

State of the City 2012

(As written, not as persented)

Fellow Houstonians:

I love this city! And, I like where we are headed. A day doesn't go by that I'm not proud to serve you and excited about the positive changes we are making for Houston's future.

This is the third time I have stood before you to report on Houston's health. In those two previous appearances I talked a lot about challenges – of sacrifices, hard choices and tough decisions. (I even quoted Calvin Coolidge...no one quotes Calvin Coolidge!) While the revenues the city relies upon are still recovering, we have rounded the corner on the tough times of the last five years.

We are the job producing capital of the nation. We are one of only two North American cities ranked among the 40 fastest growing metropolitan economies in the world. We are the number one U.S. city for manufacturing. Indeed, the state of our city is the strongest it has been for some years and our strength continues to grow. We are closer to the Houston that should be.

This year, instead of budgets, I want to talk to you about faith. Whether you find your strength in God, in family, in friends or in your own two hands, Houston deserves no less than vision, commitment and a leap of faith. We are working every day at the City of Houston to earn your confidence - your job is to have faith in Houston.

The essence of Houston has always included an immense faith in the power of human ingenuity and effort to change the natural world, the ability to confound conventional wisdom coupled with the unshakable belief that there is a better, brighter future before us and that we can and will rise to meet it if we join our efforts together.

We have seen this time and again in our history. From envisioning the seemingly impossible, to creating the surely improbable and performing the supremely practical. What other city could put a man on the moon, build the Houston ship channel, craft the first domed stadium or agree to create vast reservoirs of water for a city yet to be.

Only in Houston!

Every day there are new Houstonians who arrive in this great city, already the most diverse in the United States, with that faith in themselves and the opportunity they will find here.

When I ran to be your mayor, I thought about all the challenges I might face: hurricanes, floods, fires, the economy...drought? Drought was not on my list!

But I took this job to ensure we remained strong and resilient.

You don't plant a tree for today or tomorrow, you plant it for a decade or generation from now. You plant it with faith that rains will come to water it, the sun will shine upon it and that someone else will rest in its shade.

Much like the thousands of seedlings we are now planting throughout this city to replace trees lost to the drought, the many changes we are making are the seeds we are planting with faith in Houston's bright future.

As we sow these seeds within the city, we are focused on five priorities:

- Jobs and sustainable development
- Infrastructure
- Public safety
- Fiscal responsibility
- Quality of life

In each of these areas, there are things we have done and things that we will do.

And woven through our work on all five of these priorities is a new attitude of customer service and professionalism. The municipal workforce is among the hardest working – one of the best - anywhere. They are as committed as I to a job well done. You think of them when there is a problem, please realize that their hard work makes this city function at an amazingly high level and prevents problems.

Jobs

During my first term in office, the City of Houston incentivized more than \$1 billion in new economic development with more than 13,280 new or saved jobs. That is \$1 billion in economic activity that likely would not have occurred had it not been for the city's direct involvement. This represents real dollars and real jobs that are helping Houston families today.

I promised that creating more jobs was my number one job. Just three months into this second term, we are delivering on that promise with 200 jobs tied to Direct Energy's decision to move its corporate headquarters to Houston and another 125 jobs from the location of Comcast SportsNet Houston in the downtown Pavilions.

Overall, the Houston area has gained more than 100,000 jobs in the last year. No other city can claim more. It's why for the second year in a row we are the number one destination for relocations!

Last year we implemented Hire Houston First. 250 Houston firms have already been certified to participate in this program. And, because of this, Reliant Energy was selected to be the City's retail electric provider for at least the next three years. Picking the local firm keeps the dollars

and the jobs here where they belong. And I urge other local governments and businesses to look to Houston first.

Infrastructure

We are transforming the way we do long-term planning for infrastructure improvements – planning ten years down the road instead of just five. For the first time we have a comprehensive analysis of the condition of every mile of city streets and a watershed level drainage assessment. We have a plan to address them in a systematic, worst-comes-first, pay-as-you-go manner.

The work has already started. This year the City will start almost 30 new projects for street and drainage improvements with a value of approximately \$250 million. A major storm sewer and road project on Aldine Westfield from Tidwell to West Little York and drainage improvements in the Brays Village area are examples of the projects already underway.

Voter approval of Rebuild Houston was a visionary step that will reap benefits for our neighborhoods for years to come. It was the right thing, the prudent thing, a faith-in-our-future thing to do, and I defy you to name another city in America that would have made this bold step in the midst of a recession.

This is why I love leading this city!

Public Safety

We are meeting today's public safety needs while continuing to solve the problems of the past. Our 2011 murder rate was the lowest per capita rate in the city's history, reform of the city's long-troubled crime lab is underway and we are working to get out of the jail business.

Our plan to create an independent forensics science center is being hailed as innovative and an example other cities should follow. My goal is independence – a crime lab independent of police, prosecutors and political influence. We need a system that is arms length from the police officers who make the arrests and from those responsible for prosecuting the accused. We have to bring credibility back to a system in which both the accused and the victim have lost trust. There is too much at stake for this not to happen. There is currently no one entity that can meet all of these goals, but I am committed to a regional solution.

We have taken the first step toward getting out of the jail business with the creation of a sobering center. This will divert public intoxication cases from the city jail system (and a criminal record), free up jail space for more serious offenders and streamline and reduce processing time. Not only will there be cost savings in the future, but police officers will be able to return to patrol faster to help increase public safety in our neighborhoods.

Fiscal Responsibility

This dominated my first two years. I told you that I would lead us through this recession using the tools I had. And I have! Unlike last year, the budget I will send to City Council next month will not include cuts in swimming pool and library hours, health care services, furloughs or layoffs. We have made this progress not by raising taxes or mortgaging the city's future with debt, but by firm fiscal stewardship.

Are we done?

No, because achieving long-term fiscal stability requires talking about pension security. This is not about doing away with pensions for city workers, or pitting defined benefits against defined contributions. I want fair, financially secure and affordable pensions for all City employees and the taxpayers who pay the bills. This dialog requires assistance from our pension systems, our employee unions, City Council, the local business community and the state legislature, which currently controls how our city pension systems are funded and governed. While this is on one level about the math, it is ultimately about a secure future for our city and its workers.

Quality of Life

Quality of life is the umbrella over the four other priorities. More jobs, improved infrastructure, less street flooding, reduced crime and a brighter financial outlook mean better quality of life in our neighborhoods – a brighter future for us all.

We are expanding bike trails and better utilizing green space. We are working to address food deserts in areas long neglected for economic development. We are making improvements in Emancipation Park and along Buffalo Bayou and working to restore historic properties.

We are enhancing transit options through METRO (and I salute the new METRO for getting back on track with full federal funding) When it came to deciding the path for the METRO East End Light Rail Line, the City and METRO listened to the community and selected the All Under option to promote pedestrian and vehicular safety in the area, encourage community development and enhance overall mobility in the East End. (Not the cheapest option, but the best option)

These projects and amenities are what make Houston a destination for visitors, a magnet for new residents and the best city in America in which to live, work and raise a family.

As you leave here today, have faith that Houston is a city that works for today, invests in the future, welcomes change, and embraces the world. Together we can achieve the Houston that should be.

Thank you!