



**The Honorable Mayor Kevin M. Johnson**  
**State of the City Address**  
**January 20, 2011**

**“Charting Sacramento’s Path Forward By Recapturing the Spirit of the Past”**

*Prepared for Delivery*

THANK YOU’S

Thank you Cort. To you, our other event sponsors, Winnie Comstock-Carlson, and of course, Matt Mahood and the Metro Chamber... thank you for hosting us today.

I’d like to recognize the elected officials from across the region here today, and especially my colleagues on the City Council. Our interim- city manager Gus Vina is also here. He’s done an admirable job this past year. Gus and the city employees who work tirelessly on behalf of Sacramento deserve a round of applause.

Seated at one of my tables are some of our regions’ top labor leaders. For many, this is their first time at a State of the City event. I thank them for attending and pledge to make this the first of many steps I take this year to bring business and labor together.

And, finally, I want to thank you: the business owners and industry leaders who are the backbone of our community.

INTRODUCTION

Believe it or not, it’s been two years since I took office. A tough couple of years at that!

I’d love to be here today with better news. Perhaps good news about a better economy, more jobs, or fewer business closings. I’m not. Not even close.

Based on all the reports out there, the economic crisis is NOT nearing an end. In fact, the forecasts for the next 2 years are pretty grim. Locally that means another year of incredibly tough budget decisions. Another year of trying to do more with less.

So given that I don’t have good news to report, you might expect that my message today is one of belt-tightening. That would be the typical thing for a politician to do. To sit back and react to the crisis. To lower everybody’s expectations and try to avoid the inevitable blame that comes with tough times like these.

But that is not who I am. And, that is not who Sacramento is either.

That's right. At this moment, we actually need to take a page from our own playbook. This is a moment when Sacramento needs to read its own history in order to determine how to move forward.

See, we often get a bad rap for being a bureaucracy-laden, government town. We're told – often by each other – that we're a cautious, mild-mannered bunch. That we like to move slowly and safely, avoiding too much risk or ruffling too many feathers.

The founding of our city, however... the roots and guts of who we are, could not be further from that. In fact, our history is a tale of entrepreneurship and daring.

Let me share with you three key facts from the founding of this city.

In 1839, Captain John Sutter arrived at his land grant on the American River, to establish his colony, now known as Sacramento. Soon thereafter, Sutter received 2000 fruit trees, which started the Sacramento Valley's agricultural industry. Today, California accounts for 20% of the produce across the nation.

In 1848, the gold rush began in Sacramento. Thousands of pioneering spirits from across the nation came to our city and decided to risk it all merely for the prospect of striking it big. This was "the" place to be.

And in 1849, California voted to be a free rather than slave state during its constitutional convention.

During our founding, we were entrepreneurs who began an industry, pioneers who took risks, and thinkers who were ahead of our time on social policy issues. We need to recapture that spirit today.

This is a city of prospectors and dreamers. A city of innovation and courage. We celebrate our biggest accomplishments precisely because they were so big and so bold.

So what has happened to us? Why do so many of us feel like we've forgotten the creative spirit at the core of our story? What is it that is holding us back?

I don't know when or where we lost our mojo. But I know exactly how we can get it back. We don't think small. We dream big. We don't step back. We lean forward. We stop trying to lower the bar for ourselves individually, and start raising the bar for ourselves collectively. We don't avoid our biggest problems. We attack them with more determination than ever.

You see, I don't want to just limp through this current crisis. I want to learn from it and ensure it doesn't happen again. I don't want to just "make do with the hand we've been dealt". I want to come out of our current challenges bigger... stronger... and better.

Essentially I believe that we can chart Sacramento's path forward by recapturing the spirit of the past.

In order to do this, we need to have sharp focus and clear priorities. I'm going to discuss three areas that the city can and should focus on moving forward to recapture the spirit of our city:

- building Sacramento's "green economy";
- revitalizing our downtown core; and
- making our public schools excellent.

I fervently believe that these three priorities can ensure our long-term success as a city, let me tell you why.

First, let's talk about the "green economy". I know many of you have participated in our "Greenwise" initiative and speaker's series. After several months of discussions, I am proud to release our Greenwise Regional Action Plan. It is the product of countless groups, but none more critical than Valley Vision and our Greenwise Leadership Team.

A summary of the Action Plan has already been distributed to your tables, and the full plan is available on the Greenwise website. This Action Plan proves that good environmental policy can be good economic policy. Because I believe green represents one of the most promising ways to diversify our economy and create jobs.

To show you what I mean, I want to highlight for you the most exciting piece of our plan, which are the 5 signature projects we've chosen for 2011.

The first signature project is Clean Tech Jobs. Currently we have 14,000 green jobs in the region. Our plan aims to double that number by 2020, with a specific focus on clean tech. It's one of the fastest growing sectors in our economy, with 103% job growth since 1995. Let's accelerate this growth and add 3,000 new clean tech jobs by 2020.

Second, we want to "green" our schools. Over the next 10 years we'll retrofit 15 million square feet of school facilities to meet LEED standards for green buildings. We can pay for it by raising \$100MM from the County treasuries across the region. Schools will spend less money on energy costs. This savings will potentially free up dollars to pay off the loan and protect teacher positions.

Third, we want to buy and eat more local food. As I noted earlier, our city founders started the agricultural industry in the Sacramento Valley and now we are a major source of produce for the country. We need to encourage citizens to take advantage of what's in our backyard! Let's set a goal: 20% of all food we purchase should come from local farmers.

Our fourth priority project is to install and activate Smart Grid. If we play our cards right, it won't be long until we are recharging our electric cars at stations throughout the community or using SmartPhones to control our lights and AC when we're away from home!

The common aspect of all of our signature projects is that we control the supply side and the demand side of the equation and therefore, our own success. In other words, these are things we

can do for ourselves and pay for ourselves. Let me explain this dynamic by talking about our last signature project, which is the manufacture and use of biofuels.

With all of the waste that's produced in our region, particularly from our agricultural sector, we have tremendous raw material with which to create biofuels. Everything we need is right here. On the flip side, every garbage truck, every police cruiser, every vehicle in our city, county and state fleets - can run on biofuels.

So, follow me here. We develop a new industry and jobs by manufacturing biofuels. And then we USE the biofuels in place of gasoline! It seems simple doesn't it? Because it is.

Our signature projects are game-changers – for the city, and for the country. As you can see, we control both the supply AND the demand. It's a self-sustaining green economy!

This is a matter of seizing our own destiny and acting. It's about our mentality. We can go one of two ways: We can be a leader or we can be a laggard. If we're complacent, we will watch other cities and regions take the lead. And a decade from now, we'll look at their progress longingly and start to ask what we can do to replicate their success.

Or, we can be at the front of the pack. As a city, we need to seize this opportunity. Let's remember those Sacramento pioneers... They were all about opportunity.

The second priority for our city is revitalizing the downtown core. Yes, I know you've heard this one before. Too many times. But this time, it's different, because we're making legitimate progress. A year ago, I don't think we would have dreamt of seeing mermaids on K Street. Through the work and investment of George Karpaty, though, K Street is now home to the hottest venues in town, including the new "Dive Bar."

It's the kind of venture that starts to make downtown a "cool" place to be... a place where young people want to come and live... a destination. It represents the entrepreneurial spirit and creativity that we need to see across the entire city. Finally... instead of just talking about revitalization, we're seeing it truly happen.

And I would be remiss not to the redevelopment dollars that made this project possible. Governor Brown needs to know that I will lead the fight to protect our redevelopment agencies. I will go to the matt for this.

With that said, I strongly believe that one thing that can quickly accelerate the revitalization of downtown is a new entertainment and sports complex. I know how long we've been talking about this and researching it. And I fully understand the challenges we've had to date.

But one lesson I've learned in two years is this: to accomplish big things, you must bring in big players. That's why I assembled the Sacramento FIRST Task Force. A diverse group of citizen volunteers who donated their time and expertise to move this conversation forward.

Now, we all know the journey is far from over. We do not yet have a clear path. But earlier this month, four teams presented updated proposals, and next week our Council will discuss our options ahead.

To ensure that we, as a city, have the best chance for determining whether or not this arena can be built, I wanted to bring in some “big players”. Not because I necessarily think that they will be the ones to build the complex, but because having the best in the mix will “up” everyone’s game.

In a short period of time, it’s already happening. We currently have some of the best architectural, construction, design and finance firms in the nation working on proposals. With creative thinking, we can build this arena in a way that makes sense to taxpayers.

But just as the prospectors during the gold rush took risks, we must also take some risks and think big when it comes to downtown.

If we want our business and labor leaders to think big, then the city can’t play small. If we’re going to aggressively revitalize the downtown core, and make it a destination point, then we’ve got to create the right environment. This will require reforming the perceived anti-business culture at City Hall.

We have to cut the red tape... to encourage the entrepreneurs. We’ve got to streamline our permitting processes... to help businesses open and expand. We have to promote better incentives...to attract new investment. We have to assume a more “can-do” attitude...to help bring our customers to success.

In February I will convene a meeting with city officials, labor leaders, and business leaders to discuss how to create the right environment for growth downtown. We must send the message that we want our business owners to think big and take a risk on downtown and on Sacramento.

Playing it safe didn’t get the Dive Bar, Pizza Rock and District 30 built. Playing it safe won’t get us a world-class sports and entertainment complex. And playing it safe won’t make our downtown core the main attraction of our city and region.

Let’s reclaim the spirit that made this city the place people were clamoring to come from across the country again let’s inspire that kind of excitement again, this time about our downtown core.

Last, but probably most important, is the initiative that is closest to my heart ... education. My goals are simple. I want Sacramento known across the country for its great public schools. And I want to ensure every child in the city has access to excellent schools.

There’s a lot of work to be done to get there. See, the research shows that if you are not reading on grade level by the third grade, the chances are slim to none that you ever will. It’s the first and most significant indicator of success later in life. But, if you ARE reading on grade level at third grade, you’re more likely to graduate from high school and attend college.

The income differential between someone who graduates from college and someone who doesn't is \$1MM over a career. So the stakes for our kids are high. And the impact on our city's revenues, workforce and quality of life is immense.

Right now, in Sacramento, only 39% of the 3<sup>rd</sup> graders in the city are reading on grade level. Which means that the most of our kids are behind and will never catch up. And let me make it clear that this isn't just an inner city problem amongst Black and Latino kids. To the contrary, there is not a single zip code in the city of Sacramento in which the vast majority of 3<sup>rd</sup> graders are proficient. Not a single one.

This should be a wake-up call for all of us. Because even if you don't have a third grader, or even kids in school, this impacts you as a business owner. In the next 20 years, we'll have 123MM high skill, high pay jobs in this country.

At the rate we're going, American kids will only be able to fill 50MM of these jobs. The majority will be filled by better prepared, higher skilled kids from countries like India and China.

In fact, for the FIRST time in the history of our country, the children in school today will be LESS educated than their parents. Let me repeat: for the FIRST time in the history of our country, the children in school today will be LESS educated than their parents.

That's unacceptable!

The question is, what are we going to do about it? My plea today is that everyone get involved! Immediately!

We are announcing today an initiative to be the *first city in the country that ensures that every child is reading on grade level by the 3<sup>rd</sup> grade*. Given our starting point of less than 40%, it will take resources from across the city to accomplish this.

I'm asking retirees to come out of retirement to head into schools and start tutoring kids. I'm asking businesses to adopt schools and allow your employees to spend their lunch hours reading to kids one day a week. I'm asking every person in this room to put this initiative at the top of their list of contributions to this city.

And just so you know I'm doing my part! I've long talked about the fact that one downfall of Sacramento is that we are not the home or headquarters of very many national companies. In my quest to make our city attractive, I've managed to secure my first national headquarters to call Sacramento home. It's an education company.

As you may know, several weeks ago my fiancée Michelle announced the formation of StudentsFirst, a national organization that will serve as a counter balance to the teachers unions in this country. She announced that her goal for the first year would be raising one Billion dollars and recruiting one million members.

She was asked at the launch where the organization would be headquartered. She said that while many big city mayors had come a' courting that the Mayor of Sacramento had made the most

aggressive overtures. And I'm not ashamed to say that I pulled out all the stops and utilized every means I had, but I managed to snag her.

So, StudentsFirst, with a yearly operating budget of \$200MM will be locating its home office in Sacramento! That's just a start, though. There's so much to be done and so much to be gained.

Many of you know my own personal story about growing up on the streets of Oak Park, getting a sub-par education and escaping poverty through basketball. When I got to CAL and realized how woefully unprepared I was I vowed to do something to ensure no kid from my community would ever have to experience what I did. That's why I started with PS7 and Sac High, to influence the quality of education the children of Oak Park were receiving.

And it's making a difference... Last year, I was speaking with a young man just graduating from Sac High. He grew up on the same mean streets I did. In fact, trying to escape his abusive family, he ended up running to the fire station right down the street from my old house.

He ended up living as a foster child with the Sac High principal, was able to join a functional family and went through a rigorous college prep curriculum at the school. When he received his acceptance letter to Columbia University last spring, he told me he felt like he had "hit the lottery".

While it pleased me to see we had saved this kid from the fate of too many, it struck me. No child should ever feel that they've won the lottery simply because they had the experience of going to a great school, living in a great home, and getting into a great college.

Getting an excellent education should be a matter of fact, not luck. Just as the first Sacramentans knew enough to vote for California to be a free state instead of a slave state, so must we, today, know enough to invest in the most important social issue of our time education.

So there you have it. Three key issues – green, downtown, and education- that give us a chance to turn our city around. While those will be my focus areas, I pledge to work with my fellow Councilmembers to make progress in other areas.

While it's important to have big ideas and big dreams, we need to understand the importance of doing the day-to-day tasks that matter to our everyday lives..

We will fight to protect our cops and firefighters from devastating cuts that compromise our safety. We'll convene a Crime Prevention Summit to identify and pursue strategies to curb gang violence. We'll work like crazy to improve our levees and end the flood moratorium.

We'll challenge Sacramentans to donate even more service hours than the 3MM achieved in 2010. We'll house hundreds more homeless, building on the 1500 we helped house in 2010. We'll continue to harness the potential of the arts community, building on the incredible expansion of the Crocker Art Museum And we'll work with partners to create a strong regional economy, but also set an example as a city by taking the lead.

All of this is possible, if we are up to the task. At a time when we could be weak, we must project strength. The challenges have rarely been greater... and the stakes have rarely been

higher.

We are in a competitive fight of epic proportions. The competition is not between elected officials. It's not between business and labor. It's not between midtown and downtown. Or the city versus the suburbs. It's between our community, and the rest of the world.

So... we can forge ahead with courage and conviction, or we can limp along and miss a once in a lifetime opportunity. We can't let this happen on our watch!

We must fight to make our city worthy of its own history. We won't make it there by playing it safe. We won't make it there by playing small. We won't be remembered for what we were too afraid to do.

We know this won't be easy. But we've done it before. We need to look no further than the founding of our city as an example. Our path forward as a city is about recapturing the spirit in which it was founded. It's who we are.

We ARE up to the challenge. As one community, and one city. Sacramento.

Thank you and God Bless.