



State of the City Address

Phoenix Mayor Greg Stanton

March 6, 2018

As Prepared for Delivery

Thank you, Todd, for that very kind introduction. And thank you for the work you and your team do at the Phoenix Chamber.

Today in the room with us . . . our city manager, Ed Zuercher, and two of the greatest public safety chiefs in the nation – Fire Chief Kara Kalkbrenner and Police Chief Jeri Williams.

My wife, Nicole – thank you for being here today. It really, really means so much to me.

And my son Trevor, welcome to your very first State of the City.

And thank you – all of you – for joining us today.

This is now the seventh time I’ve had the privilege to stand here as the mayor of the greatest city in America and update you on the state of our city. A “report card,” if you will – and an outline of what we hope to accomplish in the future.

But before I share my report, let me tell you what others are saying about Phoenix. Governing Magazine named us the highest performing city government in the country. When it comes to the economy, one of the most respected credit rating agencies recently hailed our “rapidly diversifying” economy, our solid “growth track” and our ability to withstand future downturns.

Just look at the numbers from the last year:

- We have the highest wage growth of any region in the country.
- Small businesses here raised their wages more than anywhere else.
- Near record low unemployment rates.
- One of the top cities for startups and young professionals.
- A Top 10 growing economy.
- Third for growth in high-tech jobs.

That's success that few thought even possible six years ago. We should all be proud of it. But I want to make something clear: None of this success – *none of it* – happened as a result of chance. It's a result of the *choices* we have made.

Together, we have made Phoenix stronger than ever. And more important: We have forever changed the course of our future for the better.

It wasn't long ago that we were on a much different path. And let's face it – a path to mediocrity. The housing crash brought our economy to its knees, exposing its weaknesses in a way few imagined. Left in the wake was a quicksand economy for working families – who, no matter how hard they worked to get ahead, were all too often falling behind.

When the economic bottom dropped out, it took a toll on the city too. Record budget deficits. The most serious public pension crisis we ever experienced. For our city employees, it meant sacrifice – concession after concession, furlough after furlough.

Then . . . hyper partisan politics and poor decisions made things even worse. The state turned its back on our relationship with Mexico. That cost us jobs. The state took aim at our immigrant communities. That cost us jobs. The state made deep and devastating cuts to public schools that – to this day – are still a billion dollars away from being fully restored. That's *still* costing us jobs.

That hyper partisan approach . . . the one we see at the State Capitol and in Washington, D.C. . . . that's not how we do business in Phoenix. We have shown that when we work together, when we actively seek common ground, anything is possible. And I want to make something clear: everything I will talk about today was accomplished with bipartisan support. *Everything*.

Six years ago, our first task was obvious, but not particularly easy: Reshape the fundamentals of our local economy and create good jobs. Foster real opportunity for everyone—not just those at the top.

You've heard me say it time and time again: an economy based on growth alone is an economy that's adrift. To succeed in the long-term, to lift everyone up, we need an economy rooted in innovation and focused on exports. That's been our North Star.

On Day One, we went into overdrive to repair our relationship with Mexico. I called up Jonathan Rothschild, the mayor of Tucson, and we teamed up. We called on Todd Sanders at the Greater Phoenix Chamber. He said, "count me in." Then more. The Hispanic Chamber, the Black Chamber, the Arizona Chamber, GPEC, Chicanos Por La Causa, Visit Phoenix. Countless others in the business community. We got support from our City Council, especially Councilman Michael Nowakowski. And we showed up in Mexico on our first trade mission a united front. Two dozen trade missions later, we still do.

We made a lot of progress. But we needed more. A permanent presence. So after the State closed its trade offices just a few years earlier, we opened new ones. Not one, but two: in Mexico City and Hermosillo.

The results are real. Nationwide, since 2012, exports have grown by only 0.1 percent. But here in Phoenix, we grew our exports by 20 percent. That's remarkable. More than 100,000 Arizona jobs are supported by businesses taking part in the export economy. And I hope we can agree, on a bipartisan basis, that improving trade is good for the Arizona economy, and that a self-defeating, escalating unilateral trade war instigated by the White House would be bad for Arizona.

Trade is an important foundation. But the economy we hand off to our children won't be sustainable unless it's rooted in innovation.

That's why the investments we made in the biosciences early on – during economic tough times – were so essential. It wasn't always easy. We didn't have bond dollars to work with like the city had in the past. But we set the right priorities; and since 2012, Phoenix has invested almost \$30 million to make four new university buildings with biomedical research, academic and clinical facilities a reality. Our contribution helped pave the way for our university partners to invest a staggering \$500 million to create innovation spaces in Phoenix.

The downtown biomedical campus – it's hardly recognizable from where it started. In that 30 acres in the heart of our city, we've collaborated with all three Arizona public universities to push the boundaries of innovation in the life sciences. And more innovation is on the way.

ASU has a new partner in Wexford Science and Technology. When it comes to mixed-use communities centered around discovery, Wexford sets the bar. Together, they will expand on the campus's north seven acres, starting with a seven story, 200,000 square-foot lab building for future students, faculty and researchers.

The possibilities are endless. Just look at the partnership we just created with the with U of A to start a life science business accelerator – one that puts Eller entrepreneurship students and medical students in the same lab. It's been a long time in the making. In fact, it came about during a tour that Todd and the team at the Phoenix Chamber organized back in 2016. We went to Houston to see the Texas Medical Center, led by a brilliant surgeon named Dr. Robert Robbins. We saw up close how innovation comes from deliberately mixing business and biology. And I knew we had to have that in Phoenix.

As it turned out, we would all cross paths with Dr. Robbins again – when he became U of A's new president. In our first meeting, I asked him to bring the kind of projects we saw at TMC to downtown Phoenix – and he delivered.

I'm proud that the City of Phoenix is a partner in the “InnoVention” accelerator, which will be housed in the U of A Center for Applied Nanobioscience and Medicine. The scientific discovery that will take place there is far too complex to discuss over lunch. But I'm confident this can push new ideas into commercialization and the marketplace fast – and continue to put Phoenix on the map as a leader in next-generation health care solutions.

Up north, on the Arizona Biomedical Corridor, I couldn't be more excited for the future. I spoke about the possibilities I saw in my very first address as mayor. And today, the Phoenix-ASU-Mayo Clinic partnership is taking shape. Our Council recently approved nearly \$9 million

to pave the way for the new \$200 million ASU-Mayo Health Solutions Innovation Center, where researchers and clinicians will transform health care delivery for the entire globe. It's incredible to think that work will happen right in our own backyard.

All around Phoenix, we can see the fruits of the investments in our economy. We've turned our city into a destination for startups and entrepreneurs. We created a nucleus of higher education opportunities that opened a new pipeline to those startups. And we've continued to invest in the resources and tools our growing small businesses need to succeed.

This is a bet on the future that's already paying off. Phoenix is ranked Number 3 for tech job growth. The number of high-tech companies in the central city has tripled. In the last five years, our market saw a 48 percent increase in technology employees. That's more than 24,000 new tech jobs. When we met here last year, Galvanize – the tech education giant – had just opened its campus in the Warehouse District. Today, it hosts more than 110 startup companies under one roof.

From the ideas being produced by our hungry, creative and hard-charging innovators at the ground level will come the Fortune 500 companies that will anchor our economy in the decades to come.

Change is happening, but it's up to us to keep it going. We have to continue to invest. And I can tell you what the companies I meet with tell me: they need access to a talented, educated workforce. They need an environment that's ripe for business.

When it comes to creating more talent, ASU Downtown has been great for ASU *and* for Phoenix. It's a partnership that under Dr. Michael Crow's transformative leadership has blossomed. And, again, even without bond dollars, we are finding ways to make that partnership stronger. We helped build the new Beus Center for Law and Society and ASU's Sandra Day O'Connor College of Law, and created a new pipeline for downtown's legal sector. Soon it will get a new neighbor—ASU's Thunderbird School of Global Management, one of the best international business schools in the world. That's huge for downtown Phoenix.

At the same time we grow that higher education nucleus, we are supporting small businesses everywhere in Phoenix. Anyone with a good idea and the willingness to work hard should have the ability to create their own destiny. When we heard from those who said our permitting process took too long and was overly complicated, we took action. We cut red tape with 24-hour online permitting and a system to review site plans online too. Because of these reforms, the NFIB even named Phoenix one of the best cities in the country for opening the doors to small businesses. They're right: Phoenix small business owners spend less time waiting in line and more time creating jobs.

To help entrepreneurs, we launched the [hive@central](#) incubator to take the guesswork out of starting or growing a company. At the Hive, mentors help entrepreneurs navigate the “ins” and “outs” of a startup all the way to finding access to capital. And we offer those resources in both English and Spanish. Councilman Daniel Valenzuela has been our leader in promoting

entrepreneurship and making sure local entrepreneurs have the tools they need to succeed. Thank you, Daniel – your leadership is helping our economy.

I want to tell you about two people I recently met: Jose and Leticia Gamiz – a husband and wife team – who brought their dream of owning a restaurant to the Hive just a few years ago. A network of experienced mentors helped them turn their unique food concept in to the popular Mi Vegana Madre food truck. Jose told me that their business was born in their hearts, but it took life at the Hive. That’s a success story that shows when we put our minds to it we can make a meaningful difference in people’s lives. The members of our Council come from a variety of backgrounds and perspectives, but I believe we all got into public service for the same reason – and it's to help create success stories like this one. Jose and Leticia, we are so proud of you.

At the same time we've offered help to small business owners, we’ve put our workforce development team to work – making sure those looking for a job have the skills they need to compete. Last year, our workforce development team helped more than 60,000 Phoenicians find new jobs and learn new advanced skills. Today, skills are driving our economy more than ever. More than 60 percent of the Phoenix workforce now hold a job in an advanced industry such as business and financial services, precision manufacturing, health and life sciences, and technology.

We've put a special focus on young people. In 2012, we learned Phoenix had one of the highest rates of young people who neither go to school nor have a job. One in five young people between 16 and 24 years old were “disconnected” and at a higher risk for long-term poverty. Research showed that if we allowed this problem to go on, over time it could drain \$27 billion from our state's economy. That was a red flag we couldn’t ignore.

At the first Disconnected Youth Summit, hundreds of community leaders from across the Valley came together find aligned solutions. We joined with the County, ASU and Starbucks to put on the largest youth career fair we’ve ever seen. And we began working together to tackle this systemic issue.

Here at the City, through the leadership of Vice Mayor Laura Pastor, we've teamed up with local non-profits to establish 12 re-engagement centers – focused on giving young people the tools they need to get into the workforce. This model is the first-of-its-kind in the nation, and it’s seeing great success. In Phoenix, we’ve generated one of the largest reductions of disconnected youth in the country – thousands more young people are now working, learning and contributing. This is why we serve. Laura, thank you for your hard work to make sure these youth have the opportunity they deserve.

From startup ecosystems and higher education to small businesses and workforce development . . . we've unlocked our economic potential in a way we've never seen before. And what links them all together? Transit.

Light rail is the all-important spine that connects these higher education opportunities to regional assets – to the jobs and opportunities. And we know that talented employees want to

work in cities with great transit options. Our robust and growing public transit system is one of the most significant boosts we've given our economy.

When it came time to craft the Transportation 2050 plan, I put a former Bush Administration official in charge: former Transportation Secretary Mary Peters. And today, the 35-year, \$31 billion plan is driving people to work and driving our economy. More than \$10 billion in capital has been invested along the light rail since we completed the tracks. And because of the additional investment voters made just a few years ago, we've accelerated the line to Metrocenter by 3 years and the South Central Light Rail Extension by more than a decade. Connecting the heart of South Phoenix to downtown Phoenix and beyond will create new economic opportunity and transform our community.

Those Prop 104 dollars – they're improving our bus system and our roadways too. And that's important. More than 100,000 Phoenicians take the bus every weekday. We've extended bus and Dial-a-Ride service hours to match Light Rail, and increased bus frequency to at least every half hour. Our streets are getting better too. Since Prop 104 passed, we have improved 550 miles of city streets with an additional 395 miles planned for this year alone. And let me tell you: There has been no better champion for investing in transportation infrastructure than Councilwoman Kate Gallego. Thank you, Kate – your leadership is helping our economy.

And one more thing that's helping our economy: equal pay. In Phoenix, we've held our contractors to higher standards. If you want our business, you've got to do business the right way – and that means paying men and women equal pay for equal work. Since our council *unanimously* approved our Equal Pay Ordinance, 100 percent of those who do new business with the City of Phoenix guarantee equal pay for equal work.

At the same time we shape our economy and our workforce, we must prepare our city to thrive in the future.

We've turned the corner on making our city more sustainable and we're blazing the trail toward zero waste and creating a truly circular economy. In fact, late last year, at the North American Climate Summit, C40 and Bloomberg recognized only 10 cities in the world for leadership on sustainability. Phoenix was one of the 10. And at the city's Resource Innovation Campus, we've worked with the private sector to turn trash into cash.

We've made harnessing – and using – clean energy one of our top priorities. Over the last six years, we have nearly tripled the megawatts generated from city-supported solar energy projects. And earlier this year, the City Council *unanimously* adopted a new goal to cut city-wide carbon emissions by 30 percent by 2025. That's ambitious, and it puts us on track to exceed the requirements of the Paris Climate Accord.

But we recognize we still have more work to do. Even as we work to combat climate change, we know it poses unique challenges to Arizona, especially when it comes to water security.

The health of the mighty Colorado River is essential to our state's economy. Yet the Lower Colorado has been named the most endangered river in the country, and Arizona is in the midst

of one of the driest winters on record. It's going to take a collective effort to save it and make it healthy once again.

We're doing our part. Through the Colorado River Resiliency Fund, we've invested more than \$15 million Phoenix dollars into resiliency efforts. That includes a partnership last year with the federal government, the state and the Gila River Indian Community to leave 40,000 acre-feet that would have otherwise been taken out of the river. The storage agreement we made just a few years ago with the City of Tucson is already paying off: We have banked 300,000 acre-feet of water that we can tap into in the event of prolonged drought. And for those of you who – like me – didn't quite know how much water that is, let me translate: that's more than 145,000 Olympic-size swimming pools.

In keeping with our long tradition of smart water planning, Phoenix is now a leading voice for the proactive protection of the Colorado. Councilwoman Thelda Williams . . . she gets it. On our City Council, she's the leader on water planning, and because of her leadership we are moving in the right direction. Thank you, Thelda.

In Phoenix, we know how conservation can be an economic driver. Just look at our incredible parks system, and how it has become a tourism attraction for our city. The same can be true with the Salt River.

Over the course of many years, and because of the leadership of Congressman Ed Pastor, we restored the Tres Rios Wetlands as well as the Rio Salado Habitat – from 24th Street all the way to 19th Avenue. Now, under the leadership of Senator John McCain, we are taking that restoration to the next level – working with the federal government, regional partners and ASU to tie all of our efforts along the river together. Through this effort, we can build on Phoenix's work – and other projects like Tempe Town Lake – to achieve even better ecosystem restoration and economic development opportunities. In fact, we just put one of the prime properties along the river out to RFP – and I'm excited about the possibilities.

I know that Senator McCain is at home right now, and just in case he's watching the azcentral live stream, I want to say thank you, Senator, for your leadership on this issue and so many others. We're pulling for you, and we're proud that Sky Harbor's Terminal 3 will soon bear your name.

Our success on sustainability in such a short time shows us that progress is possible. So there's another challenge we're taking on: The urban heat island. Temperatures continue to rise, and last year was the hottest year on record for Phoenix. In fact, nine of the 10 hottest years ever recorded in our city occurred in the last 15 years. Making matters worse is that nighttime temperatures aren't cooling the way that they used to. The extreme heat we're seeing . . . it's a public health crisis: In 2016, 150 people in our region died from heat-related illnesses. Thousands more are getting sick. And worse, it's our most vulnerable people and low-income neighborhoods that are most at risk.

For a few years now, we've been working with researchers at ASU to better understand the effects of our urban heat island—and more importantly, to explore ways to curb it. We're

ready to take the next step. We're creating a new framework for heat management that will make Phoenix the first "Heat Ready" city in the country. With a grant from Bloomberg Philanthropies, we're working to help other cities prepare for extreme heat too. And with Harvard's help, we're bringing together leaders from the development, energy and public health sectors to set a path forward.

As we address challenges that could become a crisis over the long-term, we are also focused on those taking place right now.

The opioid epidemic has become the deadliest drug crisis in our nation's history, and we know all too well that Phoenix is not immune from its tragic impact. Over the last nine months, nearly 1,000 Arizonans have died an opioid-related death. More than 6,000 Arizonans have suffered opioid overdoses.

We've made it easier for those suffering to get help. Right now, through Phoenix's Angel Initiative, anyone can walk into the Maryvale Police Precinct, request treatment for addiction and turn in their drugs and paraphernalia without fear of arrest. This effort is seeing success – and I'm glad the Phoenix Angel Initiative will become a *statewide* initiative that can reach every person looking for help. Thank you, Chief Williams, for leading this effort.

What's tragic is that this crisis didn't have to happen in the first place. It's manmade – a direct result of the pharmaceutical industry's marketing campaign that deceptively and fraudulently minimized the risks of opioids. People suffer; families are torn apart; taxpayers shoulder the burden; and Big Pharma makes a big profit.

Here in Phoenix, we've seen a rise in opioid related burdens. Police see more drug-related calls and crimes. Firefighters and paramedics carry naloxone – an opioid antidote – and overdoses that require an ambulance trip are on the rise. It even contributes to a rise in homelessness.

We're not going to take it anymore. I'm proud that our City Council unanimously voted to take these fraudulent drug companies to court – and we are the first Arizona city to do so. This fight is just like the fight against Big Tobacco years ago. And when we win, we'll use the resources we recover to expand treatment options for those facing addiction. We *will* turn the tide on this crisis.

When I talk about creating a city that works for everyone—I mean it. And I know how government can be an incredible force for change, and for good. Some of the challenges we deal with – they're tough. But finding the right solution can be essential for us to make our city a place that lifts everyone . . . a place where everyone can improve their lives.

Just look at how we've reformed our city courts to work better with our residents who are struggling financially. We've heard of so many circumstances, where a person who can't pay a traffic ticket in one lump sum gets stuck in a trap. More fines, late fees and eventually a driver's license suspension that makes it harder to get to work. Now, instead of a one-size-fits-all approach, we meet our residents where they're at. If you can't pay all at once, we'll work with you. We'll set up a payment plan. We'll make sure you can still drive to work.

And as it turns out, doing the right thing is also what's right for our bottom line. In just two years, this new approach has allowed more than 25,000 people to make good on more than \$13.7 million in delinquent obligations. That's good government at its finest.

That kind of help – it's important for those working to get on the right track. That's why affordable housing is so critical to our city as well. As the economy has improved, affordable housing for low income working families is becoming tougher to find – and we're committed to making those options available. Since 2012, the City of Phoenix has invested more than \$188 million to help add nearly 4,000 affordable units to our inventory.

Many of these units house our city's most vulnerable residents including victims of domestic violence, veterans, seniors and individuals with disabilities.

Having a place to live is essential. For the last four years, Councilman Jim Waring and Cindy McCain have done an excellent job of leading the Phoenix Human Trafficking Task Force. Their accomplishments are many, but I'm most proud of what they helped do just last fall: open the nation's first permanent housing complex for survivors of sex trafficking and their children. Starfish Place will be a place of hope and opportunity for those who need it most. Jim, thank you so much for your leadership in making a difference in the lives of these survivors.

Helping those experiencing homelessness is one of the biggest challenges we've taken on. And when we're making progress, it's also one of the most rewarding.

But the reality is, homelessness is on the rise across the country. And despite our efforts, that's true in Maricopa County too.

We can't point to a single cause, but we know far too many grapple with housing insecurity. Four in 5 Americans live paycheck-to-paycheck . . . Four in 5 Americans are one medical bill, one emergency, one unexpected expense away from not making rent this month.

It takes collective, strategic and compassionate action to make a difference. That's our approach in Phoenix: lead with services and work to treat the cause of homelessness rather than just the symptoms.

Today, we understand more about the needs of this sensitive population than ever before. Through our PHX Cares initiative, we've coordinated with stakeholders, service providers and neighbors to better meet our community needs. We've put new boots on the ground, and contracted with Community Bridges to put outreach teams on the streets. Now, trained navigators build trust and encourage individuals experiencing homelessness to accept services and resources that can help them get on track for permanent housing. Much of our success is because of the work of Councilwoman Debra Stark, who has been a leader on this tough issue from Day One. Debra, thank you for your commitment to making Phoenix a better place for everyone.

Homelessness is a big challenge, and we need others to step up. In Phoenix, we bear the biggest burden in many ways, and we put \$2.2 million from our general fund into solving this crisis. Unfortunately, the state commits only \$873,000 from its general fund to tackle the

problem *statewide*. That's not enough – and we must work together to make this a higher statewide priority.

All of our work recognizes that people can go through tough times, and with a little bit of help someone who is a victim, facing addiction or just down on their luck can get on the right track.

But I think we can all agree that we have a special obligation to those who serve or have served in our military. A truth that's so hard to bear is that veteran suicide rates in Maricopa County are higher than the national average. We can't let that stand. Phoenix has teamed up with state and federal agencies, including the VA, as well as a team of military and civilian leaders to develop a strategic plan to reduce suicide among veterans. I want to specifically thank Colonel Wanda Wright, the director of the state Department of Veteran Services for her commitment to getting the job done. Together, I know we can make a difference for our veterans.

Everything we've done, we've done despite limited resources. Phoenix hasn't had a bond election in more than a decade – and I never asked for one during my time as mayor. But we've made smart choices. With an ambitious public safety plan, we're on track to hire more than 450 new police officers and 75 firefighters over the last several years, but the truth is that we would have more cops on the beat . . . more firefighters . . . more park rangers . . . if it weren't for the rising cost of pensions.

You see, in years past, previous leaders – at both the city and state levels – made financially reckless decisions that hurt the stability of the pension system, including creating the irresponsible practice of pension spiking. Those poor decisions may have benefitted a few at the top, but the rest of us are stuck with the bill.

We've made real pension reforms – and it's one of the toughest things we've done during my time as mayor. We went after pension spiking with aggressive reforms – so aggressive, in fact, that some of measures are still being fought in court. We went to the ballot box, where voters approved an overhaul of the civilian retirement system to keep it healthy for the long term. Our work will save us \$1.1 billion over 25 years – and our civilian retirement system is once again on track to be fully funded.

Even with those savings, we've had to get smart and do things differently to balance our budget. We saved more than \$100 million by making government more efficient. We have far fewer City employees than we did a decade ago, and we ask them every day to do more with less. I think it's fair to say I've asked more of City employees than any other mayor. They've done a great job, and they've raised the bar for public servants. One of the biggest reasons is because we have a fantastic city manager in Ed Zuercher. Ed, many of the people in this room know it already but I want to make sure that everyone understands: You are – without doubt – the best city manager Phoenix has ever had.

I appreciate the job you do in often difficult circumstances, your integrity and how you've made a push to bring more innovative thinking into city government. Thank you.

One of the things that's been important to me as mayor is that people trust the integrity of the decisions we make. That's why we've made City Hall more transparent than ever. One of the first things I did as mayor: make sure all City Council formal meetings are televised and made available online. We put campaign finance reports online for the first time. We've put regular citizens on city Boards and Commissions – not a parade of lobbyists. And also for the first time, we have ethics and harassment policies that actually apply to us, elected officials. That's progress we needed and I want to thank *all* of my colleagues for helping get this done.

Over the last six years, we've made smart choices, not short-sighted ones. We've shown that government can be a force for good, not just a source of frustration. We've sought opportunity after opportunity to work together and find common ground, rather than engage in the kind of petty rhetoric that has become all too common.

Every decision, every investment has been made with an eye toward the future. Not just creating a strong economy for the present, but building the foundation we want for our children and future generations.

Finally, Phoenix is not just growing, we're growing up.

We've changed the course of our future – and in doing so, we've improved the course of people's lives. That means an entrepreneur with a seed of an idea can walk into a public library to get the help she needs to make it blossom. It means that a top Sun Devil computer science graduate can find the job they want in this market rather than heading to Silicon Valley. It means a patient in need of world-class medical care doesn't have to go far to get the treatment he needs. It means an individual with disabilities can lead a life of independence because of public transit. It means a survivor of one of the worst crimes imaginable can find the support and shelter she needs to thrive.

That's the Phoenix we deserve.

Serving as your mayor has been the greatest honor of my life. Thank you for your friendship . . . for your partnership . . . and for making me more optimistic than ever about what our future holds.

Thank you.