

State of the City Address
Phoenix Mayor Greg Stanton
April 25, 2017
As Prepared for Delivery

Thank you, Todd, and your team at the Phoenix Chamber for hosting us today. I'm excited about that wellness initiative and everything you're doing for our community.

We're blessed to have some special guests here today.

My City Council colleagues: Thelda Williams, Daniel Valenzuela, Kate Gallego, Laura Pastor, Jim Waring and Debra Stark.

Sheriff Paul Penzone – you've already done so much to restore confidence in the sheriff's office. Closing Tent City was the right thing to do, and your leadership has made us a safer community.

I'm honored to have some leaders from the State Legislature here today.

And some fellow mayors. Mesa Mayor John Giles, Peoria Mayor Cathy Carlat, and Tempe Mayor Mark Mitchell. Three great teammates in economic development.

Our City Manager Ed Zuercher, who does a fantastic job leading the best employees a city could ask for.

And representing the two finest public safety departments in America, Fire Chief Kara Kalkbrenner and Police Chief Jeri Williams. Two homegrown talents who rise to the occasion every day to protect and serve our community. Thank you.

And one more special guest, my dad, Fred.

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

This is the sixth time I've stood before you to report on the state of our great city. To reflect on our challenges and opportunities and to share our progress. And when I think about our future, I think about those who came before us. We may be a young city, but the story of Phoenix is rich with history.

We've always been home to innovators. It began centuries ago with Hohokam engineers, who moved water better than anyone in the world with a 135-mile canal system that brought life to our region. We saw it again when a pair of entrepreneurs built Phoenix's first electric streetcar system 100 years before light rail opened new possibilities.

And we're inclusive. Sixty-five years ago, local civil rights leaders Eleanor and Lincoln Ragsdale and the NAACP persuaded a Phoenix City Councilman named Barry Goldwater to join the fight to desegregate Phoenix schools a full year before Brown versus the Board of Education. And through a

ballot initiative led by the Arizona Equal Suffrage Campaign Committee, women secured the right to vote here eight years before it was earned nationwide.

These qualities are at our core. They're in our DNA. And although there are times when we have fallen short, today they are as alive and well as they have ever been.

For more than five years now, we have charted a course true to those values: A city that *welcomes* everyone, *respects* everyone, with a more *innovative* economy that creates real *opportunity* for everyone.

We see it in Phoenix's new economy and the better jobs we're creating. The investments we made to turn our economy from one dependent on real estate into one rooted in innovation have worked, and history will show we made the right choices. Biosciences are booming, and over the last five years the number of tech companies in downtown Phoenix has quadrupled.

We see it in the results of our renewed Phoenix-Mexico relationship. It's stronger than ever, producing more exports and more jobs.

We see it in the actions we took to turn a city once labeled the least sustainable on Earth into one recognized for our leadership on sustainability, and for moving the needle on water resiliency.

We see it in the wisdom of Phoenix voters, who passed the largest investment in transportation infrastructure in our history and paved the way to boost bus service and triple our city's light rail system.

We see it in the outcome of our anti-discrimination ordinance. Today, Phoenix is one of the most welcoming cities in the country for our LGBT brothers and sisters. Our perfect score four years in a row from the Human Rights Campaign tells the world that in this community, you are valued no matter who you are, where you are from or who you love.

We see it downtown, where there is more energy – and more people – than ever. You can *feel* it. Our city is Arizona's new live music capital. And downtown is a great place for arts and culture, sports, restaurants and nightlife. But it's much more than that. It's a higher education hub that is spurring innovation and attracting the talent we need to compete. That is a direct result of the investments and decisions we made together.

We see it in our ability to be a world class host. In the last 27 months we've hosted events for the Super Bowl, the College Football National Championship, and the Final Four. Without a hitch, we welcomed more than a million people downtown for these events.

It's no wonder there is a rising pride in our city. I am filled with more hope and optimism for our future than ever before. Let there be no doubt about it: *We are writing the greatest chapter in Phoenix history.*

And we're writing that chapter together. It hasn't been easy. We had to rebuild an economy in ashes.

The future we wanted was an economy that lifts everyone up – one focused on exports and rooted in innovation. To get there we had to make some changes.

Our relationship with Mexico – our largest trading partner – didn't go up in flames because of the recession. That was a case of arson. Mexico was told by the State Legislature, "We don't trust you. We don't want to do business with you." So while others hid behind politics, we crossed the border, extended our hand and said, "We're in this together."

And you stepped up too: We worked with Mayor Jonathan Rothschild and the City of Tucson, led trade delegations with the Greater Phoenix Chamber, the Arizona Chamber, the Hispanic and Black Chambers, Visit Phoenix, GPEC and so many others in the business community. We opened – not one, but two – trade offices, one in Mexico City and one in Hermosillo. We listened, answered the tough questions, and sent the message that everyone benefits when we work together.

Our export economy supports 100,000 jobs in Arizona, but its potential is far greater. Mexican consumers and tourists are now returning to Arizona, and Mexican companies are re-investing and creating jobs here.

We are undeniably headed in the right direction. And our business community should want no part in reversing our hard earned positive momentum.

We can't let antagonism from the White House toward Mexico change who we are in Phoenix. Just last week our City Council voted to ensure our police department won't be part of a mass deportation force. We can't undermine public safety and we refuse to tear families apart.

We've improved our trade relationships. But it's not enough to be smart on trade. We have to be smarter about what our local economy produces, too.

The most important element of today's economy is innovation. In the recession, the challenge for us wasn't that our innovation-based jobs didn't fare well; it's that there weren't enough of them.

We knew to change the course of our economy we couldn't do things the same way – we had to shock the system. That's why, even when times were tough, we made it a priority to invest in the biosciences.

Take the Phoenix Biomedical Campus downtown. Support from the City Council helped open three new research buildings on the campus since 2012 – including a world-class cancer center. Those buildings are now filling up with doctors, researchers and students.

In Northeast Phoenix on the Arizona Biomedical Corridor, Mayo Clinic and ASU – two of the best innovators on the planet – have teamed up with the City to create a national destination for top-quality health care. Not only will this save lives and improve health outcomes, it will be a major economic driver that will create thousands of great jobs right here in Phoenix.

Dr. Wyatt Decker from Mayo and ASU President Dr. Michael Crow have been incredible partners. We've been working together for years now, and it's moving. Last year, with the help of the Phoenix IDA, Mayo opened its \$180 million proton beam therapy center. And right now, ASU is finalizing the plans for the flagship building of what will become a 24-acre Health Solutions Innovation Campus. So in the very near future, Councilman Jim Waring and I will be asking our colleagues to make a significant investment we need for this campus to grow and thrive.

That's what we want for our community: to fuel that spirit of ingenuity and innovation that has defined the greatest chapters in our city and our state's history. Phoenix is a place where breakthroughs happen . . . where cures are discovered . . . where we push the limits of human knowledge.

Throughout the city, we see how innovation breeds innovation. That's why a growing number of technology companies and startups have found their homes here.

Entrepreneurs are breathing life into our once forgotten Warehouse District, which has become a magnet for creative thinkers. Instead of seeing abandoned brick buildings, Brad and Heidi Jannenga saw a home for their fast growing startup, WebPT. Mike Cowley created spaces that drew in the type of companies that invest back into our community. And our newest tech-hub Galvanize has already attracted many more, including Valley success stories Clearvoice, Coplex and Picmonic.

In just the last five years the number of tech companies downtown has grown from 67 to more than 260, and it's not slowing down – we added two more this week.

The word is getting out. Forbes, Fortune and the New York Times have all recently pointed to Phoenix as a rising community for tech and entrepreneurship.

We're just getting started. To build on this critical mass and bring in more companies, we have a team of innovators who are lending us their time and expertise to craft a strategy for Phoenix's Innovation District. I'm a grateful Mayor for your hard work over these last months to bring even more talent to the heart of our city.

I know that in an economy with real opportunity for everyone, prosperity and good jobs can't be limited to only certain parts of our region.

It's time for us to do more in the West Valley, in particular. Nearly half of the West Valley workforce commutes to other parts of the Valley each day. That's a lot of talent, and a lot of valuable time wasted behind the wheel. The new 202 Freeway is under construction, and that offers us a rare opportunity to create jobs in a vast new employment corridor. We're not going to let it pass us by. We are creating the South Mountain Technology Corridor near the freeway alignment in West Phoenix along 59th Avenue. It will be an area complete with modern business parks for advanced manufacturing, business services and emerging industries.

Think of it as a Price Corridor of the West Valley. And we have to get it right – it will mean tens of thousands of jobs over the next 20 years. This will be a game-changer, not just for the West Valley but for the entire region.

In Phoenix, we're focused on recruiting new companies and new innovators. But I haven't forgotten that companies that are already here create 80 percent of new jobs in our market. That's why I'm proud to continue my partnership with Todd and the Greater Phoenix Chamber – because through the Phoenix Forward Initiative we are committed to supporting those local job creators in our fastest-growing industries.

Every day I talk to people who are blown away by what's going on in Phoenix – and it's especially noticeable in downtown.

It's become a place we can call home or get to by light rail, walk with our families, catch a game, eat at award-winning restaurants, rent a bike, and go to class. With an arts and culture scene brought alive by events like First Friday and the incredible exhibits at the Phoenix Art Museum.

A bustling downtown benefits *everyone*.

There are some people who saw downtown's potential before almost anyone else. Visionaries like Charlie Levy, who looked at an old repair shop and transformed it into Crescent Ballroom. He's given us Valley Bar and Viva Phoenix and soon the Van Buren – and that Midas touch turned Phoenix into the live music capital of Arizona. At the arena, Ralph Marchetta is booking the biggest acts in the business. John Largay and the McDowell Mountain Music Festival have shown us the possibilities of Hance Park as a premiere outdoor venue. And this October, Superfly – the same team that made Bonnaroo and Outside Lands national success stories – will create a new, three-day music, culinary and arts experience at Steele Indian School Park with the Lost Lake Festival.

This surge in great culture is making downtown a place where people want to live again – that's why you see new housing and construction everywhere you look. We need that new space. Downtown's vacancy rate is the lowest in two decades.

Just two weeks ago on a vacant lot in the heart of our city, Red Development broke ground on a project that will bring more than 300 new residential units and 150,000 square-feet of creative office space. But more importantly, it will be the site of a downtown Fry's grocery store!

So much is happening, but at the same time we're making progress, we have to prepare for the future. Downtown's strategic plan hasn't seen an update for too long. We're going to hit the refresh button – and with Councilwomen Kate Gallego and Debra Stark, as well as Downtown Phoenix, Inc. leading the way – we'll have a new plan by the end of this year.

One of the primary drivers of new life in downtown is our investment in light rail. And it's not just downtown. Those tracks are lifting communities in Mesa, Tempe, and along 19th Avenue in Phoenix. In fact, we've seen more than \$9 billion of investment along the lines since the system opened not even a decade ago.

Thanks to Phoenix voters, we're getting ready to expand – and the first place we're going? South Phoenix. This means more economic opportunity and more options for people to get to work and school. Just last week, the City Council approved a \$50 million agreement with Valley Metro, and I couldn't be more excited that we're delivering on the promise we made. Nobody has pushed harder for light rail south on Central Avenue than Councilwoman Kate Gallego. From chairing the Move Phoenix campaign to digging into the nitty, gritty details on this project – Kate, you know how to get things done and deliver.

Proposition 104 is making a real difference for everyone. Over the last year, 100 new buses and Dial-a-Ride vans have hit the road. We've added bus routes, extended hours, added 55 new miles of bike lanes and quadrupled road repairs.

Those mass transit investments strengthen our economy. That's true with our investment in Sky Harbor too. Since we opened and expanded Sky Train, it's now possible for visitors to walk out of the terminal, connect to light rail, and hop off in front of their downtown hotel. That convenience helped earn Phoenix a previously unthinkable recognition from the New York Times. It named Phoenix one of the country's top destinations for *car-free* vacations.

A newly modernized Terminal 3 will make Sky Harbor even more competitive, and in the new space, we're going local – just like in Terminal 4 – where homegrown legends like Delux, Four Peaks and Blanco greet out-of-towners to our state. That local first approach? It earned us a Number One ranking as the best airport in America for new small businesses.

Another great thing about Sky Harbor: the partnerships we have built with top airlines. And I'm particularly grateful to Southwest Airlines. Just last month, Southwest committed to grow its presence at Sky Harbor by doubling the capacity of its maintenance facility and committing to a new 8-gate concourse in Terminal 4. Thank you, Southwest.

The success of this incredible economic engine for our state is because of years of thoughtful, dedicated leadership. And nobody on the City Council has fought harder for Sky Harbor than Thelda Williams. If you like what's been going on at the airport, thank Thelda.

Just like we're investing in infrastructure, we're investing in our people. We can only sustain an innovative economy if young people are learning the skills they need to succeed – and we want everyone to be a part of that success.

And with innovating thinking, we're preparing kids through our libraries. Because of the vision and leadership of Councilman Daniel Valenzuela, Code Phoenix, a public-private partnership, is tackling the skills gap and making technology education accessible to anyone who wants to learn. Through it, we are reaching young people who are traditionally underrepresented in technology fields and teaching them computer coding and STEM skills. Daniel, our economy will be stronger because of you. Thank you.

In Phoenix, we don't want to leave anybody behind.

That's why when President Obama challenged communities to do more through the My Brother's Keeper initiative, Phoenix didn't just step up, we created a model program for the country.

Phoenix business leaders are now working with neighborhood leaders, clergy and educators to mentor young men of color, making connections to education and job opportunities that will help them reach their vast potential. When they win, Phoenix wins.

It wouldn't have happened without the leadership of Vice Mayor Laura Pastor who has led the way on this issue and so many others. And it couldn't happen without the MBK mentors, who have dedicated themselves to helping so many climb the ladder of success. Laura and many of those mentors are here with us today – thank you!

Phoenix is also one of the most welcoming communities in the country for refugees fleeing war and persecution around the globe. Prince Murray, the young man who led us in the Pledge of Allegiance, came to Phoenix from Liberia just a few years ago.

After completing the College Depot program at the Phoenix libraries, he became an honor student at Glendale Community College and is now about to transfer to George Washington University. He hopes to become a civil rights attorney someday.

When I see Prince I see talent and the potential for greatness. I see the American Dream. I am grateful that our community helped build a bridge for Prince and his family...and not a wall.

We're leading our economy in the right direction. But little of it will matter unless we protect our water supply. It's no longer enough for cities to simply deliver water – we have to lead the way on water planning and conservation. It's the lifeblood of our economy, and communities that fail to prepare for the impact of a changing climate will face the consequences.

That starts by ensuring the long-term health of the Colorado River. For three of the past five years – including this one – the Colorado topped the list of the most endangered rivers in the nation.

Lake Mead is *barely* at 40 percent of its capacity. These are perilous warnings we cannot ignore. Instead of a management approach that shifts from year-to-year, this challenge demands smart, strategic, long-term planning. We can't shift course simply because of one good winter snowpack. Now more than ever, we need broad-based system conservation that brings more stakeholders to the table to find system-wide solutions. That's what we are doing in Phoenix.

There's a lot of talk about the divide between rural and urban communities. But when it comes to water in Arizona, we work together because resiliency is a challenge we must all rise to. That's why we created the Colorado River Resiliency Fund and why we teamed up with Salt River Project to improve the watershed in forests hundreds of miles beyond Phoenix city limits. A healthy Oak Creek Canyon, Verde Valley, and Coconino Forest are essential for all of us. Big cities and rural cities have so much in common here, and water cannot be a zero-sum game.

We also know that the solutions we need can't be achieved by a single stakeholder. We have to innovate together. And the recent historic agreement Phoenix made with the Gila River Indian Community and others to conserve additional water in Lake Mead is an example of how we can get things done.

I understand, and this City Council understands, that when it comes to sustainability, cities across the country and around the globe have to lead.

With our ambitious 2050 Sustainability Goals, we are on our way to becoming a resilient, zero-waste, carbon-neutral city, where residents can both work a good job and breathe clean air. We've orchestrated a dramatic comeback, and today Phoenix is one of the most sustainable cities *anywhere*.

We learned that diverting waste from the trash can to the recycling bin isn't just good for the environment. It's good for our economy. And it's the right thing to do for future generations.

Last week we cut the ribbon on a brand-new, one-of-a-kind compost facility – with the potential to process up to 220,000 tons of compostable material – another giant step toward zero waste.

And, instead of paying millions to haul our waste, we are empowering local entrepreneurs and manufacturers to recycle or repurpose *everything*. Soon, we will open the 50-acre Resource Innovation Campus in partnership with – where innovative businesses can set up shop and access the waste materials they need to make new products, and profits. Already, one manufacturer is converting palm fronds into animal feed and expects to make up to \$10 million in sales each year. And another company is finding new use for discarded mattresses – keeping up to 160 mattresses out of the landfill each day.

There's no doubt that we've shaped a Phoenix City Hall that does more than ever before. Investing in our economy, boosting trade and education, leading on water and sustainability.

But we've also made sure to get back to the basics – after all, if we don't pick up the trash on time or keep our neighborhoods safe, voters won't ask the City Council back.

It's no secret that Phoenix has fewer police officers than before the Great Recession – and despite that, our department has maintained the level of excellence that our residents expect. When I became Mayor, we weren't hiring any new officers. But a majority of this Council made tough, smart decisions that put public safety first. As a result, our department will add a net of more than 400 new officers by next summer.

Our officers are getting better tools, too. They will be safer with body cameras. They will be better equipped to respond to the toughest of calls through training on how to work with individuals with mental illness.

Creating a safe community is about far more than just police officers: it's about having libraries and swimming pools for our kids to learn and play, and safe parks for families to enjoy.

Each year, though, even sustaining our investments in the basics gets more difficult. Rising retirement costs are fact of life for many governments – and that’s true with us too. It’s not a problem we created, but we weren’t afraid to tackle it head-on. We took the hammer to pension spiking, and with several civilian retirement system reforms, costs are now under control – saving taxpayers more than \$1.1 billion over the next 25 years.

But the pension costs imposed on Phoenix and other cities by decisions at the state level are out of control. Since 2007, Phoenix’s annual public safety pension costs have gone up by \$150 million. That makes paying for actual police officers and firefighters tougher. And it will pose challenges for future budgets. But just like we’ve always done, we’ll work with our community and city employees to reach a positive solution.

I am proud of how far Phoenix has come in the past few years. We have taken on big problems, made hard decisions, and we are better off for it. But I want to be frank about something that threatens all of our progress – and that is the crisis facing our public schools.

As a local leader, it is increasingly difficult to compete in the hyper-competitive economic development game if we don’t do more to support our schools. There’s not an inch of difference between the success of our schools, the success of our companies and the success of our city.

And as parents, there is nothing more important to Nicole and me than our children having the opportunity to achieve each one of their dreams. But it’s not just my children. I have that ambition for *every* child. And whether we all share that ambition is the single most important question for the future of our state: Will we properly fund our education system so every child can live up to his or her God-given potential? Or will we continue to fall short year after year after year?

More than a year ago, I was one of the first Democrats to publicly support Proposition 123. I took some heat for it, but I did it because it was the right thing to do. Those of us who led the campaign made a pledge to voters: this was a first step, not the last step. *I meant it*. But once voters approved 123, the State’s interest in helping public school kids stopped. It’s a broken promise.

My sister Maria has been a teacher in the Cartwright School District for 20 years. It’s unfortunately rare these days for an Arizona educator to stay in the classroom for that long. Who can blame them, we don’t pay them enough. My sister, and all public school teachers in our state, deserve a real raise – not an insult. And expanding private school vouchers on the backs of public school kids will only make matters worse.

It’s apparent to me that those in the State Legislature aren’t interested in listening to the voters. They aren’t listening to teachers. They aren’t listening to parents. But I need them to listen to you – our business leaders. And we *need* business groups to put more effort toward fighting for our public schools. This year I wish as much effort went into fighting for our children as went into restricting the state’s initiative and referendum process.

I'm asking you – no, I'm *begging* you – take a stronger leadership role in fighting for our kids. Our economy – our future – depend on it. If we don't act fast, our already-starved schools will fall over a cliff, draining more than a half a billion dollars in 2020. We can't let that happen.

We must be brave enough to ask for more for our kids. We can start by demanding that Proposition 301 be put on the ballot ASAP – not just with a renewal, but with an increase. The time to get it done is now.

By now, most of you know me pretty well: a kid who grew up in a working class neighborhood on the West side of Phoenix. I went to mass at St. Jerome's, played hoops at the Boys & Girls Club, worked my first job at the McDonald's on 19th Ave. and Northern, and graduated from Cortez High.

My dad still lives in the house where I grew up with my brother and sisters. He worked hard. I watched him every day – and on many nights and weekends – as he took the bus to his job selling shoes at JC Penney. He and my mom put four kids through college while always treating everyone with kindness and being of service to those who had less than we had. All of us Stanton kids chose careers in service to the community, including two educators.

Phoenix has always succeeded by holding true to our values, the values we learned at our kitchen table. Everyone is welcome, and anyone can make it here. Every day, I see that reflected in our city. It's why I'm so optimistic that together, we can create the same opportunities I've had for *every* child. That we can build an economy that lifts *every* family.

We have a lot to be proud of. We turned the page, charting a new course. Our city is stronger than ever. And I am so proud of the chapter we are writing together in the story of Phoenix.

Thank you.