

THE MAYOR'S 
STATE OF THE CITY
M E M P H I S • 2 0 1 3

Friday, January 25, 2013
Memphis Pink Palace Museum

As Prepared for Delivery

To the members of the Memphis City Council, Elected Officials, City Directors, Administration officials, ladies and gentleman.

Good morning and thanks for being here on this blustery morning in our city. Before I begin, please allow me to take a moment to welcome a very special guest who is visiting with us and will be with us at an event later this afternoon that I will mention shortly. She is the long-time distinguished editor-in-chief of Essence magazine, Ms. Susan Taylor.

As Steve Pike reminded us just earlier, the Pink Palace Museum is a very special and significant local landmark. In addition to the many artifacts and exhibits that focus on the history of other cultures and communities across the globe, this museum places special emphasis on the history of vision and triumph over tragedy that has helped to define who we are as a city and a people.

It is against this backdrop that I am proud to say that the State of our City is sound and improving. We have not failed to live up to the history of resiliency, compassion, innovation, pragmatism, and possibility that has defined our city. This is evidenced by the strides we have made over the last year and the trends we have established.

Just one year ago I spoke to you all about my 4 priorities: safe and vibrant neighborhoods, prosperity for all, investing in our youth, and a more efficient government.

We made these commitments and we have taken bold actions to fulfill them.

We have been true to the priority we have put on our neighborhoods.

Through our 25 Square Block strategy, we have totally revolutionized the way we address blight in our city with amazingly positive results. In the last year we have carried this comprehensive blight plan to over 306 unique target areas covering more than 7,650 blocks of Memphis neighborhoods. These are neighborhoods where we have demolished vacant structures, cut weeds, picked up litter, boarded buildings, removed graffiti, filled potholes, and even straightened street signs.

We have seen the progress of the Memphis Police Department's Community-Oriented Policing initiative which has engaged police officers more fully in the total lives of neighbors and neighborhoods. In the target areas where C-O-P has been instituted, we have seen drops in criminal activity even as the police director will be working to expand this nationally-recognized model across our city.

We have ramped up our efforts to address gang violence through the formation of the Multi-Jurisdictional Gang Unit. This collaborative effort between Memphis Police and our federal and county partners is playing an important role in our ferreting out gang activity and the illegal enterprises it supports.

We have gone from being listed as one of the nation's worst places for cyclists to now receiving national awards for the strides we have made by putting bicycles lanes in neighborhoods across our city.

We have been committed to our priority to advance opportunity for all Memphians.

Our economy has continued to rebound as more of the job announcements we have made with companies like Electrolux and Mitisubishi over the last few years are becoming real for our citizens with many of these good paying jobs coming online.

Our Workforce Investment Network has had one of its most productive years in recent memory.

We have made great strides with the emphasis we have put on small business and minority and women-owned business development. In particular, from this past fiscal year to the current one, we have seen a 74 % increase in contracting opportunities for minority and women-owned businesses in city contracting.

The Memphis Library's new JobLinc Bus is now online, armed with the ability to travel to public areas across our city to provide needed job-search assistance to citizens who are seeking employment.

Our Homelessness Plan is showing signs of progress in the long work to remove the stubborn barriers that lead to homelessness.

We have followed through on our efforts to pursue efficiency and overall excellence in government.

We just launched our re-designed city website which is easier to navigate and much more user-friendly. This is the first significant change made to the website in nearly a decade.

We also launched our 311 Center which consolidated the over 21 call centers in City government that previously existed. You will recall that Memphis was selected by the White House as a part of the Strong Cities, Strong Communities initiative. It was the Strong Cities team that put a tremendous amount of work into the development

of 311 including the development of the 311 center's data management system for key performance indicators.

We have seen a smooth transition and notable advances from our merging of city divisions. In particular, Community Enhancement's merge into the Public Works division has led to hourly costs reduced by 80% and productivity increased by some 400% with respect to our blight mitigation strategies.

The City Council has approved the transfer of our property tax collections to the County Trustee. This will bring an immediate savings of \$2.5 million which we would have had to expend for our systems upgrade. We are also proceeding to a centralized collection office. Under this arrangement we will have one central office to collect all money owed the city.

We are in the final phases of contracting for new parking meters to replace our outdated systems with the result being a more dependable stream of revenue for the city and more convenience for the driver.

With respect to City Government finances, our current Operating Budget is \$648 million which represents a 2 percent DECREASE from the FY12 budget of \$661 million.

The head count for our general fund employees is 6,291 which represents a 214 employee DECREASE over the past 3 years.

Our tax rate is \$ 3.11, 10 cents of which went to the terminal year of our funding of Memphis City Schools, leaving a net operating tax rate for city government as \$3.01. As a matter of fact, this current City Council could accurately state that there have been 3 tax decreases during its tenure.

To put it succinctly, that is a decrease in city government's operating cost, a decrease in our number of general fund employees,

and a current tax rate that is lower than the city's tax rate was 20 years ago. I think that the trend currently in place relative to taxes and government operations supports Memphis' placement at the top of virtually every national study into America's most affordable cities.

Additionally, our bond rating is AA, our reserve fund balance is approximately \$62 million, and our Capital Improvement Budget is roughly \$65 million, an amount that we have held fairly steady over the past three years.

We also continue to place a priority on investing in our youth.

Although we have come to an end in our financial support of Memphis City Schools, we are making investments in the lives of our community's young people every day.

The programs and initiative at our community centers and libraries continue to reach our youth. We were privileged just last year to receive national recognition for our swim programs which are teaching African-American youth, who are 3 times more likely to drown, to swim with confidence.

Our Ambassadors program continues to engage teenagers in educational enrichment activities year-round.

My Education Advisory Panel, which I appointed to advise me and the Council with respect to what role the City of Memphis should play in public education, is nearing the completion of its report. It is safe to say that Pre-K and early childhood will be a priority.

I want to also reiterate my support for increasing the local option sales tax in an effort to fund pre-K education. As I have said for many years, there is not a better investment we can make in the future of our community than to support early childhood education.

We are investing in youth through the Mentoring Initiative we began in partnership with the Grizzlies Foundation and the District Attorney's office.

With the hard work of many; with pragmatic collaboration that spans our divides; and with a belief in our ability to meet every challenge, Memphis has moved forward.

Just last week, the highly respected Milken Institute released its annual Best Performing Cities Index for 2012. Components of this study include job, wage, salary, and technology growth. From 2011 to 2012, Memphis climbed 92 spots, making us the 3rd biggest gainer when comparing our 2011 ranking with our 2012 position.

As this study shows, our talk of Memphis' rebounding economy is not empty optimism; we are making real, measurable strides.

We have a right to be proud of what we have accomplished together. And the progress we have made is the resume' to prove we have the ability to harness our collective will, work, and ingenuity to sustain this momentum and meet every present or future challenge.

It has been said that mayors are the chief economic development officers of their cities, and it's hard for me to disagree. There's not a day that goes where I am not working on economic development in some way.

I want to assure each of you that I have not taken my eye off of the ball as it relates to our continued economic vitality as a city. Our recent success in winning thousands of new jobs to Memphis has not lulled me or any of us to sleep. Our successes have only made us hungrier to experience more success. And even when we don't come out on top in our attempts to attract, grow, or retain jobs and businesses, we do not close up shop, knowing that the stakes are too high and the competition is too fierce for us to forfeit our responsibility to try. I want to thank the Council for their support of

economic development, and I look forward to our working together on this important issue to the benefit of all of our citizens.

This support is important because one of the often-heard criticisms of government is that we have a short attention span and we lack the discipline and follow-through to remain committed to the longer projects and the longer view. We are proving this line of thinking wrong through our investment in projects like Bass Pro Shops, the Fairgrounds redevelopment, and the Harahan Bridge Project, all of which will be important economic engines.

We are also proving that we can take the long view of our financial realities as we are showing through our Metropolitan Business Plan, EDGE, and more directly through the strategic planning process in which we are now engaged. Specifically, our five year fiscal planning will get us away from the year-by-year budgeting processes that allow us to easily postpone making hard but needed financial decisions.

With reference to the big projects I've mentioned, there is of course Bass Pro Shops. Let me say that one of the most appealing parts of the project is that almost half of its space will be dedicated to conservation-related exhibits spotlighting our special outdoor traditions and the important waterfowl migration flyways through our region. There will no other store in the U.S. that will rival this one, and Bass Pro Shops will be working hard to get it open before the end of 2013.

Another ambitious project that is moving ahead is the 175-acre redevelopment of the Fairgrounds into a New Urbanist, mixed-use project anchored by sports venues that help make Memphis a regional and national location for competitive events.

In the next few months, we will issue an RFP for a developer to achieve our vision for the Fairgrounds. We have our aspirations for

the site, but they are of course dependent on the realities of the marketplace.

In connection to this work at the Fairgrounds, we have finalized an agreement with the U.S. Department of Justice that brings the stadium's seven-year ADA issue to a close. As an attorney by trade, I must say that from the successful library card/voter ID case, the consent decree which will result in upgrades to our sanitary sewer system, the Beale Street verdict, and the Wells Fargo agreement, we have been able to finally move forward on a number of issues previously held up in court.

In consideration of our local assets, we can never overlook our prized riverfront. The riverfront is home to our city's ritual events and celebrations, and common ground for every citizen and every visitor. Because of this, I asked Jeff Speck, former director of design for the National Endowment for the Arts, to help me develop a balanced approach that attracts people to the riverfront while offering a menu of options to explore and enjoy.

Just as downtown Memphis is a priority for City of Memphis for reasons ranging from branding, livability, and tax revenues, it is crucial that downtown is not an island surrounded by deteriorating neighborhoods. For the urban core to succeed, it has to be surrounded by healthy, highly functioning neighborhoods. That was the motivation for the Uptown redevelopment and other HOPE VI projects, and it is the motivation for Heritage Trail.

The Heritage Trail area will include the newly-renovated Cleaborn Homes. It will also result in the removal of Foote Homes public housing to build new housing, to build the Martin Luther King Plaza and Monument, to redevelop Hunt-Phelan Home, to develop Clayborn Temple Heritage Museum and Ernest Withers Collection and Gallery of Historic Photographs, and to improve Church Park.

Regarding Beale Street, I am very happy to again report that the decision that came down from the bankruptcy court judge on Wednesday will now allow the city to round out our plans for the transition of operational responsibility.

And as we consider the future and the possibilities for Beale Street, we must also determine where we wish to go with respect to overall Convention, Exhibitions, and Tourism.

There is universal agreement that our present facilities are not adequate to allow us to remain in competition for our fair share of tourism, exhibits, and convention business. We are working closely with the Convention and Visitors Bureau, the Chamber of Commerce, the private sector and others to not merely outline what our needs should be, but to identify methods of funding the cost of the kind of facilities we need.

Another well-documented challenge for us is our local air service. Our Air Task Force headed by Doug McGowen of my Innovation Delivery Team is moving forward in obtaining the expertise we need to develop a concrete plan to increase air service at the Memphis International Airport. I look forward to also connecting with Jack Sammons on this critical issue as he takes on his new role as Chair of the Memphis-Shelby County Airport Authority Board.

And of course there is the stubborn issue of poverty. I am pleased to report, however, that we have a number of initiatives underway, including our Family Rewards program and our Blueprint for Prosperity which we are confident will bear much fruit.

Particularly, The Blueprint for Prosperity is a strategic approach to creating the kind of neighborhoods that encourage connections to jobs and economic growth, to services for childhood

development, and for housing program that create the conditions for strong family development. I have met with Governor Haslam about this approach and I am proud that he is a partner with us as we move ahead.

All of these are major issues that require our attention and vigilance.

I am, however, probably most immediately focused on two particular issues, both of which have a wide-ranging impact.

Our most significant challenge to a continued sound City of Memphis government lies in the areas of debt service and employee benefits. We are entering the budgeting for FY14 with a debt service gap of roughly \$20 million. We expect to fill this gap this year with funds previously used for Memphis City Schools. However, there will be a continuing gap in years to come and we must, through additional efficiencies and revenues, other than property tax, find ways to fill these gaps. I might add that our CIP policy calls for not increasing our CIP budget by any more than what we pay down in a given year.

Our total unfunded actuarial liability for OPEB liability is \$1.3 billion and our unfunded actuarial liability for Pension Fund is \$642 million. We are in serious discussions with our employees and employee associations because we all understand fully that our current pension and benefit packages are not sustainable.

The overarching challenge of fiscal soundness is compounded by the fact that our property tax receipts are certain to take a hit as a result of the reappraisal. While we do not have exact numbers, we have heard estimates that the decrease may range anywhere from 3-5 percent.

The issue of security in our city finances is on par with our other most pressing security issue – the one in our streets. And,

there is no greater threat we have to the security of our city, our streets, our neighborhoods, and our citizens than the issue of gun violence.

On the same day that the Newtown tragedy occurred, we faced our own local tragedy with the death of Officer Martoya Lang who was killed by a stolen 9mm gun with a high capacity magazine.

This is not about gun control; it is about gun violence and criminal control.

Our need for action on this subject is being proven every weekend in Memphis when I get a call from Director Armstrong letting me know how many shootings and deaths from gunshot we have seen. Just consider how we have had 10 MPD officers wounded by gunfire since April 2011 with two of those shootings resulting in death.

At 3:30 p.m. today at City Hall, I am calling a special press conference to announce our comprehensive gun violence reduction plan.

All of these diverse issues require our ability to be aggressive and creative on a number of different fronts. But I am here today to remind you all that as Memphians, we are up to the task.

Let me conclude by framing the challenges that lie ahead. I can best do that by borrowing a line from the Preamble of the Constitution. Specifically, the phrase is “to insure domestic tranquility.” By any definition of the word, one draws thoughts and images of harmony, peace, safety, and comfort.

150 years removed from the Emancipation Proclamation, 50 years since the March on Washington, and just days since the 2nd Inauguration of our first African-American President, we realize that our work still continues.

Harmony, peace, safety, and comfort are all tied to economic security. As President Franklin Roosevelt once remarked, *we have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence.*

What slavery was to one generation and what segregation was for another, economic freedom and our efforts to address economic opportunity are the perennial challenges that we cannot ignore in our city. In the same way that Lincoln famously said that *government cannot endure permanently half-slave and half-free*, we recognize that having almost a full one-quarter of our fellow citizens shackled by poverty is untenable and unacceptable.

It is a stark reminder that we have work to do.

We will not rest until those who want to work have the ability to do so.

We will not rest until every child can play on a safe street.

We will not rest until we better educate our children during their earliest years.

And we won't rest until gunfire is no longer the accepted soundtrack for some neighborhoods.

I know the things I mention are the dreams and aspirations of any American City. But as Memphians, we have the pedigree that proves our ability to dream, innovate, and transform our realities.

Thank you and may God bless us in our continued endeavors.

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