

2017 State of the City

Tuesday, December 5, 2017

12:30 - 1:10 p.m.

Hyatt Regency Dallas

INTRODUCTION

- Thank you, Dr. Hain, for that introduction and for all that Blue Cross Blue Shield of Texas continues to do for Dallas. BCBS and the C1 Innovation Lab are fine examples of the critical role major companies play in making our city great. So, thank you, Dr. Hain and Dr. McCoy.
- Thanks to Dale Petroskey, Dallas Regional Chamber.
- Recognition of fellow City Council members and other elected officials.
- Rawlings family: Micki, Michelle, Gunnar, Gaby.

CHALLENGES

- *Intro: What makes a great city is overcoming historic challenges. We approach our challenges as ways we're going to get better. Over this past year, we have made tremendous strides and, yes, we have had our challenges.*
- As your mayor, I don't have a whole lot of free time on my hands to read, but I still try to read one book every month. Recently, I read the David Brooks book *The Road to Character* and it struck a chord. I want to share some of it.
- Brooks writes: "The road to character often involves moments of moral crisis, confrontation, and recovery. When they were in a crucible moment, they suddenly had a greater ability to see their own nature."
- This really speaks to what we've been through as a city over this past 18 months.
- What a difference a year makes
 - When I spoke to you last December, our city was still reeling in the aftermath of 7/7/2016, the worst attack on law enforcement since 9/11.
 - We had lost our police chief, David Brown, a native son of southern Dallas, who led us so courageously through those

tragic days. He retired in the fall of last year after a long and impressive career with Dallas PD.

- We were transitioning to a new city attorney and launching a search for a new city manager (AC Gonzalez had announced his retirement).
- These critical personnel changes were happening at a time when we faced serious financial crises.
 - At the 2016 State of the City, we were [celebrating the DPFP board decision to finally close the gate](#), to essentially stop retirees from draining the fund. That's a sad state of affairs because the last people we would ever want to hurt are our police officers and firefighters.
 - The pension fund struggles posed challenges on multiple fronts: It threatened the financial stability of our city, hurt our bond ratings; our ability to provide quality city services to all of our residents; and it was so challenging to fix because this is a fund that is governed by the state -- so it required a concerted battle down in Austin.
 - That was coupled with decades-old police/fire pay referendum lawsuits. The plaintiffs in the lawsuits were

potentially seeking hundreds of millions from Dallas taxpayers.

- Our financial challenges were coming to a head just as our City Council was discussing the prospect of an \$800 million to \$1 billion bond package to start attacking our growing needs inventory (streets, parks, homeless, flood control). Were we going to go to the voters in the spring and ask them to pass a massive bond package even with all the uncertainty surrounding the police and fire pension?
- And it wasn't as if we didn't face other major battles at the state level. I don't have to tell a room full of business leaders that we were essentially in a war to protect the Dallas/Texas miracle - Fighting the legislature on the bathroom bill, "sanctuary cities" legislation and property tax reform... Thank you to the Chamber, Visit Dallas and many other business leaders for the hard and successful fight against the bathroom bill, a terribly misguided, hateful piece of anti-business legislation.
- Meanwhile, we were continuing our fight against poverty here in Dallas

- High percentage of families in poverty; Driven by middle-class decline; Spreading throughout the city; Many low-paying jobs available
- Poverty and asset poverty caused by:
 - Lack of education
 - Lack of English proficiency
 - High teen birth rates
 - Lack of home ownership
 - Wage stagnation
- Hard to make a living:
 - Single women head of households have dual roles
 - Lack of affordable transportation
 - Lack of ubiquitous early childhood
- There were other unexpected challenges that came our way and occupied much of our attention, including Hurricane Harvey evacuees who came to us in August/September, staying mostly at our “mega shelter” at the convention center:
 - 30,000 shelter overnight stays
 - 5,520 registered evacuees

- These challenges would have been overwhelming to a lesser American city. These are challenges that could have -- and many thought might -- brought us to our knees. But I am so proud of the way we have not only addressed each one of these challenges, but the way that we continued to succeed on a national and international level.
- I believe the past 12 to 18 months have better defined the character, the grit, the aura of the city of Dallas and what it means to be a Dallasite than any other period of my time as your mayor. Ladies and gentlemen, I believe this has been the most pivotal year in the life of our city on at least a decade.
- And I believe the state of Dallas, Texas, is strong and getting stronger.
- We are continuing to methodically solve each one of these challenges.
- People
 - It all starts with people and we got ourselves an exceptional leader who came to us from Tacoma, new City Manager TC Broadnax. He has been with us for about 10 months now.

- Dallas City Hall is not historically known as a place of rapid personnel changes. But TC has hired a dozen new assistant city managers, chiefs and directors from outside City Hall in about 10 months.
- Special mention of TC's Chief of Staff Kim Tolbert and Genesis Gavino, the assistant to the city manager and chief of staff. These are two of the hardest working ladies at 1500 Marilla Street... the women behind the man.
- Chief of Police Renee Hall, hired from Detroit
 - major re-organization underway that was announced last week. A lot of difficult decisions and some veteran commanders reassigned
- New City Attorney Larry Casto (started in fall 2016)
 - His relationships in Austin built over a long career as city's chief lobbyist have been critical to some of the big successes we've had.

- And, by the way, we're also now searching for a new City Secretary, another important position that provides crucial support for all of our council and committee meetings, oversees records, archives, elections and a variety of other critical day-to-day functions at City Hall.
- So, we at the city have a new and improved team.
- Financial
 - One year ago, the Dallas Police and Fire Pension System was projected to be insolvent in less than 10 years, because of mismanagement, bad investments, and overly generous features. It would have been sooner had we not shut the gate when we did.
 - Every major ratings agency had downgraded us at least once since October 2015, if not multiple times, as a result of the pension crisis.
 - Now, with House Bill 3158 in place, the plan is projected to be fully funded in 2056 -- in 39 years.
 - We got a key governance change in that the Mayor, in consultation with the City Council, now has majority control of the board. This gives the TAXPAYERS control

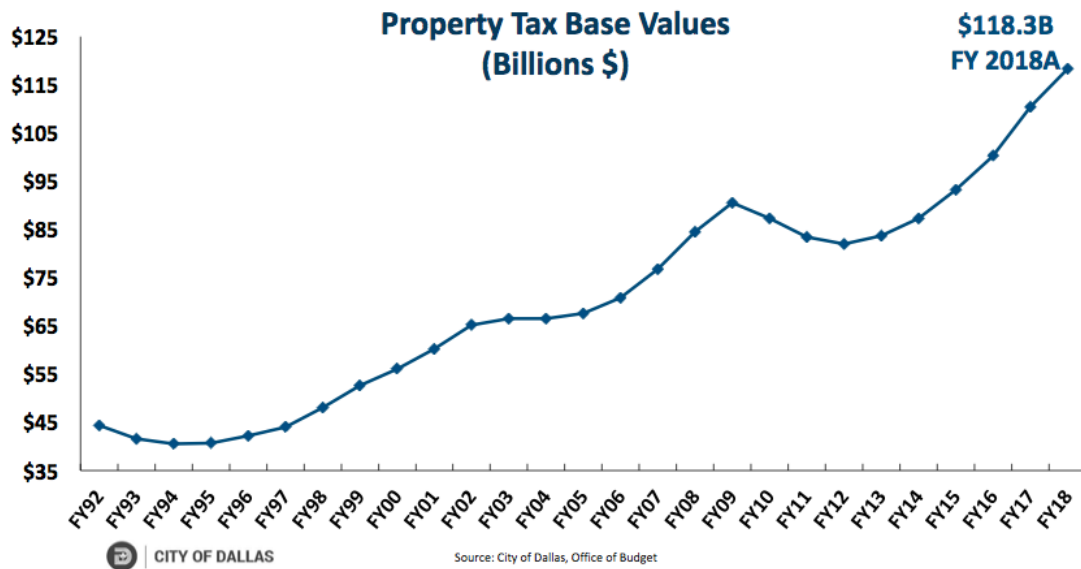
of this board. I want to thank State Senators Royce West and Don Huffines, who were the champions in Austin that helped push a compromise across the finish line in the end.

- The three major ratings agencies followed the negotiations closely, and this fall, all three upgraded our outlooks to stable from negative as a result of the pension deal.
- I want say thank you to everyone that everyone sacrificed in the pension deal - the taxpayers, the current police officers and firefighters AND the retirees. Everyone sacrificed and we should recognize and appreciate that.
- The City Council made the very wise decision early this year to delay the bond election to November. I was a lonely advocate for this approach for a long time, but it really became the obvious path for most of my colleagues with the timing of TC's hiring and our need to give him and his staff the opportunity to draft their own proposed bond program -- I'm so glad we allowed him to have his process, which included an unprecedented amount of citizen engagement.

- As you know, voters said yes to that \$1.05 billion bond program last month, passing all ten measures by a comfortable margin. It includes 1,322 projects:
 - A. Streets: \$534 million; 1,027 projects
 - B. Parks: \$262 million; 163 projects
 - C. Fair Park: \$50 million; 12 projects
 - D. Flood Control: \$49 million; 85 projects
 - E. Libraries: \$16 million; 3 projects
 - F. Cultural Arts: \$14 million; 9 projects
 - G. Public Safety: \$32 million; 16 projects
 - H. City Facilities: \$18 million; 7 projects
 - I. Economic Development: \$55 million; TBD
 - J. Homeless Assistance: \$20 million; TBD
- Importantly, TC has a plan to spend bond money quickly and efficiently, as opposed to letting dollars linger for years as we have in the past.
- Also last month, the City Council approved a \$62 million settlement in four of the six Dallas police and fire pay referendum lawsuits. This is a huge development on lawsuits that had been plaguing the city for more than two decades.

- So the dark fiscal cloud that has been hanging over our city for many years is starting to dissipate. And I want to give a special thank you to our great Chief Financial Officer Elizabeth Reich. Elizabeth, who came to us from the Social Security Administration in September 2016. She has done a phenomenal job navigating these financial crises. In fact, the *Dallas Business Journal* recently named her CFO of the Year in the “Emerging Leader” category. Congratulations, Elizabeth ... Once again, people make a difference.
- Economic success story - Because of the way we have met these challenges and the work we have done over the past six years, we continue to have a great story to tell economically.
 - **SLIDE: Dallas Economy Strong & Expected to Continue Growing**

DALLAS ECONOMY: STRONG & EXPECTED TO CONTINUE GROWING

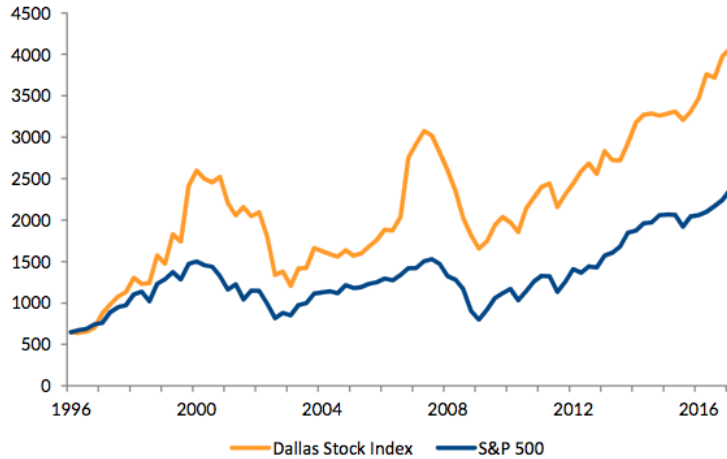



- Property tax base value rose 7.18% in FY 2018 to \$118.3 billion, from \$110.4 billion in FY 2017.
- Our average growth per year since 2012 is over 6 percent.

- **SLIDE: Dallas Stock Index**

CITY OF DALLAS STOCK INDEX BEATS THE S&P 500

City of Dallas Capitalization-weighted Stock Index vs. S&P 500

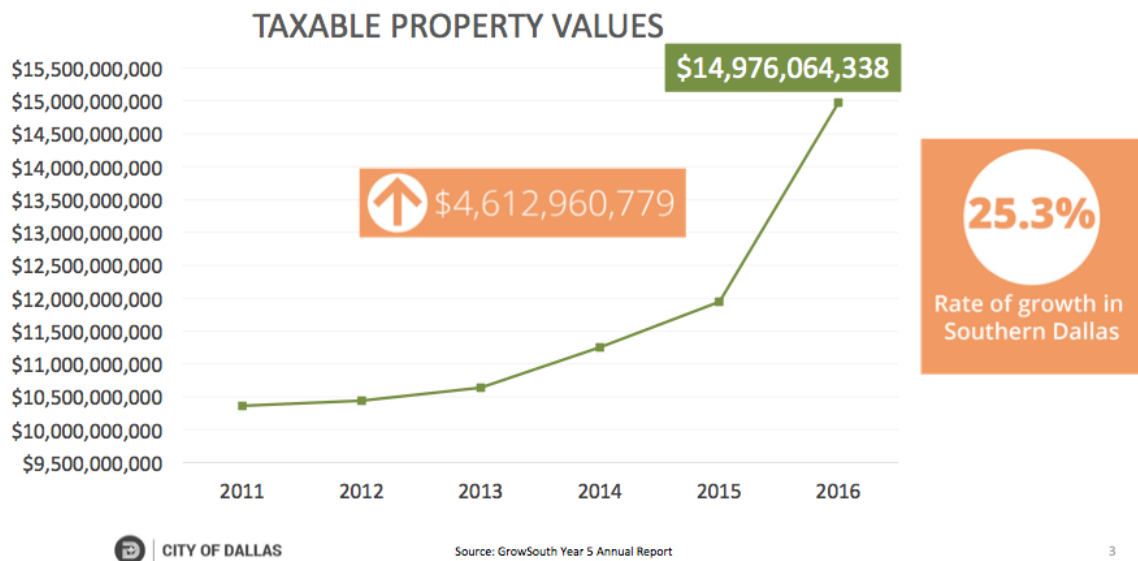


 CITY OF DALLAS

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- Unemployment at 3.1 percent as of October 2017 - October was the 32st consecutive month that the reported unemployment rate within the City of Dallas has outperformed the state's unemployment rate.
- What's exciting me is this is true in southern Dallas as well. As you know, one of the reasons I ran for mayor is to grow south, to support our neighborhoods and businesses in southern Dallas. GrowSouth top achievements:
 - **SLIDE: Southern Dallas Tax Base Rising**

GROWSOUTH: SOUTHERN DALLAS TAX BASE RISING



- Rate of growth in the south (25.3 percent) finally outpaced that of the north (12.1 percent) last year.
- Other GrowSouth achievements:
 - Raised over \$13 million for Spay/neuter in southern Dallas
 - \$40 mil raised for private investment in southern Dallas
 - South areas of downtown were redeveloped (Lamar, Farmer's Market, etc)
 - Jefferson Blvd redevelopment/street improvements - the main street of Oak Cliff
 - Red Bird Mall development, recent Starbucks groundbreaking

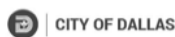
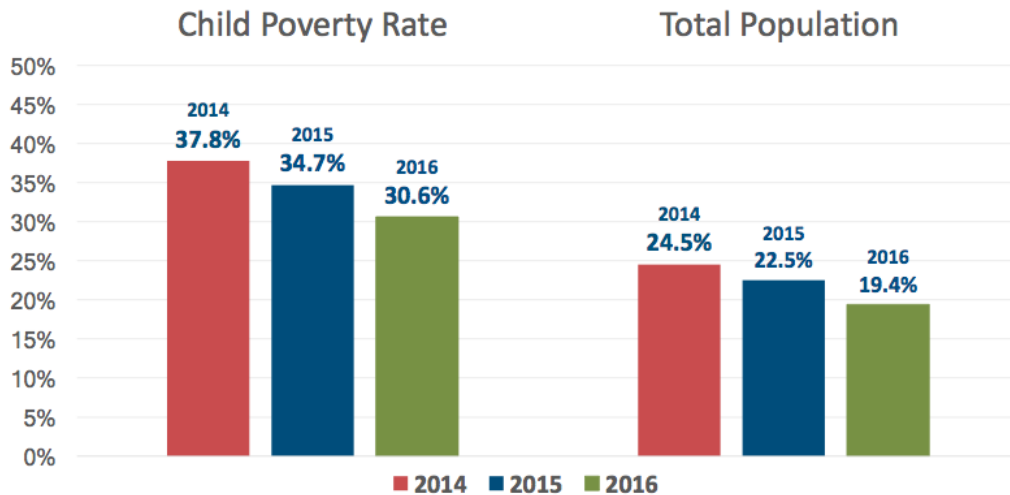
- We've been trying to get market rate houses developed in southern Dallas and, over the past 2 years, over 1,500 new market rate houses started down south.
- Pleasant Grove Now! - CM Rickey Callahan
- TREC Shark Tank event - Over \$2 million invested in three projects.
- Finally, the Trinity Forest Golf Club - Who would have ever thought we would have a PGA tournament, the AT&T Byron Nelson, in southern Dallas!
- On the international level, we've continued to grow and prosper, thanks largely to DFW Airport, which recently was named the [top large airport for customer satisfaction in North America](#). This has been critical as we tell our story around the world.
 - Toronto/Montreal
 - Shanghai/Seoul
- Part of the story we tell internationally is about how well we're doing in the arts. In fact, a new study released this year by the Americans for the Arts shows:
 - The nonprofit arts and culture sector is a **\$891.2 million** industry in the city.

- It supports **33,552 full-time equivalent jobs**
 - Arts generates **\$97.2M** in local and state government revenues
 - As part of my effort to promote the arts when I became mayor, we started ***Dallas Arts Week*** to highlight and celebrate our cultural scene... that became so successful we expanded that to the full month of April. This year, **Dallas Arts Month** featured 156 events from 55 groups, including the annual Creative Conversation.
- The rest of the country continues to see all that we're accomplishing.
 - [Forbes named Dallas 2017 best city in America for jobs.](#)
 - [Forbes also named Dallas the top "Best Buy City" for Housing in 2017.](#)
 - For the third straight year, our city received a perfect score on the Human Rights Campaign's Municipal Equality Index, which examines how inclusive cities are of LGBTQ people who live and work here.
 - We're even one of the [top vegan cities in America, according to Vegan lifestyle magazine VegNews](#), something I don't read.

- I also had the great honor of accepting Joseph P. Riley Jr. Award for Leadership in Urban Design. This is a testament to the success of so many visionaries in and outside of City Hall.
- This is a great foundation for success, but the growth will be useless if it's not for all of our residents. I believe we are making progress on poverty.

- **SLIDE: Progress on Poverty** (We are climbing out of the hole)

PROGRESS ON POVERTY



2016 Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates
2015 Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates
2014 Source: U.S. Census Bureau, 2014 American Community Survey 1-Year Estimates

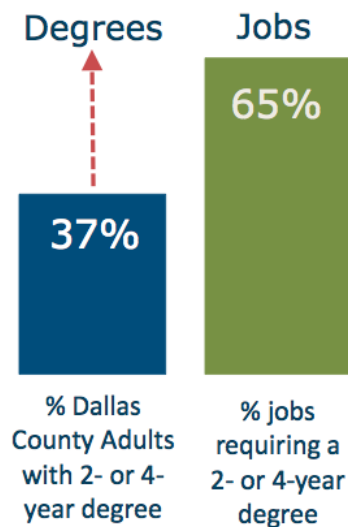
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- The child poverty rate in Dallas fell from 37.8 percent in 2014 to 30.6 percent in 2016.
- Dallas was tops in child poverty among large US cities and we're now number 3. Nothing to be proud of, but we're moving in the right direction.
- I want to thank everyone that has served on the mayor's task force on poverty, which has led to data, new city attitude, organization and office
- We've isolated the issues: English teaching, teen pregnancy, more strategic on job training, and affordable child care (Early Matters)

SUCSESSES

- Education is the key to everything else
 - **SLIDE: Dallas County Postsecondary Attainment**

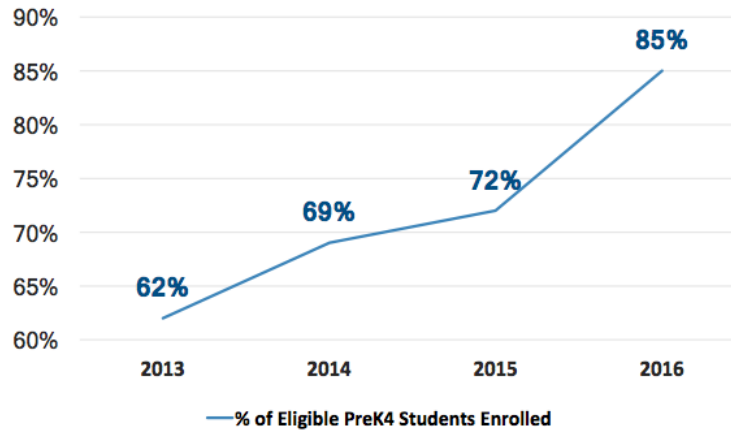
DALLAS COUNTY POSTSECONDARY ATTAINMENT, 2016



- Re this slide: National research shows that 65% of all jobs (and over 90% of new jobs created since the recession) require some type of post secondary credential (ie a workforce certificate, a 2 year degree, a 4 year degree).
- Today, only 37% of current Dallas County adults have a credential/degree and our own educational pipeline within Dallas ISD is seeing 22% post secondary completion rates within six years following high school graduation.
- **TWO SLIDES on DISD achievements**

EDUCATION: PROGRESS ON MULTIPLE FRONTS IN DALLAS ISD

Pre-K Enrollment Growing

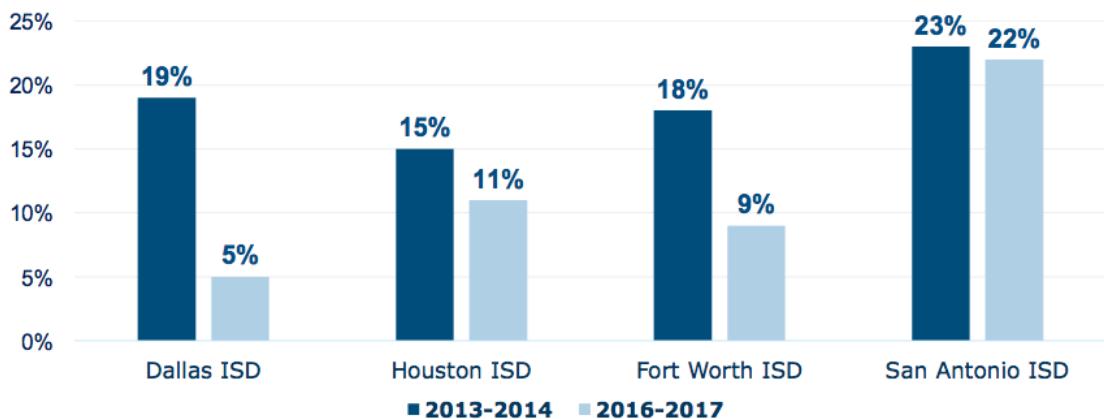


- **23% Increase of 4-Year Olds Enrolling Since 2013**
- **Over 12,200 Students Enrolled for First time in Dallas ISD History**

- We want our children to be taught in excelling schools. So let me show you our progress on that front.

"IMPROVEMENT REQUIRED" SCHOOLS SINCE 2014

IR Student Enrollment as a Percentage of Total ISD Enrollment



- **NOTE:** 13 improvement required schools vs. 43 schools and 5 percent of students in IR schools vs. 19 percent a few years ago.
- We can't let economics get in the way of these kids getting a 2 or 4-year degree. So what was announced last month and will be briefed to our City Council tomorrow is a new initiative called Dallas County Promise:
 - University partners: Dallas County Community College District, UNT Dallas and SMU
 - 60 hours of tuition free college
 - Dedicated mentoring guided by data
 - Career pathways aligned with local workforce
- Other workforce programs include the 100K Opportunities Initiative:
 - Dallas has one of the highest rates of youth disengagement in the nation, with 13 percent or roughly 109,000 of its young people not in school or in the workforce. In May, we launched the 100,000 Opportunities Initiative™ in Dallas. City and business leaders came together to hold the largest and most comprehensive opportunity youth hiring fair ever hosted in Texas.

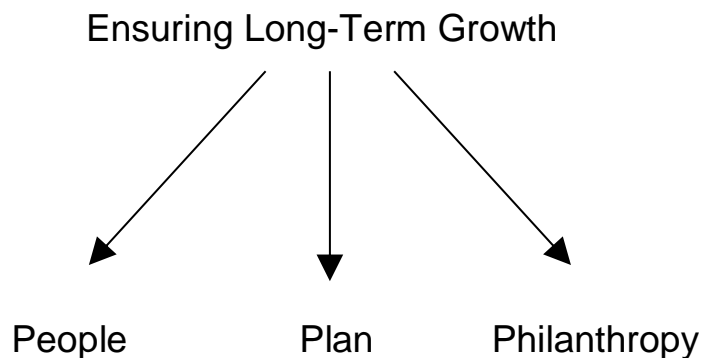
- In all, we had nearly **2,000 Opportunity Youth** attend. Over 30 community-based organizations and coalition companies made approximately **700 on the spot job offers**. Perhaps most incredible was the quality and readiness of the young adults. More than 60% of interviews resulted in an offer. This was better than any Opportunity Fair to date.
- This is the sort of programming that is working to close that income gap.
- So to summarize, we're growing economically as a city, southern Dallas is growing significantly, we're being recognized nationally, and we're making progress on our toughest nemesis, poverty.
- We've got so much to offer as a city and a region. That's why it was so easy to write our sales pitch to Amazon for HQ2 -- and I want to thank the Dallas Regional Chamber for the unprecedented effort along with the Fort Worth Chamber to coordinate so many area cities on our bid.
- Look, I don't have any idea whether Amazon will pick DFW to go to the next round, but it's clear that we're being recognized throughout the world as a major player for opportunities like this. Just one example: The *Wall Street Journal* recently selected us as the no. 1

site, based on Amazon's criteria and expert analysis. We agree with the *Wall Street Journal*.

- We have the potential for the future. We need the right people, the right plan and the right philanthropic spirit for this city to continue to thrive. We cannot take these great successes for granted. There is no guarantee that they will continue.

STRATEGIES TO ENSURE LONG-TERM GROWTH

- *Ensuring a stable and successful long-term growth-oriented future for our children and grandchildren. The Dallas formula is: People, Planning, Philanthropy.*



- **People**
 - The honor of being your mayor will come to a close in about 18 months.

- The next generation of leaders must step up and we want to draw young people towards public office.
- It's so critical that this community elects the right people in the coming years, not only mayor and city council, but also to the DISD board of trustees.
- Let me tell you what I believe in: Business, inclusion, southern Dallas, arts/innovation/creativity. These are the things that whoever gets elected must embody.
- Business is the lifeblood of this city. It's in our DNA. We were built on the backs of businesses, big and small. We have called on business leaders to help guide us through our greatest challenges (including pension reform and bond package passage) and we must continue to do that.
- That doesn't mean we support business or welcome business at the expense of our neighborhoods. It is a recognition that we very likely need one to have the other. And it's a reminder too that we don't just want businesses to come here, we want them to invest in our neighborhoods, support our schools, help us innovate at City Hall.

- More broadly, these are troubling political times. I made mention of this in my remarks at the Clty Council inauguration in June, but I believe the way we conduct ourselves as leaders of major American cities is being looked upon like never before. The world is starting to understand what I've long known: it is at the local level where we make progress, keep people safe, create jobs and opportunities.
- In a world where truth is constantly being questioned and great investigative reporting is dubbed "fake news," let's ask ourselves, do we want to be governed or do we want to be entertained? Do we want to be thoughtful about finding solutions that are best for all of the people we represent or do we want to rile up the base?
- Voter turnout in my first mayoral race in 2011 was just 13 percent. I thought that was bad. But two years later, with no mayoral race on the ballot, turnout was down to just under 7 percent. And in my second run for mayor, turnout was just 7.4 percent. That's shameful.
- Many of our City Council races are decided by 2,000 - 3,000 voters or less.

- When more people vote, we draw better candidates and we elect better people. So we have to figure out the best way to get more people engaged at the ballot box. This is something I'll be talking much more about in the coming months.

- **Planning**

- With new people comes the opportunity for new plans, new ideas. The City Council has been asking the city manager for a variety of key plans and policies, but when I talk to people in the community I get the sense that this process needs to include the entire city.
- **So today, I am announcing that we will embark on a “Dallas 2030,” a comprehensive, inclusive strategic plan that will touch all parts of our community, far beyond the walls of Dallas City Hall. In the spirit of former Mayor Erik Jonsson, I’m going to refer to it as “Goals For Dallas 2030.” But please understand that it will go well beyond just goals.**
 - This will set the course and guide the City of Dallas (both as a local government organization and a community), and to help the City direct its efforts and resources toward

a clearly defined vision, over the course of the next 10 years.

- **Inclusive and collaborative** - Other entities and citizens will be involved, including nonprofits, philanthropic, governmental entities (for example, County Judge Clay Jenkins will be key on healthcare).
- This will be a living document. It will undergo regular review and adjustment of benchmarks and milestones that measure the City's progress toward strategic priorities and equitable delivery of services.
- Many of you know that former Mayor Erik Jonsson was famous for his "Goals For Dallas" program, launched in the years following the Kennedy assassination. This was critical for our city then and will be crucial for our city going forward.
- This will encompass many different areas, and I'd like to touch on a few.
 - Bike and trails planning, two things that have been very important to me during my time as mayor.

- Long-term infrastructure investments
 - Example: Mill Creek project finally getting underway (context of Hurricane Harvey flooding in Houston).
 - \$200 million-plus project providing 100-year flood protection through a 5-mile, 30-foot diameter drainage relief tunnel for the lower areas of the Mill Creek (around Baylor Hospital), Peaks Branch (south of Buckner Park), East Peaks Branch (Fair Park area) and State-Thomas area in Uptown. Will take 5 years to complete.
 - We anticipate this coming to City Council for a vote early next year.
- Strategic mobility master plan
 - CityMAP, priority projects (Interstate 30 and Lower Stemmons),
 - Uber Elevate
 - high-speed rail

- Market Value Analysis - The MVA serves as a foundational information base to be used in conjunction with a variety of other critical information.
- Economic development strategic plan
- Housing policy
- Greenspace plan
- Cultural arts plan - launched a year-long comprehensive study to create a new **Cultural Plan** for the city, the first in 15 years. 1,500 have been engaged so far at more than 12 public meetings across the city. The new cultural plan will help shape our City's funding priorities in the future and position Dallas to remain competitive as a national, cultural leader.
- Education/Workforce plan

- **Philanthropy**

- Start with the definition - **early 17th century: via late Latin from Greek *philanthrōpia*, from *philanthrōpos* ‘man-loving’ (see [philanthrope](#)).**
- Benevolence, generosity, humanitarianism, public-spiritedness, altruism, social conscience, unselfishness, compassion.
- These are the qualities I’m talking about when I use this word and this is what I think we have in this city.
- We’re an open city, one that is accepting of people from all over the world. Just this year, we opened the Office of Welcoming Communities and Immigrant Affairs, an office I called on TC to consider. Liz Cedillo-Pereira, a Dallas immigration lawyer who served as a top immigration official in the Obama Administration, heads that up.
- Trinity Park progress - formation of the LGC and a great board, following our record \$50 million gift a year ago.
- Parks for Downtown Dallas

- Nonprofit foundation whose goal is to establish four new, major downtown parks. PfDD pledged \$44 million to the City of Dallas if voters would approve \$35 million in the 2017 bond program (which they did) to create:
 - Pacific Plaza
 - Carpenter Park
 - Harwood Park
 - West End Plaza
- Moody gift
 - Earlier this year, the City, The Moody Foundation and the AT&T Performing Arts Center collaborated to create **The Moody Fund for the Arts**. When that is fully funded, it will be a \$10 million endowment that will specifically fund small and emerging arts organization here in Dallas.
 - In recognition of that, we have renamed Dallas City Performance Hall as Moody Performance Hall, and expect to see a new sign on the building early next year.
- Girl Scouts investment in southern Dallas
 - the Girl Scouts of Northeast Texas' STEM Center of Excellence is a \$15M, 92 acre living laboratory where

girls can explore science, technology, engineering and math with a focus on confidence, risk taking, progressive programming and STEM careers – the vision is to change the workforce pipeline for North Texas.

- Creative/Innovative - attract artists, tech entrepreneurs, the next Mark Cuban.
- So this is my vision for the future of our city: People, Planning, Philanthropy. And, again, we'll be having a conversation in the coming months about how we can better engage voters and improve Dallas turnout.
- Closing quote from David Brooks book *The Road to Character*, which sounded Kennedy-esque to me:
 - **“You don’t ask, What do I want from life? You ask a different set of questions: What does life want from me? What are my circumstances calling me to do? In this scheme of things we don’t create our lives; we are summoned by life. The important answers are not found inside, they are found outside.”**