



The Honorable Mayor Kevin M. Johnson
State of the City Address
January 30, 2012

“Making the Impossible Possible”

As Prepared for Delivery

Good afternoon and welcome. When I sat down to think about this “State of the City” address, a lot of ideas rushed through my head. But let’s face it— there’s only one topic on everybody’s mind: the economy, jobs and getting people back to work. So the question this year-- heading into 2012-- is not what is on people’s minds - I’m clear on that. The question is **HOW** are we going to dramatically improve the economy and create more jobs?

The answer, is that we are going to make the impossible possible.

But first, if anyone who thinks we aren’t in a dire situation, let me remind you of a few key facts. We have one of the most negative business climates in the country. A recent survey ranked us 99th out of 102 cities. We are the sixth worst large metropolitan area in the country when it comes to unemployment with 10.9% of our community without jobs. And, we have the tenth highest foreclosure rate in the country. Sacramento homeowners are receiving foreclosure notices at nearly three times the national average

So let me be clear that the economy is bad everywhere, but it’s worse here. No one has escaped it. And we are in a near impossible situation. Experts would tell us that it’ll take 5 more years before things get better in Sac.

You know what I say back to those experts? We don’t have 5 years. Families who are emptying their savings to pay their mortgages can’t wait. Children whose parents don’t have health insurance can’t wait. Business owners who have tapped out their last lines of credit can’t wait.

None of us can afford to wait for the economy to recover on its own. We have to take bold actions and determine our own destiny. And we have to do it now. We have to make the impossible possible.

How are we going to do this? I’m going lay out 3 ways we can.

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The first is the new sports and entertainment complex . If ever there was something this city thought was impossible (pause), it was building a new sports and entertainment complex. After

12 failed attempts, it was hard not to! But you know what, folks? We are this close to making it happen.

Think about this: eight months ago, we were sitting at PowerBalance Pavilion watching what everybody thought was the last Kings game we'd ever see. The team was not only rumored to be moving; they not only had one foot out the door, or two feet out the door. They had both legs, arms, their torso, head and all critical body parts out. It was like there was one little string at the back of their coattails that snagged on the door as they were walking out. But we grabbed that string and reeled them back in.

What kept them here? We did. Not one of us, but all of us collectively.

We simply had to relay the truth and the facts about this city. We reminded the NBA that we sold out 19 of the 26 seasons the Kings have been in our city. We pointed out that we're a top 20 media market. We told our corporate community stepped up by raising \$7 million in additional corporate sponsorships- in a little over a week! And we proposed a credible pathway to a new arena

No one thought it could happen. But it did. We made the impossible possible. We saved our team and bought another year to get this done.

Now it's time to finish what we started. It's crunch time. March 1st is only a four weeks away. But I'm confident we can get this done. We are closer than ever to finding a way to pay for the facility in a way that protects taxpayers, works for all parties, and ensures a true public-private partnership.

And now we are incredibly close to finalizing a plan to build and finance the most transformative economic project downtown has ever seen. If that wasn't impressive enough, we're doing it without raising taxes and without any negative impact to our general fund

And as I've said all along, building this sports and entertainment complex is about much more than basketball. It's about defining our own destiny. This complex is really about three things. It's about job creation (4100). When we build this arena, it will create 4100 new jobs. It's about becoming a destination point. The new complex will attract over 3 million new visitors to downtown. Those visitors will ignite new economic development, increasing annual revenues for the region by \$157 million and for local government agencies by \$5.8 million.

Since we've laid out the path to a new arena, the sense of momentum in the city is strong. Everyone wants to be a part of this! Our city staff are working hard to bring this project to life. But they're not alone.

We've received tremendous support from the Think BIG committee led by co-chairs Senator Darryl Steinberg and Senator Ted Gaines. They deserve our thanks, as do other members like Council Members Rob Fong, Steve Cohn and Angelique Ashby. We should also thank labor leaders like Willie Pelote, Bob Balgenorth, Adam Loveall and Matt Kelly. And there are many

more business, civic, faith and elected leaders who've created this broad, diverse and bipartisan coalition of support.

We also can't forget the grassroots support of our Citizen Architects, our Kings fans, Here We Stay, Here We Build, Sac Deflated and most recently, the team behind the Small Market, Big Heart documentary.

And then there's Jack and Gil – the only folks who've actually put in real money to pay for this darn arena! Let me tell you a little about Jack and Gil

A few months back, my friend Willie Pelote driving home and saw some kids running a lemonade stand. Being a father and a good Samaritan, Willie stopped to buy some lemonade. As he was getting his change back, Willie asked the kids what they were going to do with all the money they made.

The boys, Jack and Gil, replied, "We're donating the money to help build the new arena. We love the Kings and want to do our part to keep them here!" Needless to say, Willie handed the change back to them.

But doesn't this story capture the spirit of Sacramento?

These two young men represent the best of Sacramento. Jack and Gil understand that this is a defining moment for the city. Jack and Gil aren't playing small. They aren't saving up to buy tickets or a jersey. They are going for broke: thinking big, playing big, and acting big. They want the whole enchilada! Nothing short of financing the arena. Think that's crazy? Maybe not.

Jack and Gil's efforts are the inspiration for a new program that I'm pleased to introduce today. It's called "Brick by Brick." Our goal is to raise \$10 million from everyday folks from around the region towards the financing of the arena. A building like this isn't built overnight. It gets built brick by brick. Supporters can purchase a "brick", which will be engraved with their name and placed at the entryway into the arena.

It'll look something like this. These two have Jack and Gil's names on it. This other one has City Councilmember Steve Cohn's name on it since your ideas helped inspire this initiative!

This way, every time we walk into the complex, we will be reminded of the fact that this was an effort of the entire community. And we'll never forget the time we made the impossible possible.

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But as I've always said, we can't put all of our eggs in one basket. One reason why Sacramento has been so hard hit is because we don't have a diversified revenue base. For decades, we've been over-reliant on the state government and real estate. That has set us up to be hardest hit in a financial crisis.

In order to change this, we need to bring new industry to the region through a focus on making Sacramento the “Emerald Valley.” It might seem impossible that Sacramento could be known for something other than being the capital right? But it doesn’t have to be. Let me give you one quick example of how we’re making the impossible possible in the “green” sector.

Has anyone ever heard of Richard Branson? If I asked you to describe him, what would you say? Visionary? Innovative? Crazy? All of those are right, actually. He’s an expert at making the impossible possible. So what’s he focused on right now? The Green Economy. And Sacramento is front and center in his plans.

Last year, we announced that Sacramento has been chosen by Branson and his new “The Carbon War Room” initiative. We are one of only two cities nationally to receive \$100 million in private investment to retrofit commercial office buildings making them more efficient.

The City signed a contract with Ygrene Energy Fund to make this happen in Sacramento. Thank you to Dan, Dennis, Mike, John and the entire Ygrene team for your investment in our city. And thank you to Councilmember Kevin McCarty for your support as well.

The initiative will create 1500 jobs, mobilize \$250 million in economic activity, and generate \$25 million in sales tax. Moreover, property owners will save money on their energy and water bills, and our region’s carbon emissions will go down.

It’s this kind of innovation that earned us distinction of being one of only five cities in the nation selected for President Obama’s Better Buildings Challenge. Can you imagine? The White House singling Sacramento out for this?

Now I have to tell you how geeked I was when I heard that we’d be invited to the White House to as part of our selection for this initiative. You know that when a little kid from Oak Park can make it to the White House to meet with the President that truly anything is possible.

So, to build on our 2011 momentum, we have big plans for 2012.

First, we’re launching Greenwise Joint Venture: a regional entity that will deliver on the Action Plan we announced right here one year ago. Second, today we’re announcing plans to raise an additional \$100 million for retrofitting schools in 2012 to create another 1500 jobs. Third, we are working with Alice Waters to bring her Edible Schoolyard Project that will test her ideas for school gardens, cooking classes, and healthy eating to Sacramento. And finally, we’ve set a goal to plant 30,000 trees in 30 days to commemorate the Sacramento Tree Foundation’s 30th anniversary.

Making Sacramento known for something other than government may seem impossible, but becoming the Emerald Valley is within our grasp.

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Next, and perhaps most importantly, we cannot forget what is necessary in the long run to ensure a robust and healthy economy. And that is education.

As Mayor, I don't have any direct relationship with the schools. But every mayor in every city has to be involved in schools in some way, because it's so vital to the health of a city. In case you're not seeing it, let me share some statistics. Almost 2,300 students did not graduate from Sacramento's high schools in the last year. The lost lifetime earnings in Sacramento for that class of dropouts alone is \$596 million. Don't tell me our schools aren't important to our economy.

We won't be able to compete in the global economy until we fix our schools. I said this last year, but the fact still remains: over the next 20 years we'll create 123 million high skill, high paying jobs in this country. And guess how many American kids will be qualified to fill those? Only 50 million of those jobs! Less than half!!

We're seeing it already. The other day, I heard a story about a new store opening in the Midwest. The town was excited by the promise of 100 new jobs. Thousands of people showed up for interviews. But guess what? While there were huge numbers of applicants, most didn't have the skills necessary to be successful in these positions. These were not technology or engineering or medical jobs. These were basic jobs. But the people applying didn't have the necessary skills.

We can't let this happen in Sacramento. We must ensure our city has a competitive workforce for years to come.

Last year, we took a major step forward by focused on reading proficiency. At last year's State of the City, I announced plans for Sacramento READS, our initiative to become the first city in the nation where all of our third graders are reading at grade level. In our first year, we made incredible progress with significant help from Council Member Jay Schenirer and others leaders in the City-Schools Collaborative. We recruited over 800 volunteers who have spent 2,000 hours in classrooms tutoring students. We trained parents and had hundreds of families participate in a literacy event in August. And we received over \$380,000 in funding from Annie E Casey and the Kellogg Foundations

Not a bad start. So here's what's in store for 2012.

First, we're going after the coveted All-America City distinction that honors ten cities a year for outstanding civic accomplishments. And guess what was just announced as this year's selection criteria? Third grade reading levels! Sacramento is ahead of the game on this one. Based on all of the work we've done to make this issue a priority, we can now apply for the award knowing that we're ahead of the curve

Second, we're going to bring more of the nation's best and brightest young people right here to Sacramento. We've already raised about \$4 million to bring City Year to Sacramento. It's one of the most acclaimed education and service oriented program in the country.

And finally, most of our students and schools are not meeting state or federal academic standards. Lots of people are surprised when they hear that. So, we're developing a school report card that will give a letter grade (A-F) to every public school in the city. Several other states have adopted this practice but we'll be the first city in California to provide parents this vital information.

With our entire country facing a crisis in our public schools, Sacramento has a legitimate shot to lead the country in education reform. We can have the most skilled workforce in the entire nation. Many would say that seems impossible, but it isn't. Let's become a city known for its great public schools

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In closing, let me say this: times are tough right now, and they'll stay tough unless we make big and bold changes. Let's get started in three areas: let's build this arena as a regional economic engine; let's create green jobs and diversify our economy; and let's build great schools that produce skilled workers.

But let's also not forget the fundamentals. Let's restore public safety budgets and flood protection levels. Let's address our homelessness and affordable housing challenges. Let's modernize our charter to create a more accountable and transparent government. Let's honor commitments to the arts and volunteerism. And let's work together as a region to bolster our business climate and embrace the Next Economy

We can do this. Anything is possible. So let's make it happen. If ever there was a city up to task, it's Sacramento. If ever there was a time to pull it off, it's right now. This is our moment to shape our own destiny. Sacramento, let's make the impossible possible.

Thank you and God Bless.