

**2009 State of the Business Community Address**

**By Glendale Mayor Elaine Scruggs**

**January 8, 2009**

GOOD AFTERNOON -- WELCOME AND THANK YOU FOR ATTENDING THE CHAMBER'S ANNUAL BUSINESS MEETING TODAY, AND THANK YOU FOR YOUR CONTINUED SUPPORT AND INTEREST IN THE CITY OF GLENDALE.

I ALSO WANT TO THANK THE CHAMBER'S BOARD OF DIRECTORS WHO PROVIDE THIS OPPORTUNITY FOR ME TO PRESENT MY ANNUAL "STATE OF THE BUSINESS COMMUNITY ADDRESS" AT THIS LUNCHEON.

I HOPE YOU ENJOYED THE VIDEO TODAY. IT INCLUDES EXCERPTS FROM OUR NEW "THIS IS GLENDALE" DVD. EVERY TIME I SEE THE VIDEO, I AM INSPIRED AND VERY PROUD OF ALL THE WAYS GLENDALE HAS EMERGED AS A MAJOR SOCIO-ECONOMIC CONTRIBUTOR AND INFLUENCER IN THE STATE OF ARIZONA.

AS GLENDALE'S SUPPORTERS, YOU KNOW THAT OVER THE PAST SEVERAL YEARS WE HAVE MADE THOUGHTFUL, BUT BOLD DECISIONS ABOUT THE DEVELOPMENT OF OUR CITY'S WESTERN AREA. THOSE DECISIONS ELICITED INTERESTING RESPONSES FROM THE REGIONAL COMMUNITY AND BEYOND.

THERE WERE MANY SKEPTICS -- SOME CONSIDERED THE GLENDALE CITY COUNCIL TO BE NAÏVE AND OVERMATCHED BY OUR DEVELOPMENT PARTNERS. CRITICS SAID THAT THE PUBLIC WOULD NOT WANT TO DRIVE “WAY OFF THE BEATEN PATH TO 91<sup>ST</sup> AVENUE,” WHICH IS A QUOTE FROM A FORMER VALLEY MAYOR. BUT, WE DID HAVE SUPPORT FROM OUR RESIDENTS AND LOCAL BUSINESS COMMUNITY, AND WE ARE GRATEFUL EVERYDAY FOR THAT CONFIDENCE AND ENTHUSIASM.

TODAY, WITH OUR NATIONAL, STATE, AND LOCAL ECONOMY SPIRALING OUT OF CONTROL, WE CAN REFLECT ON WHAT WERE CONSIDERED DARING MOVES AND BE THANKFUL THAT WE DID APPROVE DEVELOPMENT PROJECTS THAT HAVE ADDED TO THE WEALTH OF OUR COMMUNITY.

HERE ARE A FEW QUICK UPDATES ON RECENT ECONOMIC ACTIVITY IN GLENDALE.

IN NOVEMBER, THE RENAISSANCE GLENDALE HOTEL AND SPA MARKED ITS ONE-YEAR ANNIVERSARY WITH REPORTS OF \$20 MILLION IN REVENUE; 100 SOLD OUT NIGHTS; AND 600 PROFESIONAL CONFERENCES AND CONVENTIONS IN THEIR VERY FIRST YEAR -- ALL EXCEEDING INITIAL PROJECTIONS. WESTGATE CITY CENTER NOW HAS MORE THAN 2.5 MILLION SQUARE FEET OF CONSTRUCTION COMPLETED AND OCCUPIED.

GETTING IN TO ANY OF WESTGATE'S 21 RESTAURANTS ON A WEEKEND NIGHT REQUIRES INCREDIBLE PATIENCE.

ON SATURDAY, DECEMBER 27<sup>TH</sup>, OUR CITY-OWNED ARENA CELEBRATED ITS FIVE-YEAR ANNIVERSARY, AND MEMORIES OF WHAT SEEMED TO BE A HUGE BUILDING STANDING ALONE IN THE MIDDLE OF A FARM FIELD ARE NOW VERY HARD TO VISUALIZE.

ON SUNDAY, DECEMBER 28<sup>TH</sup>, THE ARIZONA CARDINALS COMPLETED THEIR THIRD REGULAR SEASON OF SOLD-OUT GAMES IN GLENDALE, AND ALL OF ARIZONA IS THRILLED TO HONOR THEM AS THE NFC WEST DIVISION CHAMPIONS.

ON SATURDAY, JANUARY 3<sup>RD</sup>, THE CARDINALS PLAYED TO A STADIUM FULL OF LOUD, HAPPY FANS AND BEAT THE ATLANTA FALCONS TO WIN A SPOT IN THE DIVISIONAL PLAYOFFS.

AND, AFTER THOSE SPECTACULAR GAMES CAME THE THIRD FIESTA BOWL GAME HELD IN GLENDALE -- AND WHAT AN EXCITING GAME IT WAS.

THE ECONOMIC ENGINE THAT IS GLENDALE'S SPORTS AND ENTERTAINMENT DISTRICT PRODUCED \$10.1 MILLION IN REVENUE FOR OUR CITY DURING THE PAST FISCAL YEAR -- A GOOD BEGINNING FOR THE AREA'S NEWEST AND BEST VENUES.

AND THE REVENUE WILL CONTINUE TO GROW AS GLENDALE'S VENUES CONTINUE TO GROW.

TWENTY-THREE MONTHS AGO, I STOOD ON THIS STAGE AT THE GLENDALE CHAMBER'S 2007 ANNUAL BUSINESS MEETING AND INTRODUCED JERRY REINSDORF, OWNER OF THE CHICAGO WHITE SOX BASEBALL TEAM. TOGETHER, WE ANNOUNCED THAT GLENDALE WOULD BE THE SPRING TRAINING HOME OF THE WHITE SOX AND THE LOS ANGELES DODGERS.

IN LESS THAN TWO MONTHS FROM TODAY --- ON SUNDAY, MARCH 1 --- THE DODGERS AND WHITE SOX WILL PLAY EACH OTHER IN THE VERY FIRST GAME IN GLENDALE'S NEW SPRING TRAINING COMPLEX BUILT SPECIFICALLY FOR THEM.

AND, THE MOST RECENT SPORTS ORGANIZATION TO GET ON "THE ROAD TO GLENDALE" IS USA BASKETBALL, WHICH ANNOUNCED IN NOVEMBER THAT IT WILL MOVE ITS HEADQUARTERS FROM COLORADO TO GLENDALE BY THE YEAR 2010.

FOUR PROFESSIONAL SPORTS TEAMS, THREE STATE-OF-THE-ART FACILITIES, AND MULTIPLE MIXED-USE DEVELOPMENTS ALL OPENED IN A FIVE-YEAR TIME SPAN IS PRETTY REMARKABLE.

AS THOMAS JEFFERSON, OUR COUNTRY'S THIRD PRESIDENT, ONCE SAID, "DETERMINE NEVER TO BE IDLE.... IT IS WONDERFUL HOW MUCH MAY BE DONE IF WE ARE ALWAYS DOING." I THINK PRESIDENT JEFFERSON'S QUOTE REALLY DEFINES GLENDALE.

WHILE I HAVE CONCENTRATED TODAY ON DEVELOPMENTS IN OUR WESTERN AREA, I WANT TO RESTATE OUR COUNCIL'S FOCUS AND EMPHASIS ON QUALITY DEVELOPMENT AND REDEVELOPMENT IN ALL PARTS OF OUR CITY.

WE ARE EXTREMELY FORTUNATE TO HAVE VITAL MASTER-PLANNED COMMUNITIES LIKE ARROWHEAD RANCH, AND THE POPULAR AND SUCCESSFUL ARROWHEAD TOWNE CENTER REGIONAL MALL IN NORTH GLENDALE.

AND, WE ARE EQUALLY FORTUNATE TO HAVE A REAL DOWNTOWN CORE THAT PEOPLE ENJOY VISITING. WE LAUNCHED OUR CENTERLINE PROJECT IN 2008 TO DEVELOP PLANS, IN CONCERT WITH OUR RESIDENTS AND BUSINESSES, TO INCREASE THE PRODUCTIVITY OF OUR DOWNTOWN AND THE GLENDALE AVENUE CORRIDOR TO THE EAST AND WEST OF DOWNTOWN.

GRADY GAMMAGE, JR. A RESPECTED AUTHORITY ON LAND-USE TRENDS IN THE STATE, SPOKE AT A RECENT CENTERLINE MEETING FOR GLENDALE BUSINESS AND PROPERTY OWNERS.

IN HIS REMARKS, HE COMMENTED THAT CITIES USUALLY HAVE ONLY ONE OR MAYBE TWO AREAS OF DEVELOPMENT. HE WENT ON TO SAY THAT GLENDALE'S THREE DISTINCT AREAS MAKE OUR CITY UNIQUE AND SOMETHING WE SHOULD BE VERY PROUD OF.

AND WE ARE VERY PROUD OF ALL THAT EVERY PART OF GLENDALE OFFERS AND CONTRIBUTES TO THE GROWTH AND PROSPERITY OF NOT ONLY OUR OWN CITY, BUT TO THE STATE OF ARIZONA.

THE COUNCILMEMBERS AND I HAVE RE-AFFIRMED OUR COMMITMENT TO OUR STRATEGIC GOALS OF MAINTAINING ONE COMMUNITY WITH STRONG NEIGHBORHOODS, QUALITY ECONOMIC DEVELOPMENT, AND A VIBRANT CITY CENTER.

GLENDALE HAS CREATED AN UNPARALLELED ECONOMIC VIBRANCY BY ENTERING INTO PARTNERSHIPS. WITH THE HELP OF OUR PUBLIC- AND PRIVATE-SECTOR PARTNERS, WE HAVE GENERATED APPROXIMATELY \$1 BILLION DOLLARS OF ECONOMIC ACTIVITY FOR THE STATE IN JUST A LITTLE OVER TWO YEARS.

BY SOME ESTIMATES, SUPER BOWL 42 ALONE GENERATED \$500 MILLION DOLLARS IN TOTAL ECONOMIC OUTPUT. ACCORDING TO A FISCAL IMPACT STUDY OF THE SUPER BOWL BY ELLIOT POLLACK, VISITORS SPENT \$213 MILLION DOLLARS ON

TAXABLE PURCHASES IN MARICOPA COUNTY. THIS SPENDING TRANSLATED INTO \$9 MILLION DOLLARS IN NEW TAX REVENUE FOR THE STATE OF ARIZONA.

AND, OF COURSE, THE ARIZONA CARDINALS, PHOENIX COYOTES, AND THE EVENTS AND CONCERTS AT BOTH OUR ARENA AND THE FOOTBALL STADIUM HAVE ALSO ADDED GREATLY TO OUR STATE'S ECONOMY DURING THIS TIME.

OUR STATE'S ECONOMY NEEDS ALL THE NEW REVENUE GENERATION HELP IT CAN GET.

THE DEFICIT IN THE STATE BUDGET IS \$1.5 BILLION DOLLARS FOR THE CURRENT FISCAL YEAR AND A POTENTIAL OF MORE THAN \$2 BILLION DOLLARS DEFICIT FOR THE FISCAL YEAR BEGINNING JULY 1.

THE SITUATION IS EXTREMELY SERIOUS. AND THIS BRINGS ME TO THE QUESTION THAT IS PROBABLY ON YOUR MINDS -- HOW IS THE CITY OF GLENDALE FARING IN THE MIDST OF THE WORST FINANCIAL CONDITIONS TO EVER FACE OUR STATE.

ALMOST DAILY YOU ARE READING AND HEARING ABOUT HOW MUNICIPAL GOVERNMENTS IN THE VALLEY ARE DEALING WITH DECLINING REVENUES AND BUDGET SHORTFALLS. SOME CITIES ARE LAYING OFF EMPLOYEES AND ELIMINATING

PROGRAMS. ALL OF US ARE IMPLEMENTING COST-CUTTING MEASURES.

THE COST-CUTTING MEASURES DIRECTED BY OUR CITY MANAGER ARE DESIGNED TO HAVE AS LITTLE IMPACT AS POSSIBLE ON SERVICES TO OUR RESIDENTS AND BUSINESSES.

BUT THAT MAY NOT BE POSSIBLE FOR VERY LONG. THE BAD NEWS JUST KEEPS COMING. IN EARLY DECEMBER, WE LEARNED THE STATE'S URBAN REVENUE SHARING FUND WILL DROP BY 13.5 PERCENT THIS YEAR.

THE URBAN REVENUE SHARING FUND WAS CREATED TO PREVENT CITIES AND TOWNS FROM IMPOSING LOCAL INCOME TAXES, AS IS DONE IN OTHER STATES. INSTEAD, ARIZONA SHARES 15 PERCENT OF STATE INCOME TAX COLLECTIONS WITH ALL CITIES AND TOWNS USING A POPULATION-BASED FORMULA.

THE 13.5 PERCENT DROP IN COLLECTIONS MEANS THERE WILL BE \$100 MILLION LESS COMING TO THE CITIES AND TOWNS.

THIS ONE ECONOMIC EXAMPLE DEMONSTRATES HOW DEPENDENT ALL CITIES AND TOWNS ARE ON THE ARIZONA STATE BUDGET.

BUT ON THE FLIP SIDE, THE STATE RELIES ON THE ECONOMIC VITALITY OF ARIZONA'S 90 CITIES AND TOWNS TO GENERATE HUNDREDS OF MILLIONS OF DOLLARS IN TAX REVENUE ANNUALLY FOR THE STATE.

NEARLY 90 PERCENT OF ALL NON-FARMING JOBS IN ARIZONA ARE LOCATED IN OUR CITIES AND TOWNS. MORE THAN 90 PERCENT OF THE INCOME TAX THE STATE COLLECTS EACH YEAR IS PAID BY RESIDENTS AND BUSINESS LOCATED IN CITIES AND TOWNS. AND NEARLY 95 PERCENT OF THE STATE'S SALES TAX REVENUE IS GENERATED IN CITIES AND TOWNS.

REALIZING THAT CITIES AND TOWNS ARE BOTH THE CATALYSTS FOR FINANCIAL STABILITY AND ALSO THE PROVIDERS OF THE MOST ESSENTIAL BASIC SERVICES FOR THE STATE -- ITS RESIDENTS, ITS BUSINESSES, AND ITS VISITORS -- ARIZONA VOTERS HAVE PASSED A SERIES OF PROPOSITIONS OVER THE LAST 50 YEARS REQUIRING THE STATE TO RETURN A PORTION OF YOUR TAX DOLLARS BACK TO THE CITIES YOU LIVE IN. WE REFER TO THESE DISTRIBUTIONS OF STATE SALES, INCOME, AND VEHICLE REGISTRATION TAXES AS "SHARED REVENUES" OR "STATE-SHARED REVENUES."

IN GLENDALE, SHARED REVENUES CURRENTLY TOTAL \$68 MILLION DOLLARS ANNUALLY AND MAKE UP 37 PERCENT OF

OUR CITY'S GENERAL FUND BUDGET. THAT 37 PERCENT IS AN AVERAGE PROPORTION FOR CITIES THE SIZE OF GLENDALE.

UNDERSTANDING HOW INTERWOVEN THE STATE'S FINANCES ARE WITH MUNICIPAL BUDGETS MAKES IT EASY TO UNDERSTAND HOW UNNERVING IT IS TO HEAR OUR STATE TREASURER SAY ARIZONA COULD RUN OUT OF MONEY AS EARLY AS NEXT MONTH AND THAT THERE WON'T BE ANY CASH RESERVES TO COVER THE BILLS.

HOUSE SPEAKER-ELECT KIRK ADAMS PUT IT SUCCINTLY BY SAYING, "ESSENTIALLY, THE STATE IS BROKE."

RECENTLY STATE REPRESENTATIVE ADAMS AND SENATE PRESIDENT-ELECT BOB BURNS HAVE BOTH COMMENDED ARIZONA CITIES AND TOWNS FOR THE WAY WE HAVE BEEN FACING UP TO THE ECONOMIC CRISIS AND IMPLEMENTING MEASURES TO BALANCE OUR BUDGETS. THEY HAVE RECOGNIZED US FOR STEPPING UP AND MAKING THE TOUGH DECISIONS EARLY ON -- SAYING THE STATE SHOULD FOLLOW OUR EXAMPLE.

WE SINCERELY APPRECIATE KNOWING THAT THE LEADERS OF THE STATE HOUSE AND THE STATE SENATE -- AND MANY MORE MEMBERS OF THE ARIZONA LEGISLATURE -- UNDERSTAND THAT WE ARE BEING HIT ON MULTIPLE FRONTS . . . DECREASED SALES TAX REVENUES FROM DECREASED CONSUMER

SPENDING; DECREASED REVENUES FROM LODGING DUE TO DECREASED BUSINESS AND LEISURE TRAVELING; AND DECREASED REVENUES FROM PERMITS AND CONSTRUCTION SALES TAX DUE TO DECREASED HOMEBUILDING.

WE WILL ALSO EXPERIENCE DECREASED REVENUE FROM STATE SALES TAX COLLECTIONS. AND, A LARGE PORTION OF OUR SHARE OF GAS TAXES HAS BEEN DIVERTED TO PAY SALARIES FOR DEPARTMENT OF PUBLIC SAFETY OFFICERS.

WHILE SOME LEGISLATORS MAY BE TEMPTED TO TRY TO FURTHER REDUCE REVENUES EARMARKED TO CITIES AND TOWNS, WE TRUST LEGISLATIVE LEADERSHIP TO RECOGNIZE THAT WE HAVE MORE THAN OUR SHARE OF FINANCIAL PROBLEMS TO DEAL WITH.

I REALIZE THAT EXPLAINING HOW MUNICIPAL AND STATE BUDGETS WORK IS NOT SOMETHING YOU WOULD EXPECT ME TO BE TALKING ABOUT DURING MY ANNUAL STATE OF THE BUSINESS COMMUNITY ADDRESS. BUT, THIS YEAR, THERE IS NO SUBJECT MORE IMPORTANT AND TIMELY TO ALL OF US ATTENDING THIS LUNCHEON TODAY. THE HEALTH AND WELL-BEING OF OUR LOCAL AND STATE ECONOMY WILL HAVE A RIPPLE EFFECT ON EVERY SECTOR OF BUSINESS – WHETHER YOU ARE A SOLE PROPRIETER, SMALL BUSINESS, NON-PROFIT ORGANIZATION OR FOR-PROFIT COMPANY.

WE IN GLENDALE AND THOSE IN THE OTHER 89 ARIZONA CITIES AND TOWNS WILL CONTINUE TO KEEP A CLOSE EYE ON REVENUES AND EXPENSES AND MAKE EXTREMELY CAUTIOUS DECISIONS AS WE GO THROUGH THE PROCESS OF MAINTAINING BALANCED BUDGETS.

BUT, WE WANT YOU TO KNOW THAT ALL OF OUR PLANNING CAN BE FOR NAUGHT IF STATE ACTIONS SHIFT THEIR TAX BURDEN AND FINANCIAL WOES TO US.

NOW, MORE THAN EVER, WE MUST WORK CLOSELY WITH OUR LEGISLATORS TO KEEP CITIES AND TOWNS STRONG. WE WILL APPRECIATE ALL THE SUPPORT YOU CAN GIVE US BY CONVEYING TO YOUR STATE LEGISLATORS HOW MUCH YOU RELY ON THE SERVICES AND PROGRAMS YOUR CITIES PROVIDE TO YOU.

WE MUST ALSO WORK CLOSELY WITH OUR REPRESENTATIVES AT THE STATE CAPITOL TO STRENGTHEN ECONOMIC DEVELOPMENT POLICIES AND PROGRAMS THAT WILL RESULT IN SUSTAINED GROWTH.

AS SPEAKER-ELECT ADAMS STATED IN A RECENT MEETING WITH A SMALL GROUP OF MAYORS, THE STATE MUST DIVERSIFY ITS ECONOMY AND INITIATE MEANINGFUL TAX REFORM MEASURES AT THE SAME TIME THAT THE CURRENT BUDGET PROBLEMS ARE BEING WORKED OUT.

MEASURES MUST BE TAKEN AND CHANGES MUST BE INSTITUTED TO PREVENT FUTURE LOCAL ECONOMIC DIFFICULTIES AND ALSO PREPARE US TO BETTER WITHSTAND NATIONAL MELTDOWNS SUCH AS WE ARE EXPERIENCING NOW.

WE HAVE AN OPPORTUNITY NOW TO MAKE SOMETHING GOOD OUT OF THIS CRITICAL SITUATION. AND WE MUST NOT WAIT.

WE NEED OUR STATE GOVERNMENT LEADERS TO APPROVE USEFUL AND ATTRACTIVE STRATEGIES THAT WILL PUT ARIZONA ON PAR WITH OTHER STATES, ESPECIALLY THOSE IN THE SOUTHWEST AND NORTHWEST. CREATING AN INNOVATION-DRIVEN ECONOMY AT THE STATE LEVEL WILL HELP CITIES ATTRACT HIGH-WAGE JOBS AT THE LOCAL LEVEL. THIS IS WHAT MUST BE DONE FOR ARIZONA TO BECOME MORE COMPETITIVE WITH OTHER REGIONS IN THE COUNTRY.

AT THE FOREFRONT OF DEVELOPING NEEDED STRATEGIES IS THE GREATER PHOENIX ECONOMIC COUNCIL, REFERRED TO AS GPEC. GPEC IS COMPRISED OF 18 CITIES, MARICOPA COUNTY GOVERNMENT, AND MORE THAN 140 PRIVATE-SECTOR COMPANIES. GPEC SERVES AS THE CATALYST THAT STRENGTHENS THE REGION'S ECONOMIC BASE.

TODAY, WE WILL LEARN ABOUT GPEC'S EFFORTS FROM THE CHAIRMAN OF ITS BOARD OF DIRECTORS, MICHAEL BIDWILL.

YOU ARE USED TO HEARING HIM TALK ABOUT BUILDING A WINNING FOOTBALL TEAM. TODAY, HE WILL BE TALKING ABOUT BUILDING A WINNING ECONOMIC DEVELOPMENT PROGRAM.

LADIES AND GENTLEMEN, IT IS MY PLEASURE TO INTRODUCE A MAN FOR WHOM WINNING IS THE ONLY OPTION -- MICHAEL BIDWILL.