done it without the leadership of Councilman Bill Gates – and Bill, we're going to miss you on this Council.

During the period of economic recovery, our city kept tax burdens as low as possible, declining to float the property tax rate like Maricopa County and other Valley cities did. That saved our residents more than 220 million dollars on their tax bill over the last six years.

We were only able to do that because of our city employees and the sacrifices they have been willing to make for the people they serve. They have done more with less. There are 2,600 fewer city employees than just eight years ago and today we have the smallest per capita workforce since 1970.

On top of that, city employees accepted pay cuts to make it possible to preserve the services our residents value.

I owe a huge thank you to our city employees for their sacrifice – it often goes unnoticed, and by some, unappreciated. But I talk to people every day who tell me how proud they are to live in Phoenix, to work in Phoenix, and our success would not be possible without those who serve us every day. Thank you.

It's time we make good on the promise you were made when you accepted those pay cuts: that when the economy improves, you'd get it back. Yes, we still have tough budget choices ahead of us, but it is high time that the City Council works toward restoring your pay. It's the right thing to do.

We have made difficult decisions, and there are more on the horizon, including the future of professional sports in downtown Phoenix.

I grew up in Phoenix in the 70s and 80s, which is to say I grew up a Suns fan. And throughout the years, the franchise has been a partner to the city, working with us to revitalize downtown.

The team has told me that in the near future, it will begin to look for a new home, it is essential we keep our team downtown.

Just like the current arena, it will take a public-private partnership. And the obligation to act responsibly with those public dollars is one I take seriously.

Moving forward, we must act with two governing principles. First, a new arena must not only keep the activities we have in place, but bring in new events and new people downtown. With that principle in mind, I will do everything I can to pursue a course that makes a new facility home to the Suns, Mercury and the Coyotes. Building two new professional arenas in our region simply doesn't make sense. And, the second principle, I will absolutely not raise taxes for a new arena – any plan for a new venue must only use the existing sports facilities fund.

Time and time again, we have been met with unprecedented challenges in our city. On growing the economy, on protecting our water supply in the midst of climate change, on shaping a more sustainable future. Each time, this city and this City Council has risen to the occasion and we continue to lead Arizona's recovery.

We're going to keep pushing forward. To build a city that is brighter for our children, and their children. A city with real opportunity for everyone, and one that welcomes and lifts all our people. And we're going to do it together.

Let's get right to work. We have don't have a second to waste.

Thank you.

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