



Good morning and welcome to each of you. Thank you all for being here.

Thank you Dean Letsou for that kind introduction and for the invitation to host the State of the City Address at this beautiful facility. I must admit that the backdrop of this distinguished law school makes me feel right at home. My closest brush with fame comes from a class I founded at Ole Miss Law School which focused on legal issues for residents of nursing homes. John Grisham - one of my students in this innovative undertaking at Ole Miss – made this class a pivotal part of his book turned movie “The Rainmaker.” For the record, I am the “Geezer lawyer.”

I should also add that being here reminds me of my legal training and the years I spent in DC with the Equal Employment Opportunity Commission, my time as the head of Memphis Area Legal Services, and my tenure as the Public Defender for our county.

I mention these past career choices because I think that one of the titles that best fits a mayor or any public official is that of an advocate – an advocate for the city and the citizens one is elected to serve.

And it is this history of advocacy that I have been proud to advance for these last 4 ½ years as Mayor of one of the world's most iconic and celebrated cities.

I am delighted to be joined today by our City's partners in progress – Members of the Memphis City Council – whose leadership is helping to chart a brighter and bolder course for our city even as we collectively are called upon to make the type of hard and visionary choices that will shape our community of tomorrow.

I once heard it said that some seek applause while others seek results; some evade the hard issues while others are committed to erase them.

This is why this Council's willingness to work with this Administration to face many of our most daunting challenges head-on deserves our appreciation. Through our conversations, our plans, and even our disagreements, I can honestly say that I have never doubted at any level the deep desire of each of them to make Memphis the best it can be. In working together, we can say that jobs continue to flow within our borders; the rating agencies have affirmed our AA rating; the future of Beale Street is bright; and crime is down across the board.

For these and many more quantifiable reasons, I am happy to report that the State of Our City is strong and getting stronger.

As your representatives and advocates in city government, people entrust us to make positive contributions to their lives in a way that no other

level of government is entrusted to do. We are the ones citizens turn to when they don't know who to call or when they have run out of options.

We do not shun this responsibility. We were elected or hired to fulfill this very purpose. Being depended on by our citizens is a burden we carry with pride and with the utmost of respect and sensitivity.

And as local officials whose decisions are so directly tied to an outcome for the average citizen, we do not have the luxury of operating from extreme positions that ignore the prevailing facts. Above all others, city government should be the least political of all because the decisions we make should be about what's practical and not what's political.

With this in mind and with the leadership of the City Council, we have maintained forward progress.

In fact, as we face 2014 and look over the developments we have realized in the last year, I want to share with you all some underlying themes that have defined us and will shape our future. **They are what I call the 5 P's.**

THE FIRST "P" IS "POTHOLE."

There is always a need for leaders to have an eye toward the future as we consider the community we want to leave for our children's children. We cannot, however, be so "tomorrow-minded" that we are no good for the immediacy of today. There are actions we have the responsibility of taking to

improve the quality of life for today's citizens. And many of these can be made in the short term.

I use POTHLES to illustrate our focus on and concern with these QUALITY OF LIFE issues. Like potholes, opportunities to make quality of life improvements are in every neighborhood, in every part of town. And we have demonstrated our ongoing commitment to these diversified, shorter and longer termed projects.

On Watkins, we recently completed the Watkins Bridge replacement south of Chelsea where we have provided a wider sidewalk than the old bridge to make pedestrians more comfortable. The Airways Bridge replacement over Nonconnah Creek is underway, and on Airways, for the first time, there will be a sidewalk on the bridge.

We completed a "*Safe Routes to School*" project on Dellwood to make it safer for students crossing the street at Frayser Elementary and High Schools.

We will soon be constructing improvements to sidewalks and crosswalks around Rozelle Elementary. We were recently awarded a grant for installation of a sidewalk near Alcy, Dunbar, and Hanley Elementary Schools and along Rangeline in North Memphis.

We have been installing, on average, 1000 curb ramps a year to make it easier for our wheelchair bound citizens to get around the City while also making Memphis safer and more pedestrian and cyclist friendly.

There are so many worthy projects and initiatives that are coveted beyond our city's borders. Our City perhaps like no other of its size is blessed with an abundance of open spaces and parks. In order to ensure that we make the highest and best use of these parks, we are developing a Master Plan to ensure the proper maintenance, enjoyment, and future development of these precious jewels.

Since November 2010, Broad Avenue has boasted more than 19 new businesses and more than 30 properties have been renovated.

Through our Neighborhood Economic Vitality project, we have shown how moderate investments applied in very focused ways can generate huge return on investment. The MEMFix and MEMShop have allowed us to support entrepreneurs and dramatically decrease commercial vacancy rates in the corridors where they are deployed.

We will soon unveil a complete and comprehensive plan for the redevelopment and re-use of the Southbrook Mall area. We will be aided in this effort by national experts and will seek to develop a plan that is compatible with the Aerotropolis plan which is nearing completion.

We will soon break ground on the Raleigh Springs Mall project which will involve relocating central services to that site, funded in part, by diverting funds previously designated for the police precinct to the Raleigh springs site.

Needless to say that none of this can happen without the full and complete cooperation and partnership between the Administration and the Council. I

am pleased to announce that Chairman Strickland has agreed to postpone the Council Retreat to allow the February 8th date to be used for a session on better communication between the Council and the Executive Branches.

In addition to these improvements in places across the city, we cannot ignore projects in Downtown and Midtown – two of our most visited neighborhoods – and how these projects will resonate for years to come.

- The riverfront is abuzz with the Pyramid being reestablished as a viable anchor at the North end and the Main Street to Main Street Project which will anchor the South by converting the Harahan Bridge to a bike/pedestrian path;
- Beale Street is under new management and Beale Street Landing is slated to open this year;
- We are seeing about a dozen capital projects in the Memphis Medical Center totaling some \$1.5 billion dollars in investment;
- In Crosstown, with the City Council's support, a public-private partnership will invest \$200 million into one of Memphis' most chronically challenged neighborhoods, transforming our city's single largest example of urban blight into a new vertical urban village of health, wellness, and education.

For those who feel like their particular community has somehow been overlooked, I am delighted to report that we are embarking on a process that will create *Neighborhoods of Choice* throughout the City. This process will

entail our initiating community engagement and planning that will allow us to determine how to best handle issues of these particular neighborhoods.

I might also add that our historic success in reducing blight has been community-wide. The nationally awarded work of Memphis City Beautiful has been implemented community-wide. Grassroots leaders who have been equipped through our Certified Neighborhood Leader Training Program and Neighborhood University have been from all sections of town.

And just in case you think POTHOLES were a “P” that was only meant to *symbolize* QUALITY OF LIFE issues, I should add that Director Dwan Gilliom is changing Public Works’ business model in a way that will reassign personnel and triple our capacity to check and respond to potholes. Moreover, all Public Works Personnel will now be charged with identifying and reporting potholes and code violations as they travel city streets.

Additionally, with a \$3.5 million increase in funding for the City’s street repaving program, which was approved by the City Council in 2013 (*thank you Council Members*), Public Works is set to increase the number of lane miles repaved this fiscal year by 45%, as compared to FY2013.

AFTER POTHOLES, THE SECOND “P” THAT I WANT TO BRING INTO FOCUS IS “PENSIONS.”

At the end of the last decade, Memphis was hit by a perfect storm.

First, we were faced with the court-ordered mandate to provide over \$60+ million/year to support the school system. In order to fund that

obligation, we restructured our long-term bond debt, scooping and tossing our debt payment obligations into the future; we cut expenses wherever possible, dug into reserves and depleted other funds - all to avoid increasing taxes.

Second, the Great Recession hit, and in 2009, **our once-solvent Pension Fund lost almost \$500 million in value**, creating an unfunded liability that has steadily increased to over \$700 million today.

Third, our health care costs for both employees and retirees have skyrocketed and we find ourselves today with an unfunded liability of \$1.2 billion in our Retiree Health Card Fund.

Conservatively speaking, over the next five years, the City will have to increase spending on employee pensions and debt service by \$100 million annually. This represents over 15% of our annual operating budget. **This is clearly the greatest challenge of our generation.**

But with a resiliency that has defined this City, we are up to the task to meet this historic challenge to put Memphis back on sounder financial footing.

To begin, this Administration is proposing that we **close the current Defined Benefit Retirement Plan** so that future generations of Memphians do not have to relive, again and again, the financial crisis we face today. **We must remove this risk once and for all.**

Instead, we have proposed that we replace the old pension plan with a Modern Defined Contribution Plan that is fair and equitable to both employees and citizens.

We have outlined a framework for addressing the legacy costs of our bond debt, unfunded pension liabilities, and rising health care costs for both employees and retirees. Our plan is to implement common sense initiatives to lower our health care costs and make government more efficient and effective.

Over the next five years, our goal is to implement these efficiencies and use the savings to retire our debt and pension obligations. And we will start with our 2015 Budget.

Let me clearly state that this will not be easy (*if I can borrow a line from the President, if it were easy we would have already done it*)...But, the opportunities for efficiency are there. We cannot ask our fellow citizens for any new taxes without taking every sensible step to minimize the future exposure and financial impact of our pension system.

We have seen enough examples nationally with state and local governments teetering on the brink of bankruptcy because of their prolonged inaction around this issue. This is not an option for Memphis, and anyone who feels that the status quo is good enough is not being honest with themselves or with the public.

The good news is that this work can be done and we can remain on solid financial footing. I will say again that I look forward to working with

Members of this Council as we work to maintain and deepen Memphis' financial footing.

THE THIRD "P" IS TOP OF MIND – THAT "P" IS "PUBLIC SAFETY."

We have not taken our eye off of the ball with respect to public safety.

As I mentioned earlier, crime is down. There are over nearly 2,500 fewer victims of Part 1 Crimes in 2013 as opposed to 2012 and right at 20,000 fewer victims when comparing these numbers to 2006: Criminal homicides, robberies, burglaries, and aggravated assaults are all down.

Our holistic focus on gun violence which includes the Memphis Gun Down program is showing real results. With our many associated partners, youth gun violence across the city is down by 13% from 2012, and in one of our focus areas it is down more than 30%.

Focused police work by Director Armstrong's Community Outreach Policing program, the Multi-Agency Gang Unit, and the Safeways II Apartment Community Safety Program are complemented by newly-deployed intervention services like the 901 B.L.O.C. Squad and the MED's Hospital Violence Intervention Program.

At the same time, with support from a number of corporate and community sponsors, we have launched prevention strategies like our Mentoring Initiative, the LIFE Literacy Program for young men, the Summer Night Lights

Program, and Midnight Basketball – all of which are injecting vibrancy into our neighborhoods.

These initiatives and ones like them have played a part in our crime reduction.

I want to add that Director Armstrong and I have always agreed that we cannot arrest our way out of our current crime challenges. This is why Director Armstrong has had my full support as he has pursued the type of prevention and intervention strategies that many see as solely the work of schools, community organizations, churches, and parents.

And as he looks toward more innovative ways to reshape police services – like implementing the plan to put dashboard cams and GPS in all squad cars to increase efficiency and officer safety – I anticipate that the steps he will take will make this division even stronger.

I want to underscore the fact that the City's commitment to public safety is easily seen by the numbers. From 2009 through 2012 when non-public safety divisions were being reduced by some \$28 million in our efforts to fund schools, the budgets for police and fire together increased by \$9.5 million. This is in addition to the fact that public safety accounts for 75% of all city workers and a comparable amount of the budget.

As we move forward in our discussions to reimage government and choose the level of services we are willing to fund, we all must realize that no real and meaningful discussion can occur without our considering how to make Public Safety more efficient. I have often said that the Preamble of the

Constitution outlines *ensuring the domestic tranquility* as a primary role of government. But it is not the ONLY role of government. We must find balance.

I am committed to an honest discussion as we move forward. I would also say that as we move forward everyone should beware of sound bites that are not fiscally defensible.

We will continue to advance the innovative approaches that will allow us to continue the success we have seen in addressing and reducing criminal activity. And with Director Armstrong's leadership, our Police Department will continue to be a model.

THE FOURTH "P" I WOULD LIKE TO ADDRESS IS POVERTY

With a poverty rate of 27 percent and the percentage of "working poor" at 49 percent, Memphis is near the top of an unfortunate listing. Memphis has the third highest child poverty rate for cities with populations of more than 500,000 people.

Given the demands of our situation, I am looking forward to launching, in the first quarter of this year, one of the most innovative programs to reduce poverty of any city in the United States – the Memphis Blueprint for Prosperity.

The Blueprint's goal is a mandate to reduce the poverty rate in our city from 27% to 17% in 10 years – that's 1 percent per year for the next 10 years.

The Blueprint for Prosperity is designed to specifically allow families to have more disposable income by lowering the cost of those things that consume the largest percentage of Memphian's income -- housing and transportation. Also, by improving public transit, creating green jobs, and investing in energy conservation strategies, we can create a unique path to self-sufficiency for more families.

With respect to finding a replacement for long time MATA President Will Hudson, I am pleased to announce that the Hyde Foundation has agreed to underwrite the cost for a nationwide search for a replacement. In this connection we want to note that while the technical aspects of transporting individuals safely from Point A to Point B are important, we are just as interested in viewing transportation as a means and not an end. Specifically, we have charged the consultants with finding a replacement who has a global and innovative view of public transit and how it must play in a city which, due to its high poverty level, has so many individuals who depend solely on MATA for their mobility. We want MATA to be viewed as an agency that not only transports individuals out of their communities to a job, but more importantly transports them out of poverty into prosperity.

[ASIDE: WHITE HOUSE MEETING LAST WEEK; WENDI THOMAS ARTICLE]

And while we look forward to sharing this Blueprint later this quarter, I must underscore the simple fact that the BEST anti-poverty program is a good paying job.

Many of the thousands of good paying jobs we have successfully recruited in the last few years are finally coming online. A great example is Electrolux whose 750,000 square foot facility just opened its doors some days ago. But given that small businesses are the life source of our national economy, especially as it relates to hiring, we have also placed particular focus on efforts to grow and strengthen them locally.

- Since 2012, the City has seen a 20 to 30 percent increase in contracting with minority and women-owned businesses. Also, the Main Street to Main Street Project and the Sewer Assessment-Consent Decree Project are two notable projects with substantial participation goals that will provide opportunity and build capacity for MWBE vendors over the next 4 to 10 years.
- New initiatives like Economic Gardening and the Inner-City Economic Development program have provided targeted support to businesses in our city's neighborhoods.

Job growth and development is one significant piece of the puzzle, and job readiness is the other.

In this connection,

- WIN, our Workforce Investment Network, has dedicated a Case Manager whose efforts have led to approximately 735 citizens with criminal backgrounds receiving services, including subsidized job skills training, job readiness coaching, transportation assistance, and job placement.

- More than 300 individuals completed Industrial Readiness Training (IRT) program created in 2013. The IRT program at Southwest TN Community College prepares participants with marketable manufacturing job skills and credentials. 98% of graduates were offered jobs in the year's final two classes.
- WIN also played an integral role in helping to source and place 95 individuals through the Bioworks Technical Skills Training Grant which is aimed at equipping long-term unemployed and underemployed citizens for jobs in health technology fields.

We are seeking to build on and create more capacity for all of these successful efforts.

BEFORE I MENTION THE LAST "P," I FEEL IT NECESSARY TO HIGHLIGHT AN IMPORTANT POINT.

Responsible leadership is about our striking the right balance.

We have the responsibility of balancing expectations of our citizens versus the bottom lines of our budgets. We must strike the delicate balance in our affairs that is based in realism and pragmatism. This is important because ultimately the numbers that define our budget are real, the decisions that have the most positive impact are practical, and the work we have to do cannot wait.

For instance, there has been much talk of the process of incentivizing businesses that bring jobs to our city. There are those who say that using

taxpayer money or any other method to sweeten the pot for businesses to locate in our community is a “no-no” that should never be attempted. This view is NOT REALISTIC because it ignores the practices being employed by other cities with whom we are competing for coveted jobs and business development.

On the other hand, there are others who feel that any deal to lure businesses and jobs to town is a good deal. This view is NOT PRAGMATIC because no deal of this sort should be signed off on without our taking full account of the “*Return on Investment*” for the average citizen, not the company in question.

In this connection, I want to emphasize that I am not one to totally endorse the current Payment in Lieu of Taxes system as a perfect system or scenario. But given that this system is the ONE way we currently have to incentivize businesses while other communities have many more tools at their disposal, I am definitely not for our abandoning the practice altogether.

We must find that balance that allows us to make reasonable investments that benefit our citizens in the short and long term. The people we serve depend on us for this.

WITH THIS SAID, I WOULD LIKE TO SAY THAT THE LAST “P” IS THE “PLAN.”

I think you can see from the above that we clearly have all the ingredients for a vibrant and thriving city. We’ve talked of bringing jobs to Memphis, getting folks ready for those jobs, including improving our

environment and neighborhoods all over the city, and making the city safer for all. Certainly the ingredients are there. But just as six eggs, two cups of flour, a half stick of butter do not, standing alone, make a cake, the ingredients standing alone will not make a successful city. We must now “connect the dots” so that we can show our vision to the city and ask all to share in that vision. We need that ONE UNIFYING PLAN that allows us all to see the big picture and share how all things can play a part in the larger plan.

Within the next ninety days, we will present in very simple terms our various improvement and development opportunities and show how they are connected to make this city a safe, productive, City of Choice. This is critical for us – *we must write the vision and make it plain*; we must outline the upper reaches of our dreams for this city and lay the foundation that will support it.

You have heard us speak of our priorities and how we intend to firm up Memphis’ description as a City of Choice. The key is how do we pull together in one coherent statement all of our efforts undertaken to achieve this.

We must develop and present a plan which, while not couched in dollar investment, demonstrates clearly for all to see what we need them to invest their trust in, their goodwill, their moral support, their hopes, and their dreams.

We intend to earn this reputation as a City of Choice. I did say “**A**” City of Choice. This means that we must bring an end to this tale of two cities – one city for those with means and one city where opportunities are scarce for those without.

This duality should make us all uncomfortable while requiring us to redouble our efforts.

In the same way that Maxine and Vasco Smith fought to realize one standard for all citizens; in the same way that Dr. Ben Hooks and Rabbi James Wax worked to bring us together; and in the same way that Dr. Martin Luther King, Jr. sought to end these two separate and unequal narratives for citizens of the same city, we will work and invest our time and passion in the mission to make Memphis better.

We are ONE MEMPHIS and we will work together against the odds to ensure that opportunity is real in the lives of every citizen.

Thank you for coming, and may God Bless the City of Memphis

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